

WEEKLY MARKET COMMENTARY

For the Week of May 20, 2019

The Markets

Stocks closed lower Friday after CNBC reported U.S. – China trade negotiations had stalled. In positive news, the Trump administration reached a deal with Canada and Mexico to end U.S. tariffs on steel and aluminum imports and said it would delay a decision on imposing broad tariffs on cars produced by major trading partners. But the three major indexes still closed mildly lower for the week. For the week, the Dow fell 0.61 percent to close at 25,764.00. The S&P lost 0.69 percent to finish at 2,859.53, and the NASDAQ dropped 1.27 percent to end the week at 7,816.28.

Returns Through 5/17/19	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.61	11.49	6.66	16.45	12.02
NASDAQ Composite (PR)	-1.27	17.80	5.88	18.35	13.83
S&P 500 (TR)	-0.69	14.98	7.25	14.07	11.04
Barclays US Agg Bond (TR)	0.33	3.57	6.72	2.03	2.54
MSCI EAFE (TR)	0.21	10.25	-6.29	7.25	2.03

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.

Borrow — The Treasury Department auctioned off \$19 billion of 30-year bonds with a 2.875 percent coupon May 9. The new bonds mature on May 15, 2049. The government has auctioned off 30-year bonds since 1977. The lowest yield ever on our nation's 30-year paper was 2.1 percent on July 8, 2016 (source: Treasury Department, BTN Research).

One Indicator — The price/earnings ratio for the S&P 500 as of May 10 was 18.6, i.e., the raw index divided by the index's trailing 12 months earnings per share before considering extraordinary items. The index's long-term price/earnings ratio (dating back to 1954) is 16.7 (source: Bloomberg, BTN Research).

Long-Term Issue — The estimated Social Security shortfall today (i.e., a present value number) between the future taxes anticipated being collected and the future benefits expected to be paid out over the next 75 years is \$13.9 trillion. The \$13.9 trillion deficit could be eliminated by an immediate 2.7 percentage point increase in the combined Social Security payroll tax rate (from 12.4 percent to 15.1 percent) or an immediate 17 percent reduction in benefits that are paid out to current and future beneficiaries (source: Social Security Trustees, BTN Research).

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WEEKLY FOCUS – Planning for the Inevitable

Most of us plan for major events in our lives: college educations, weddings, the births of children, retirement and our final estate. Yet, a study by the National Funeral Directors Association says although nearly two-thirds of consumers believe communicating their funeral wishes to family members is important, less than a fourth have done so.

Preplanning your funeral or memorial service allows you to choose the items, services and provider you prefer. It also lets you select people you want to be notified and individuals you would like to officiate, deliver eulogies, read prayers or poems, sing or serve as pallbearers.

Several websites can help you research options. You'll find a wealth of articles on everything from choosing flowers to prepaying with a trust on everplans.com/funeral. Funerals.org offers a planning guide and tips for lowering costs. Parting.com lets you compare local funeral homes' items and services. Funeraldecisions.com provides free instant quotes online and lets users sign up to receive direct estimates from funeral providers.

Once you've made your decisions, document your plan, share it with loved ones and create a legal document authorizing someone to handle your funeral arrangements. The best document to accomplish this is a Durable Power of Attorney for Health Care (DPOAHC) that includes a paragraph specifying who you want to make your funeral arrangements. The DPOAHC must be notarized to be legally binding. Give the person you've chosen to carry out your wishes copies of the DPOAHC and your plan. This is preferred to detailing your wishes in a will, which may not be read before the funeral, or leaving them in a safe deposit box since arrangements may need to be made on a weekend or holiday when the box won't be available.

Many experts caution against prepaying for your funeral or buying an insurance policy through a home. Funeral homes can go out of business, change hands or lose their good reputation. There are several alternatives to prefund your final expenses. You can purchase burial insurance, create a trust or set up a Payable on Death account through your bank, which allows a beneficiary to receive the money to cover final expenses.

We can help you make financial arrangements that will make money readily available to your family to cover funeral expenses. Call our office for help with funeral and estate planning.

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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 May 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#2547838.1