

## THE COMMUNIQUE

**June 2018**

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2746.87	1.54%	4.01%	2.74%
Dow Jones Industrials	24813.69	1.63%	2.95%	0.38%
NASDAQ Composite	7606.46	2.21%	7.69%	10.18%

U.S. TREASURIES	YIELD
5-yr Treasury Note	2.80%
10-yr Treasury Bond	2.95%
30-yr Treasury Bond	3.10%

Information as of June 4, 2018

Source: Thomson Reuter's Thomson One

## MARKET COMMENT

### My Lovely June

O come sweet June, my lovely June  
 The month when first the roses bloom  
 A wondrous, colorful display  
 By sunlight kissed throughout the day,  
 So chasing all my cares away.

*Written by Valerie Dohren*

Pursuant to the old market adage, last month we were told to “sell in May and go away,” but May had different plans and put in a nice showing for the stock market. And, now, on June 1<sup>st</sup>, we officially began the summer slowdown in the financial markets ... well ... maybe or maybe not ... perhaps the May rally will continue? So as we prepare for the summertime road trip in the stock market, a thorough “check under the hood” should help us “tune up” for what lies ahead.

Over the past 5 months, the stock market (see chart below) saw a wonderful rally in January, followed by a substantial correction in February, side-ways gyrations in March, and a slight rally in April and May – which has left the S&P 500 slightly positive for the year.

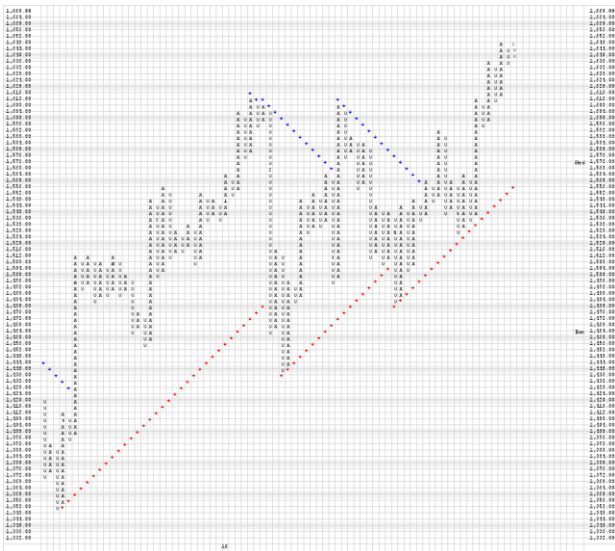
## S&P 500 Index



I think the strong rally in January was the result of 1<sup>st</sup> quarter anticipated earnings, which according to Raymond James research, “was one of the strongest on record with earnings growth of 25.8% on sale growth of 7.9%.” Because the stock market action is always looking ahead, the rally came before the news. But with both the rally and correction under our belt, the question now becomes: will earnings continue to their growth or was the January correction a precursor to slower earnings and the start of a bear market? It would appear to me the correction may just be a time out, preparing us to embark on another rally up, but, as always, only time will tell. We can view a few charts that might confirm a continuation of the bull market that is in its 9<sup>th</sup> year (which long by historic standards).

The Russell 2000 and NASDAQ indices have both shown strength, despite weak performance of the DOW and S&P 500, because those indices are based upon small capitalized and growth oriented stocks, which tend to carry higher risk. So, if riskier stocks are leading the charge to higher prices, perhaps investors are willing to shoulder higher risks in the anticipation of a continuing good economy and strong earnings.

### Russell 2000 Index



### Nasdaq Composite (NASD)



Other indicators that point to a continuation of the bull market include: strong employment with our unemployment rate below 3.9%, only moderate inflation, the Federal Reserve slowly moving interest rates up with open communication of their future actions, strong housing market (perhaps too strong?), and consumers willing to wisely spend. These are the hallmarks of this bull market that started in middle 2009, despite investors never believing it was a bull market and still not fully embracing it. Thus, allowing this bull to continue without the rampant speculation usually telegraphs the end of a secular bull market. On the flip side, there are landmines that could just as easily derail the bull, such as continued rising oil prices due to Middle East unrest, a global trade war, and stronger U.S. wage inflation. Collectively, these three items could trigger rising inflation and prompt the Federal Reserve to aggressively raise interest rates – which would likely bring an end to the economic expansion and bull market.

But until such events unfold, it would seem wise to remember that it is still a bull market and “My Lovely June, chasing all my cares away.”

## PLANNING STRATEGY

*Raymond James “Point of View” article. M18-2094693*

### Protecting Your Social Security Payout

One in three seniors will die with dementia.<sup>1</sup> It’s a sobering statistic, and when you consider it alongside increasing longevity, it’s easy to see why planning for the potential impact of diminished capacity on your or a loved one’s future finances is critical.

More than 5 million Americans are living with Alzheimer’s and more than 15 million Americans are providing unpaid care for someone struggling with dementia.<sup>1</sup> Numbers like these prove that planning for the possibility of long-term care and considering who will make decisions if you can’t isn’t simply smart, it’s necessary. And that planning now – before you have the need or are unable to share your wishes – is essential.

#### Protecting Yourself

While you may think creating legal documents that grant authority for someone to act on your behalf, financially or even medically, will be enough to protect your wishes, in some cases, more is required.

When it comes to handling Social Security payments for a disabled senior, establishing powers of attorney, medical directives or guardianship arrangements are not enough. The Social Security Administration (SSA) requires a special designation known as **representative payee**.

A representative payee is someone who acts on behalf of another person who is incapable of representing themselves and is responsible for directing payouts exclusively to meet a beneficiary’s needs. The SSA may determine that an individual is incapable of managing or directing someone else to manage his or her benefits and would then appoint a representative payee. Family members may also consult the SSA if they believe their family member necessitates a representative payee. Generally, a

family member or friend serves as representative payee. If friends or family are not able to serve as payees, the SSA will look for qualified organizations to be representative payees.

The SSA requires that all legally incompetent adults and most minor children (a disabled child or young adult entitled to Supplemental Security Income, for example) have a representative payee. In most cases, the person in this role cannot be paid for the work they do on behalf of the incapacitated person. And the SSA requires them to keep careful records.

A critical thing to keep in mind about the responsibilities of acting as a representative payee is that the permissions that accompany the role do not extend to other facets of your affairs. Making medical decisions or signing legal documents on your behalf will still require that someone be granted powers of attorney or guardianship.

### **Protecting a Loved One**

If you assume the role of representative payee, the SSA offers a range of resources via [ssa.gov](http://ssa.gov), including a series of training videos, a downloadable guide, and a frequently asked questions page. The process will likely require a trip to a Social Security office and a completed SSA-11 form explaining why the beneficiary needs assistance and why they have selected you for the job. Recall, too, that this designation will be in addition to any other legal or medical role you might be playing for your loved one. It's one piece of the larger whole that, with forethought and planning, can help ensure your loved ones – or your own – future is secure.

<sup>1</sup> *Alzheimer's Association, "2017 Alzheimer's Disease Facts and Figures," 2017*

## **LIFE & LEISURE**

*Raymond James "Point of View" article. M2021293*

### **Key Requirements for Aging in Place**

There is no place like home. Given the choice, the vast majority would rather remain in their homes for the rest of their lives.

"Aging in place" refers to the decision to live at the home of your choice as you age. Aging in place recognizes that physical functions decline with age and certain tasks – such as climbing stairs, bending and lifting – become more challenging. Aging in place in your long-term residence may not be right for you, as it is not appropriate for everyone. To age in place, one may need to make changes to a home to enhance its safety and convenience. This may entail modifications to accommodate needs as circumstances change.

Being proactive and creating a plan for aging in place can help you prepare for unforeseen events that would compromise your ability to live independently. Sensible preparation calls for thinking through the safety and convenience of the home and the accessibility of services to make life easier. Consider the potential costs of home modifications, support services and home care as you put your plan

together. Because your safety and well-being are vital, it is essential to revisit this decision periodically to determine if your current living arrangements are still the most suitable option.

### **Key Requirements For Aging In Place**

**Be in generally good health.** People who are healthy, mobile and active are good candidates for aging in place.

**Be part of a social network and have family support.** Those who have a circle of family and friends who live nearby and can check on them, stop by and be a resource are generally the best candidates.

**Live in a home with a favorable floor plan.** While a home's floor plan can be modified, some dwellings are not ideal for aging in place. Homes that have steep driveways, are accessible only by a large number of steps, or have living space on multiple levels may not be suitable if one ages with mobility challenges. The wrong layout may isolate you from friends and older visitors, as well as impact your own mobility in later years.

**Be able to drive and/or have access to transportation.** Having a driver's license or easy access to public transportation is essential to independence. When eyesight or reflexes diminish or driving capability is curtailed for other reasons, it often becomes a trigger for rethinking aging in place.

### **Financial Considerations**

Modifications to a home to accommodate the needs of an older adult living in their own residence and services to lessen burden of home ownership should be considered. Changes may be minor – such as \$2,000 to equip the bathroom with grab bars, add a shower bench and adjust the shower entry. Or, changes could be more substantial, such as renovations to widen doorways for wheelchair access or create a first-floor master suite, and could add up to hundreds of thousands of dollars. Another option may be to bring in care to the home. The national median annual rate in 2015 for homemaker services or home health services was \$45,760, based on a \$20 national median hourly rate multiplied by 44 hours per week and 52 weeks.

### **Family Considerations**

If family members live in the area, it may be possible for them to assist with transportation to medical appointments and running errands. However, some people find that family members are either not always available or have other responsibilities like work or family. Placing additional responsibilities on family members is something that needs to be proactively discussed. If you do not reside near family members, how would you get around if you were to lose the ability to drive? You may become isolated, which could lead to loneliness and depression.

### **Lifestyle Considerations**

Driving and transportation are important factors for ensuring the success of aging in place. Many simple household tasks can be handled by service providers. Arrangements for shoveling snow, handyman tasks, preparing meals and housekeeping can be made as needed.

## Healthcare Considerations

Healthy residents who can drive or who have transportation can keep up with regular doctor visits. As you get older, you can bring in home healthcare services to provide assistance with medical and non-medical care.

Sources: *Demand Institute*, "Genworth 2015 Cost of Care Survey"

**Quote of the Month:** "As, summer, what you have to make us suffer and like it." - Russel Baker

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