GATEWAY
INVESTMENT MANAGEMENT
OF
RAYMOND JAMES®

THE COMMUNIQUE
JUNE 2016

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2096.95	1.53 %	1.80%	2.59%
Dow Jones Industrials	17787.13	0.08 %	0.58 %	2.08 %
NASDAQ Composite	4948.05	3.62 %	1.60%	-1.19 %

U.S. TREASURIES	YEILD
5-yr Treasury Note	1.39 %
10-yr Treasury Bond	1.85 %
30-yr Treasury Bond	2.65 %

Information as of May 31, 2016
Source: Thomson Reuter's Thomson One

MARKET COMMENT

"Short Term"

Last August we moved from a perfectly well-maintained house to an old house that is requiring lots of "tender loving care." The move has been an overall positive experience, especially the location. We are near everything and work is just a quick 7 minute drive (no more I-270 battles). We are in the middle of many home improvements and find ourselves being inconvenienced and emotionally drained by our contractor's crazy schedule of completion. At first, we were patient and realized that it takes time to complete many of these projects. But what should have taken 30 days is now 90 days. We love our contractor, but at times he acts like Michelangelo completing the Sistine Chapel. We don't need a masterpiece, we just want our bathroom back! All and all, we know that this short term pain will lead to a long term positive experience.

I think investing, especially in the stock market, is like what we have experienced with our home remodeling. It would be great to develop an investment plan, invest, and have immediate positive results. Sometimes that is our experience and sometimes it is not. As I've discussed before in this column, we are definitely in a "patient investor" stock market, which has been range bound for the past 18 months. What will break this range? And will it break down or up? No one really knows on a short-term basis. However, unless the rules have changed, something will break the stalemate and long-term investors will be smiling again.

Please let us know if you have any questions or concerns. Our team is always available to assist. As always, thank you for your continued trust and confidence. It is highly valued.

- Jim Pohlman

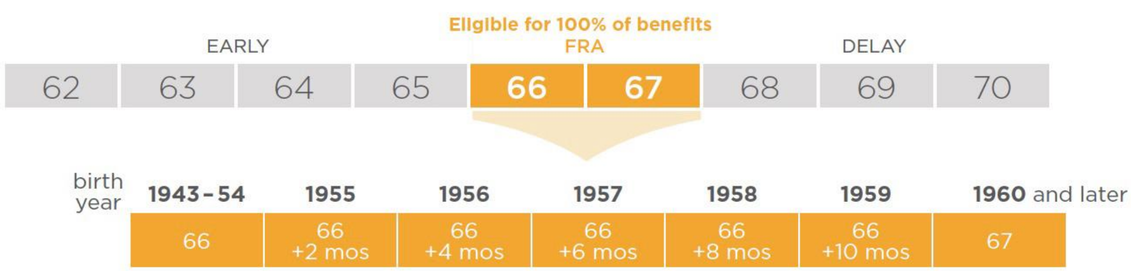
PLANNING STRATEGY

SOCIAL SECURITY BASICS

Everyone's Social Security decision is a personal one. And the opportunity to enhance retirement income is tremendous. So before you make the choice of a lifetime, it's important to understand the basics. Let's discuss some important terms to know and rules you'll need to consider as part of your decision.

Full Retirement Age (FRA)

This is the age when you are eligible to begin receiving the entirety of the monthly Social Security retirement benefit you are eligible for based on your lifetime employment record (which is your primary insurance amount; more on that below). Historically, full retirement age occurred in the year you turned 65 for those born prior to 1942. FRA began gradually increasing to 67, starting with people born in 1943 or later. Early filing can occur starting at age 62 up to full retirement age. But you can delay filing up to age 70 in order to increase your benefit amount.



Primary Insurance Amount (PIA)

Quite simply, your PIA is the amount of your monthly Social Security benefit at FRA. The formula for calculating PIA benefits differs from formulas typically used to determine pension benefits, which are often based on your top five or last three earnings years, for instance.

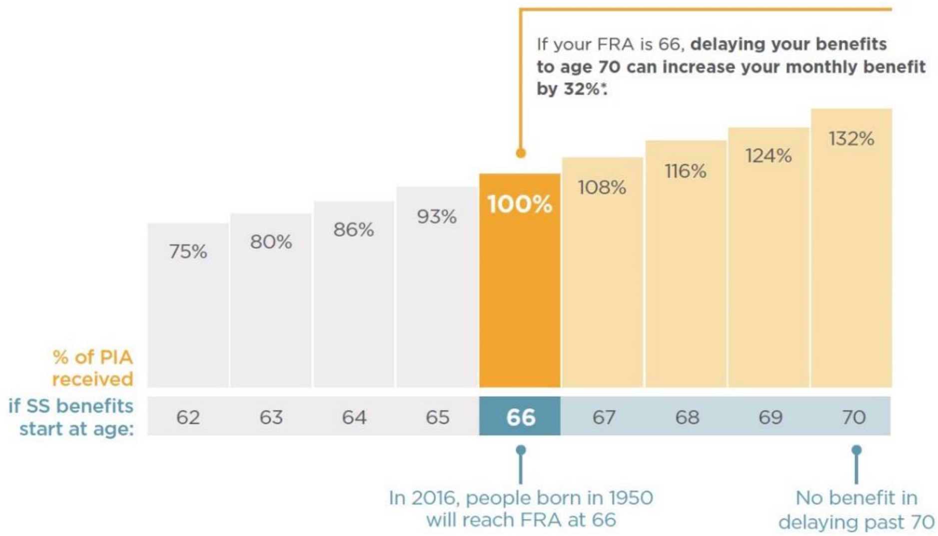
PIA is based on lifetime Social Security-covered earnings adjusted for inflation.

- Average indexed monthly earnings over highest 35 years of earnings
- Benefit reflects a percentage of average monthly earnings
- Higher earners receive a smaller percentage than low-wage earners

PIA is capped at $2,639 for 2016. The PIA is also subject to cost-of-living adjustments (COLA), which protect against inflation.

When You File Can Change Your Monthly Benefit

Making a decision about when to file varies based on your individual situation. Your options include early filing, delayed filing or opting to file for benefits at full retirement age. The longer you wait to file, the more your monthly benefit will be. So the decision about when to file can significantly impact your retirement income. That's why the pros and cons of each option should be carefully considered.



The financial benefit Social Security provides for retirees and their families is great. But the many options may make it difficult to decide what is right for you. Finding your way to the right Social Security filing decision is not something you have to do on your own. We are always happy to provide guidance as you navigate the rules.

Relevant Links: http://raymondjames.com/pointofview/social-security-basics

LIFE & LEISURE

KID-FRIENDLY FOUNDATIONAL FINANCES

We all like to think our children or grandchildren are practically geniuses, but some things just don't come intuitively. Wise money habits, for example. Everyone needs to learn the value of a dollar, how to make money work toward our goals and how to protect our financial legacy, even little kids. In fact, the sooner you start the better. When your little ones aren't so little anymore, you'll have the comfort of knowing they understand and appreciate the power of financial planning and the role money plays in their lives. But how do you know what's appropriate at every age and the best way to impart these important life lessons? Follow along as we walk through the milestones that mark the path to financial literacy and, hopefully, wisdom.

The Early Years: Five - Nine

Lessons: Pre-kindergarten is a great time to start with the basics, including the idea that you must work to earn money in order to pay for items and services, as well as the value of different coins and bills. By age 7, your child should be able to do some chores and earn enough allowance to buy small items. It's important, too, to discuss needs and wants and why you might have to make choices (e.g., needs come before wants) or wait a little longer (to save for something you want more).

Activities:

- **Get to Work.** Brainstorm different ways to earn money, like a lemonade stand, cookie booth or selling used toys and books.
- **Play Games**. Role-play using money-based games (e.g., restaurant owner and customer).
- **Start Saving**. Explain savings accounts and the concept of earning interest. Visit a bank to open up a savings account in your child's name.

Tip: Start saving habits early by stashing a percentage of any money received in each of four collection jars: one for saving, growing, spending and giving. The point is to build patience in order to later enjoy the benefits of disciplined saving.

The Teen Years: 10 - 15

Lessons: As your child or grandchild matures, talk about how your family values work and money. Continue to instill work ethics by allowing your preteen or teen to earn money by doing chores or errands, like washing cars, mowing lawns or babysitting. If you haven't already, open a savings account for your child and explain how interest can compound over time as they save toward midrange goals. Discuss, too, how to balance deposits and expenses to make sure your teen is living within his or her means. Children within this age range also should be able to conduct simple financial transactions, like writing a check, making a deposit, using an ATM and paying a bill.

Activities:

- **Check out Checking.** Consider adding checking to your children's accounts and teaching them how to balance their checkbook.
- **Divide and Conquer.** Allocate a percentage of allowance or gift money toward saving, spending, investing and sharing buckets.
- **Chip In.** Offer to "match" your child's savings with a contribution of your own, say a quarter for every dollar saved.
- **Get Defensive.** Explain how to safeguard personal and financial information online and how to spot scams aimed at stealing financial information.

Tip: Now's a good time to discuss credit and its alter ego – debt. Discuss when to use credit cards and how quickly interest adds up. If you get a credit or debit card for your older teen, emphasize responsible use and how to keep personal information secure.

Young Adulthood: 16 - 21

Lessons: Kids this age should start thinking about where to go to college, how to live independently and, yes, even planning for retirement. Start simply by asking your older teen or young adult to participate in household budgeting and talk about paying bills on time. Be sure to discuss line items like insurance and utilities and their costs, as well as the importance of automatically saving for long-term goals, like buying a house, setting up an emergency fund, or saving for retirement (remember how important compounding is!). Cover the basics of putting money to work through investing, smart borrowing and the after-tax effect on take-home pay and investment income.

Activities:

- **Add it Up.** Utilize special calculators to estimate college costs and benefits. Discuss how much you're willing to contribute toward this important expense.
- **Give Credit.** Explain how credit history can affect your ability to obtain credit or get a job. Check free credit reports at annualcreditreport.com.
- **Work it Out.** Talk about the value of contributing through a part-time job, household chores or an internship.
- **Invest in the Future**. Help your adult children set up their 401(k)s or start a brokerage account or Roth IRA (if they're working).

Tip: Introduce your child or grandchild to your accountant and financial advisor. Both can help fi ll in any gaps in their financial education, offer guidance when it comes to 401(k)s or other employer-sponsored retirement plans, and impart the benefits of long-term planning.

Relevant Links: http://raymondjames.com/pointofview/kidfriendly-foundational-finances

Quote of the Month: "Frugality includes all the other virtues." – Cicero

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