For the Week of July 2, 2018

The Markets

The major indexes edged up Friday as trade fears that rattled the market earlier in the week calmed temporarily. But major benchmarks closed lower for the week, and the Dow and the S&P have been in correction territory for several months. For the week, the Dow fell 1.26 percent to close at 24,271.41. The S&P lost 1.31 percent to finish at 2,718.37, and the NASDAQ dropped 2.37 percent to end the week at 7,510.30.

Returns Through 6/30/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.26	-0.73	16.31	14.07	12.96
NASDAQ Composite (PR)	-2.37	8.79	22.31	14.62	17.15
S&P 500 (TR)	-1.31	2.65	14.37	11.93	13.42
Barclays US Agg Bond (TR)	0.34	-1.62	-0.40	1.72	2.27
MSCI EAFE (TR)	-1.04	-2.75	6.84	4.90	6.44

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Surprise — Of households headed by individuals at least age 75, 23 percent will experience an extraordinary out-of-pocket medical expense of at least 1 percent of household income this year (source: JP Morgan Chase & Co. Institute, BTN Research).

Big Improvement — The U.S. unemployment rate was 3.8 percent as of May. The U.S. unemployed and underemployed rate was 7.6 percent as of May, i.e., the combination of jobless individuals plus workers who are part-time purely for economic reasons. The U.S. unemployment rate was 10 percent as of October 2009. The U.S. unemployed and underemployed rate was 17.1 percent as of October 2009 (source: Department of Labor, BTN Research).

More out Than in This Year — For the last 35 years (1983-2017), the total income of our nation's Social Security program (i.e., payroll taxes collected plus interest income) has exceeded the total cost of the program (i.e., benefits paid out plus administrative expenses), a streak that is projected to end in 2018 (source: Social Security Trustees Report 2018).

WEEKLY FOCUS – Adult Children vs. Retirement Security

Raising a child from birth to their 18th birthday costs $233,610 according to the U.S. Department of Agriculture. Add the skyrocketing costs of college tuition, and parents make considerable financial sacrifices for their children. And many parents don't stop with college.

Last fall, Bloomberg News reported 31 percent of moms and dads continue to give money to their adult kids, at an average of $3,084 a year. A TD Ameritrade survey a few years earlier reported an even higher figure – an average of $10,000 over the previous 12 months. Clearly, gifts or loans in these ranges can negatively impact parents' retirement savings. Here are some possible ways to balance the desire to help loved ones with your own long-term security.

Gifts: Have a clear conversation about your need to protect your future – unless your child wants you to move in with them in your later years. Don't support irresponsible spending habits. If you help out after a regrettable purchase, make it clear you won't do so a second time. Keep the timing and amount of gifts random, so children don't expect them or rely on them. Or consider setting up a trust account for your child explaining the trust will distribute a certain amount each year – and no more.

Loans: Never loan a child money you can't afford to lose. When you do make a loan, put the terms in writing, including the purpose of the loan, a payment schedule, potential interest and consequences for late payments. Having details in writing ensures a child can't deny conditions and safeguards a surviving parent if the other dies. Charging interest may convince the IRS it was a loan and not a gift. To prevent resentment from other siblings, written terms could include a clause stating any unrepaid balance will be deducted from the child's future inheritance.

To ensure the funds are used as agreed, you might consider paying a child's bill directly or dolling out the loan in small amounts over time. If you find it difficult to say no or set limits, seek the help of a third-party who is not emotionally involved, such as your financial advisor.

It's only natural to want to help family members. Our office can help you determine the impact a gift or loan may have on your own lifestyle or future plans and provide the guidance to ensure any help you provide is executed well.

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright July 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2167450.1