

*THE COMMUNIQUE*

AUGUST 2016

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2173.60	3.56%	3.12%	6.34%
Dow Jones Industrials	1843.24	2.80%	2.35%	5.78%
NASDAQ Composite	5162.13	6.60%	6.67%	3.09%

U.S. TREASURIES	YIELD
5-yr Treasury Note	1.03 %
10-yr Treasury Bond	1.46 %
30-yr Treasury Bond	2.18 %

Information as of July 31, 2016

Source: Thomson Reuter's Thomson One

MARKET COMMENT

Misery Acquaints A Man With Strange Bedfellow

The above quote from the William Shakespeare's play, The Tempest, is thought to be the source of a more familiar quote "politics makes strange bedfellows," which was credited to 19th century writer, Charles Dudley Warner. These sources are from the internet and, whether or not they are 100% accurate, is up for questioning. However, the one thing that is 100% accurate is the strangeness of this current Presidential election cycle (or is this just normal?). I guess it is time for my thoughts on the upcoming Presidential campaign and election. Unfortunately, you might be disappointed (or relieved) to know that I will not be endorsing either Hillary or The Donald. I will be focusing on how the markets react to Presidential election years, whether this is really a historically unique Presidential race, and whether our country is actually doomed if Donald Trump pushes his "outrageous" agenda through or if Hillary, our first woman President, drives her "socially liberal" programs into effect.

It seems to me that the past Presidential decisions, and their influence on Congress, changed the way the US Government governs. I believe that three major administration turning points exist in our country's modern times: (1) Franklin Roosevelt, (2) Lyndon Johnson, and (3) Barack Obama. All three ushered in government focused programs to solve the country's problems, thus expanding the role of the government's influence over the people since the 1930's. The question that comes to my mind – was there really a specific agenda that these three Presidents came to office with or were they just responding to the culture and the citizenship demands? I think it was the later. If given a choice of the breadlines in the 1930's or a government WPA job, most would choose the assistance. If given the choice of medical assistance (Medicare) in our retirement years or paying high premiums/no insurance into old age, most would choose the assistance. Finally, if given the choice

to bail out large financial institutions or experiencing a 1930's depression, most would choose to use the taxpayer's dollars to bail out the banks. These are just three examples of many that Presidents, Congress, and US citizens (strange bedfellows) have embraced in the times experienced. People learn at a young age to "read" the current situation and how to respond accordingly. Likewise, politicians have developed a finely tuned science of licking their proverbial political finger, holding it up in the air, and determining which direction the cultural winds are blowing. This enables them to do what is in the best interest of the public – which of course provides for their own best interest.

So circling back around to my original focus – how might the stock market react to this upcoming Presidential election? Well, based upon the performance of the S&P 500 over the past 22 election years (1928-2012), the index was up 73% of the time and 68% of those positive years resulted in double digit returns. Like the politicians, the markets know how to "read" the current situation and respond appropriately. As always, it should be interesting to watch the election "circus" come to town!

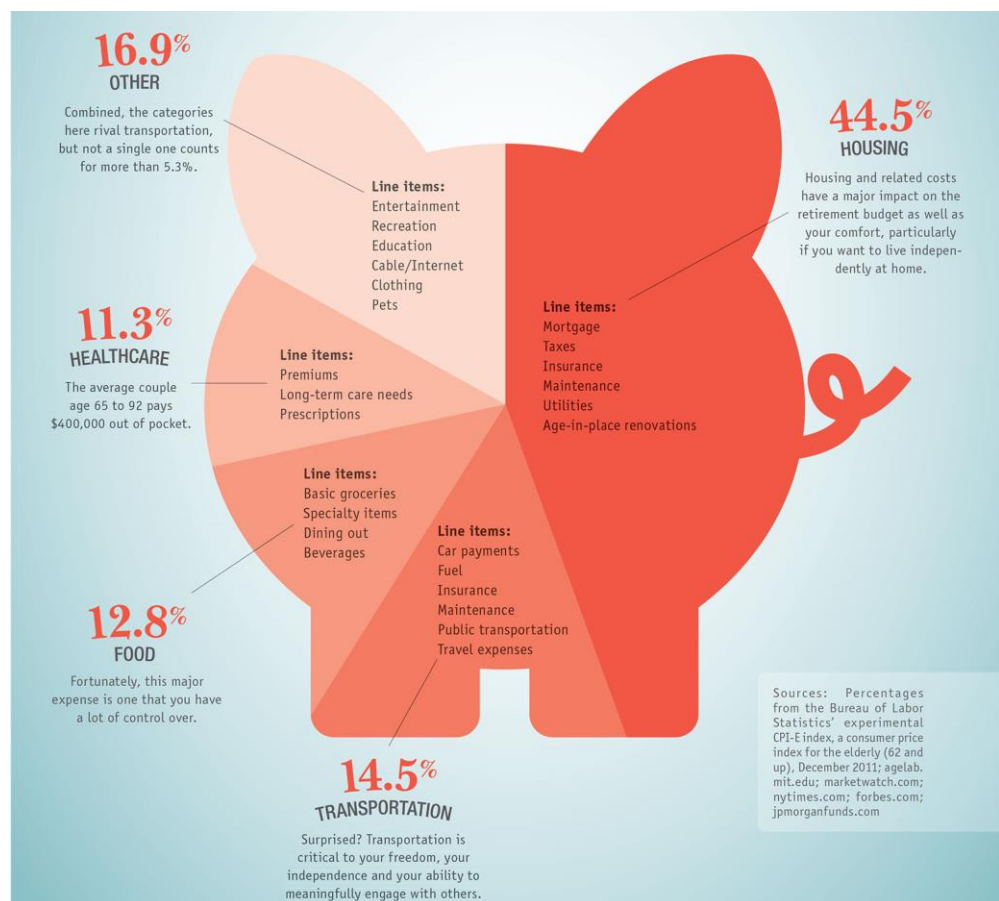
## PLANNING STRATEGY

Raymond James point of view article.

### Where Your Retirement Money Goes

*As you consider a long, happy retirement, give some thought to the largest aspects of your budget. Where your money actually goes may surprise you.*

Wealth alone cannot buy a quality retirement any more than it can buy happiness – but having a solid financial foundation can make those years more enjoyable. As you consider a long, happy retirement, give some thought to the most expensive aspects – housing, transportation, healthcare and food – the effect of inflation and how to budget for it all. Entertainment should be included, too, since social activities enhance your physical and emotional well-being. Keep in mind that these percentages will vary as life changes, so it's a good idea to account for the biggest line items as you plan for the future.



## LIFE & LEISURE

Raymond James point of view article.

### Are You Ready for an Encore Career?

Four and a half million. That's how many retired Americans, over age 50, decided to go back to work or take on part-time volunteer roles after retiring. And there are another 21 million who say they're ready to join them, according to a 2014 Encore Career survey. The reasons vary. Some want to make the most of their talents; some want social interaction; still others seek to keep their minds sharp and their bodies busy. The extra money doesn't hurt either, especially since there are several unknowns that can cloud your retirement picture (e.g., longevity, inflation and long-term care needs).

If you think about it, even a part-time job that brings in \$10,000 a year can be a significant boon to your retirement coffers. Of course, it's not unheard of to make more than that as a consultant, freelancer or contractor in a professional field, but using the often quoted 4% annual withdrawal rate, adding \$10,000 in income is basically equivalent to a year's withdrawal on a \$250,000 nest egg, which means you may be able to:

- Forgo your annual withdrawal altogether, allowing it another chance to grow as part of your financial plan.
- Use the extra discretionary income to enhance your standard of living. This could be particularly desirable in the first years of retirement when you want to take advantage of good health to accomplish your more active goals.
- Use it to supplement your Social Security, pension or annuity income, creating a buffer or safety net for your reliable income.

Working in retirement isn't for everyone, but if you're considering it, here are some things to think about first.

#### Reasons to "Un-retire"

- **Something Old.** As mentioned earlier, some former retirees still have a lot of ideas to contribute in their field of choice. Many take on consultant roles or short-term contracting stints to share their ideas and experience while avoiding the 9-to-5 grind. And some employers have created encore career paths for retirees to retain and share that expertise with younger employees.
- **Something New.** Energetic retirees may want to try something new, or perhaps start a small business. In fact, almost a third of former retirees are now self-employed, spending about 21 hours a week nurturing their fledgling businesses.
- **A source of strength.** As Americans are living longer, healthier lives, it may make sense to continue working while you're in good health. Many people derive a sense of well-being from their work and enjoy the physical and intellectual stimulation that comes along with it.

And, using your brain while interacting with others can be extremely beneficial to your overall health and happiness. Research from the Stanford Center on Longevity shows that continuing to work can lead to better cognitive function.

- **A Place, a Passion and a Purpose.** Some seek to stave off boredom by having a reason to get out of the house on a regular basis. You may be passionate about lending your skills to a cause you care deeply about, and a nonprofit is sure to want your expertise and an extra set of hands to help further its work.
- **Coffer Filler.** Planning for retirement means accounting for market gyrations and inflation, but of course, you can't predict everything. To create some padding in your retirement coffers, you may want to consider going back to work. Doing so could allow your nest egg time to recover and, hopefully, compound over time. Even if you plan a careful and sustainable withdrawal strategy, you may still overspend if something unexpected comes your way, and extra income can help you stay on track. For a lot of people, working longer makes it possible to add to their savings and maintain their quality of life.

### Financial Factors to Consider

- **Savings.** In most cases, you should also be able to contribute to an employer-sponsored qualified retirement plan (subject to contribution limits) as long as you're working. If you're under 70½, you can also contribute to a traditional IRA if you meet the requirements.
- **The Tax Man.** It's possible that working (even an extra year or two) might push you into a higher tax bracket, especially if you're taking taxable distributions from your IRA that count as income on top of your salary. It's important to know your tax bracket and just how close you are to the next highest threshold.
- **Government Benefits.** New income could affect your Social Security benefits prior to reaching Full Retirement Age (FRA). There's a \$1 reduction for every \$2 you earn above the annual limit. For 2015, that limit is \$15,720. The year you reach FRA, Social Security will deduct \$1 in benefits for every \$3 you earn above the limit (\$41,880 for 2015). In both cases, you'll get deducted benefits back later. After FRA, extra income doesn't affect your benefits, no matter how much you earn. A word to the wise: If you make over a certain amount, your Social Security benefits could be taxable. Also, if you're receiving Medicare benefits, you'll want to know how employer-offered insurance works with Medicare or if going back to work might kick you into a higher premium category.

### Off to Work you Go?

Many Americans rely on work to define their identity and their days, but just as many dream of an idyllic retirement with no time constraints. Both may be right for you at different stages of your post-career years. Just be sure to carefully review the reasons behind your decision and the possible impact on your financial plan before you punch the proverbial clock once again.

Source: Encore.org

**Quote of the Month** “Wealth, after all, is a relative thing since he that has little and wants less is richer than he that has much and wants more.” – Charles Caleb Colton

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## Relevant Links

Planning - <http://raymondjames.com/pointofview/where-your-retirement-money-goes>

Life & Leisure - <http://raymondjames.com/pointofview/are-you-ready-for-an-encore-career>

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