

**THE COMMUNIQUE**

**December 2017**

| MAJOR INDICES         | CLOSE    | MTD    | QTD   | YTD    |
|-----------------------|----------|--------|-------|--------|
| S&P 500               | 2629.17  | -0.69% | 4.36% | 17.44% |
| Dow Jones Industrials | 24140.91 | -0.37% | 7.75% | 22.16% |
| NASDAQ Composite      | 6776.38  | -1.04% | 4.32% | 26.80% |

| U.S. TREASURIES     | YIELD |
|---------------------|-------|
| 5-yr Treasury Note  | 2.13% |
| 10-yr Treasury Bond | 2.34% |
| 30-yr Treasury Bond | 2.73% |

Information as of December 6, 2017

Source: Thomson Reuter's Thomson One

**MARKET COMMENT**

**Tension**

This past year was certainly filled with an abundance of “tensions.” It started with a new President who lacked political experience, but led to an economy that carefully tip-toed ahead to stronger growth and stock market that rallied, but no one seemed to love. Then there was the Federal Reserve that telegraphed rising interest rates and, of more recent account, a roster of media-moguls and entertainment favorites that dropped like flies because of accusations of improper conduct (I’m sure you can add your favorites to the list).

Thinking about the past months and life’s inevitable tensions, it seems that when the dynamic duo of positive and negative forces interact, or the Chinese equivalent of the ying and the yang, the results can still be positive. For instance, batteries have both a positive and negative terminals that work together to create light and power. Horses and riders, although one natural prey and the other predator, cooperate together to create a positive and productive relationship for transportation. And even personal relationships, which can be filled with many stresses leading to tension, are balanced out with love, loyalty, trust, and respect.

Like many of these examples, our financial lives also experience tensions. We often find ourselves wondering if we should invest more in the stock market, but only after it has advanced significantly,

which is usually triggered by the tension between fear and greed. This fear and greed relationship, like all tensions, can have either a positive or negative outcome if a proper balance is not struck. So as we consider the question: "is the stock market currently overvalued and headed for a major correction or the beginning of a "bear" market" it is important to reassess the balance between these competing forces.

It comes as no surprise that no one can predict the future, however, when we review all of our indicators, it appears that corporate earnings are steadily increasing. Moreover, the consumer is positively consuming, interest rates remain very favorable, tax reform is more likely than not, the housing market is increasing, and consumers/business are feeling more "positive" about the future. So, yes, we could have a market correction at any time (tension). And, yes, the stock market seems a bit overvalued (tension). And, yes, there are political risks like North Korea (tension). But investors are choosing to focus on the positives verses the negatives at the current time and that balance doesn't seem unjustified. As we prepare to close out 2017, the tension between the positives and negatives in the market continues to create light in the form of positive returns (and how appropriate during this holiday season to focus on the light!).

I wish you and your love ones a most blessed holiday season, Merry Christmas and Happy New Year.

## **PLANNING STRATEGY**

*Raymond James "Point of View" article. M17-052863*

### **Where Medicare Falls Short**

It's never too early to start thinking and planning for retirement, especially when it comes to the top three expenses: housing, transportation and healthcare. You may have a clear vision of your ideal retirement, but that dream could fade if unexpected healthcare costs start to eat away at your hard-earned retirement savings. The fact is, even with Medicare, quality healthcare can come with a hefty price tag. There are still premiums, copayments, deductibles and other out-of-pocket expenses that must be accounted for.

#### **Finding the Gaps**


Estimating your future medical costs and planning for them will require becoming familiar with what Medicare will and won't cover, and the various costs involved. So what can you expect to pay out of pocket should you need one or more of these common services? Take a look.

#### **Hearing and Vision**

Hearing aids can range from \$900 to more than \$6,000 each, depending on the technology. More advanced ones sport Bluetooth capability that streams sound from your cellphone, for example, making it easier to hear a phone conversation. They also need to be replaced every five years or so and require care, maintenance and, of course, batteries. Medicare covers hearing tests when medically necessary (think vertigo or injury), but otherwise you're on your own. A typical hearing test can cost up to \$250 without insurance; it's about the same cost for a hearing aid fitting or consultation, too.

**Where Medicare Falls Short**  
Some basic services simply aren't covered by Medicare.

**HEARING AND VISION CARE**



**\$900 - \$6,000+**

Cost each for hearing aids, batteries and maintenance

**Up to \$250**

Cost of hearing exams and fitting consultations without insurance


A 65-year-old couple will spend **\$91,632** on hearing and vision costs in retirement.

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## Dental Procedures

Routine dental care, including dentures, is not covered by Medicare or supplemental health insurance. The American Dental Association estimated that two exams and cleanings and a set of X-rays cost about \$288, on average. It is estimated that an average retired couple will spend \$18,590 out of pocket for dental services without additional insurance. That doesn't mean you should forgo visiting the dentist to avoid these costs. Sound absurd? It happens. One recent study by the Centers for Disease Control and Prevention found that almost half of Americans over age 65 had not visited the dentist in the past year and that 20% of older adults have untreated cavities and are losing teeth.

**Where Medicare Falls Short**  
Some basic services simply aren't covered by Medicare.



**DENTAL CARE**

**\$351**

Average amount Americans spent per capita on dental care in 2014

**\$18,590**

Amount the average retired couple will spend out of pocket for dental services

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## Mental Health

Far too many retirees struggle with finding a sense of purpose when they transition into retirement. Creating a new identity and life for yourself may be difficult, and that could manifest as depression, anxiety or stress. Unfortunately, Medicare may not provide enough support. Part B allows for an annual health screening and therapy should you receive an official diagnosis. However, Medicare covers 80% of the cost after you meet your deductible. You'll be responsible for the other 20%, which can range from \$50 to \$250 an hour with an approved provider.

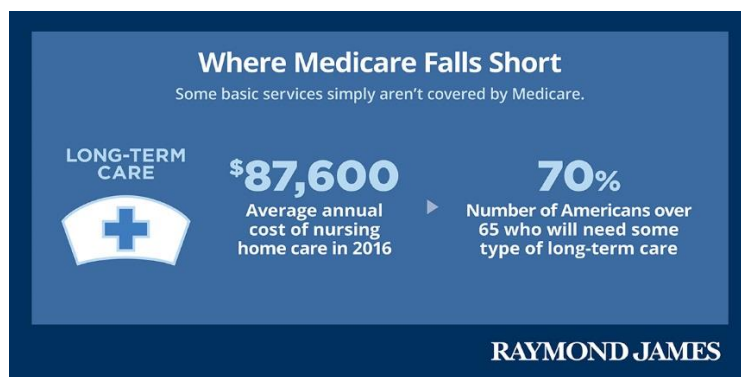
## Coverage Abroad

Like to travel overseas? You might be under-covered. Traditional Medicare generally does not provide coverage for hospital or medical costs outside the United States. Residents of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Northern Mariana Islands are covered, and in some cases, inpatient hospital services in Canada or Mexico may also be covered. If your wanderlust

takes you further abroad, consider short-term travel insurance or a Medigap policy that covers foreign emergencies, such as plans C through J. Just be aware that the coverage applies for a limited time and doesn't cover all expenses. A deductible and lifetime maximum apply.

### Long-term Care

Here's the real doozy. Medicare, for the most part, doesn't cover long-term or custodial care for help with everyday tasks like dressing or bathing. However, some 70% of us will need some form of long-term care either in a specialized facility or at home. To put that in perspective, nursing home care averaged \$87,600 a year in 2016, according to the U.S. Department of Health and Human Services. A home health aide can cost more than \$240 a day. Long-term care insurance can help you manage this risk by covering a range of nursing, social and rehabilitative services for people who need ongoing assistance due to a chronic illness or disability. Talk to your advisor about when it makes sense to invest in a policy, what coverage you might need for skilled, intermediate and custodial care, and whether it makes sense to pay your LTC premiums from a health savings account (HSA). Of course, supplemental insurance might help in many cases, but even that comes at a cost, and the premiums are subject to inflation over time.



### Covering Your Bases

So now that we've got an understanding of where we may be exposed when it comes to healthcare, how can we cover our bases? Budgeting becomes crucial to laying the groundwork to pay for those necessary expenses. Ideally, we want to maintain or improve our quality of life in retirement, and that means having ready access to excellent healthcare and preferred providers.

The good news is you'll have several options. A broad approach may be allocating a lump sum of money to cover the average lifetime healthcare costs; however not everyone is able to set aside hundreds of thousands of dollars, even if done over time, in a cash reserve to fund future healthcare needs. Even if you are able to do so, it may take away from your general retirement savings, leaving you with a smaller pool of assets to fund the lifestyle you've worked so hard for.

A more practical approach may be to estimate your and your spouse's projected health needs based on your family history and state of health. For example, if you are healthier, your healthcare costs may be lower than average. You and your advisor can start with a baseline for a person your age and estimate up or down from there depending on how conservative you wish to be. Keep in mind, the longer you expect to live, the higher your costs could be, so you may want to use the more aggressive numbers in your calculations. That way the money will be there should you need it – say in the event that you develop a chronic condition – and turn into a nice financial cushion if you don't.

Still others take a hybrid approach, estimating their costs, buying enough insurance to cover most of their anticipated needs and then setting aside a smaller cash reserve for the unexpected.

Other options include taking advantage of health savings accounts (HSAs) while you can. HSAs are associated with high-deductible health insurance plans, and the money saved within them can be used for many of the costs outlined above as well as other qualifying health expenses. Distributions taken to cover qualified medical expenses are also tax-exempt. The catch here is you can no longer contribute once you're enrolled in Medicare, even if you're still working. However, you can use any HSA funds you already have and roll over unused amounts, so keep that in mind in the months before you enroll.

You may also want to consider how life insurance could play a role. Most permanent life insurance policies allow partial withdrawals or loans for healthcare expenses. The caveat here is that any unpaid loan amounts will reduce the future benefit to your heirs.

If you're still working, you may be covered by an employer-sponsored plan, but you'll need to determine how your benefits work with Medicare and what your spouse may be entitled to. And some previous employers extend insurance benefits to retirees.

### **To Your Health**

As you look forward to retirement, remember that health and access to healthcare are key components to your quality of life. It pays to understand what you can and cannot expect from Medicare, so that you and your loved ones are prepared and so that unexpected medical expenses don't eat into your retirement savings. We are happy to help clarify issues, add in contingency plans to your retirement income strategy, and point you toward resources that will help.

## **LIFE & LEISURE**

*Raymond James "Point of View" article. M17-059613*

### **Don't Let Thieves Ruin Your Holiday Season**

Another holiday season is here, bringing new ways for cyber-thieves to attempt to steal your money or your identity. The FBI and other experts offer ways you can guard yourself against identity theft by following safe practices when shopping online.

- **Have up-to-date virus protection** on your computer that also scans for malware.
- **Before you enter credit card information** at a retailer's website, check to make sure that the website is secure. A secure website normally has "https" in its URL and a lock icon next to the URL address.
- **Consider designating a credit card account** – or purchasing a reloadable prepaid card – exclusively for online or holiday shopping, and leave the rest of your credit cards at home. That way, if a thief does get your credit card or credit card number, the loss will be minimized. Avoid using your debit card, which may not offer the same kind of theft/loss protection.
- **Ask your credit card issuer if it offers "virtual credit cards,"** or single-use card numbers, that can be used at an online store. Virtual credit cards generate a random account number in place of your actual credit card number. You can configure the expiration date and the maximum

amount allowed for a virtual credit card. Once used, the card typically is tied to the merchant where it was used and cannot be used elsewhere.

- **Create a good password.** The National Privacy Rights Clearinghouse offers tips on creating a hacker-proof password.
- If you buy something at an auction site or via an online classified ad, **keep your personal information secure** by paying with a third-party service like Google checkout or PayPal.
- **Purchase gift cards directly from retailers or merchants.** Gift cards from auction sites or classified ads could be fraudulent or stolen.
- **Never follow a link in an email unless you know and trust the sender.** Instead of using the link, enter the web address of the retailer, bank or credit card issuer yourself.
- **Only open email attachments if you know the sender,** and scan them for viruses if you can. Attachments can contain viruses.
- **Be wary of anyone soliciting donations by phone,** especially if they claim there is an emergency or deadline for donations. If you are suspicious, ask them to mail you a donation form, or hang up and call the charity directly.
- **Do not give personal information to anyone who calls you** claiming to be your bank or financial institution. Hang up and call the bank directly.

There's always a lot to be done during the holidays. By exercising some care and common sense, you can ensure that you're not spending valuable time dealing with identity theft.

**Quote of the Month:** "We can easily forgive a child who is afraid of the dark; the real tragedy of life is when men are afraid of the light." - Plato

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