THE COMMUNIQUE

MARCH 2016

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	1932.23	-0.41	-5.47	-5.47
Dow Jones Industrials	16516.50	0.31	-5.21	-5.21
NASDAQ Composite	4557.95	-1.21	-8.98	-8.98

U.S. TREASURIES	YEILD
5-yr Treasury Note	1.23 %
10-yr Treasury Bond	1.76 %
30-yr Treasury Bond	2.63 %

Information as of February 29, 2016
Source: Thomson Reuter's
Thomson One

MARKET COMMENT

"Steady Janet, Steady!"

All eyes will be on the Federal Reserve's (Fed) interest rate policy this year. The markets (stocks & bonds), would prefer that Chairperson Janet Yellen convey a message of no more increases this year, however, the message seems to be steady for now. But come summer, we could see some more "normalizing" of interest rates. While the Fed would like to increase rates or at least normalize them, the economy seems to run on 0% interest rates. The concern is, if interest rates increase, the economy will continue to falter and, perhaps, lead us into a recession. The fact that global economies seem to already be in recession mode shows that can we continue to grow, even without these economies, and still adjust to rising interest rates.

Of course, a period of rising interest rates can lead to negative consumer sentiment, which results in a more cautious and less active consumer. And, because 70% of our economy is consumer driven, cautious consumers usually suggest slowing economic times. But it is not that a 1% increase would create historically high interest rates – they would still be quite low – it's the psychological effect that raising rates has on the consumer. We are programmed for low rates and, if they rise, we could delay our purchases because the Feds will lower them with a slowing economy. On the other hand, history also shows that markets and economies have handled slow rising interest rates rather well. This is quite a dilemma for the Fed and, if we look at the Fed's history, we see many times where they have

increased interest rates too far, too fast, thus sending the economy into a slowdown. Perhaps this cycle will lead to a "smooth landing," but we heed "steady Janet, steady girl!"

PLANNING STRATEGY

Finding the Right Balance in Your Financial Plan

While your financial attention may be pulled in multiple directions, you need to learn to make the most of life's financial tradeoffs.

Life's long and winding road generally includes plenty of side trips on the way to a comfortable retirement. There may be homes to buy, children to raise and educate, careers to pursue, a vacation here and there … our list of needs and wants sometimes seems to stretch to the horizon.

Of course, all these objectives have something in common – they take money. And while it can feel overwhelming, breaking everything down into manageable pieces will give you a much better idea of how to deal with the inevitable tradeoffs and achieve your personal goals.

If you've been investing for a while, you probably already understand that financial planning is often about tradeoffs. The same idea holds true when prioritizing goals. We're constantly juggling multiple financial goals at every stage of our lives, so it's hard to figure out which is the most important right now. Also, our objectives evolve with the years. One way to get a handle on all that is to group your goals into needs, wants and wishes, then categorize them by when you want to achieve them – short-term (one to five years), intermediate (six to 15 years), and long-term (15 years or more).

Your goals also will have a cost dimension. Attaching time horizons and estimated costs (don't forget inflation) to each goal will help you decide how to save and invest in order to achieve them. Last but not least, your goals must be ranked. Because sometimes, two short-term goals will compete so you'll have to decide which gets your attention – and resources – first.

Today vs. tomorrow: Although your short-term goals naturally will get your immediate attention, it's a mistake to put off planning for longer-term objectives. You need to invest for longer-term goals now so your money has time to grow. Only you can identify what really matters to you and what tradeoffs you're willing to make.

As you go through life, you'll likely be forced to prioritize one competing goal over another. So how do you choose? It's a matter of prioritizing and looking at the long-term impact of your decisions. Because the financial choices – both big and small – that we make every day should align with the goals and dreams we have for the future. Here's a look at what we mean.

College v. retirement: It's a fact; tuition costs are rising. Parents and grandparents are using their own money to supplement the scholarships, grants and loans of their students. While those familial sacrifices seem noble, is it really worth delaying your own retirement?

Your financial advisor will tell you to think of yourself first. Surveys show that seven of every 10 American parents don't feel financially prepared for retirement. You don't want to be one of them.

Your child can turn to some combination of scholarships, loans, grants and part-time jobs to fund an education. But there is no financial aid when it comes to retirement. You'll have Social Security, your employer-sponsored savings plans and any other assets you've reserved for retirement.

Of course, the college/retirement decision doesn't have to be all or nothing. You can increase your chances of being prepared for both by:

Assessing needs: When will your child start college? What age do you plan to retire? Are you thinking private or public school? What expenses will you face when you're no longer working full time? What about health insurance?

Analyzing assets: Perhaps you have money saved for another goal that could be deployed toward these two top priorities. Talk to grandparents and other loved ones about gifting college funds during special celebrations. That money will add up over the years.

Strategizing early on: Once you have an idea of what you want to accomplish, and what resources you'll have to help, think about ways to fill in the gaps. Your advisor can help you find ways to set aside funds in tax-efficient savings vehicles that could give you a better shot at both.

Splurging v. saving: On a base level, this choice seems obvious, too, but it means you'll have to cut back on dinners out, possibly vacations, and cable bills. It's easy to ignore these small expenses when wrestling with competing financial demands. Changing day-to-day spending habits can make a significant difference, especially in your younger years when savings have more time to grow. Small expenses do add up, and it's among the discretionary expenses where we really have room to economize.

To figure out where you can make cuts and where you can splurge, start with the basics. Create a budget by tracking your regular income and essential and discretionary expenses diligently for at least three months. Remember to allow for expenses that crop up less frequently. Your budget forms the foundation for everything else, so be sure to get it right (and to follow it after you've refined it). Your everyday expenses have to be less than your income if you're going to be able to save for the future.

Destroy debt v. build an emergency fund: When you do find some extra cash among your everyday expenses, how can you figure out the best use for it? Sure, contributing to your retirement accounts is a great use for the extra funds, but so is paying off non-constructive debt. Excessive or high-interest debt stretches you financially and chances are it stresses you out emotionally, too.

Some experts suggest using extra cash first to contribute enough to realize at least the maximum employer match to your retirement accounts. Anything leftover should go toward paying down high-interest debt. This may mean adjusting your lifestyle, spending less and saving more. Once the debt is paid, use the earmarked-funds to create or build up your rainy day fund. Achieving both of these goals takes commitment and discipline, but the results will be worth it.

Retirement date v. retirement lifestyle: It might also be worth it to delay your retirement date in favor of funding a richer retirement lifestyle. Many of us dream of retiring as soon as possible, but delaying – even by one year – has calculable benefits. While your Social Security benefits shouldn't be your only source of retirement income, they do provide a good base. Waiting until your full retirement age or even longer, say age 70, permanently increases the amount of benefits you'll receive – up to 8% more each year. Delaying your retirement also means your investments will have a few more years to go, and you'll have a few less years to draw down your savings.

You're also generally not eligible for Medicare if you're under 65. Keep that in mind if you're considering retiring early. You'll have to fund health insurance in some other way until your 65th birthday.

Know, too, that you don't have to give up enjoying a retirement-like lifestyle, even if you're still working. You'll be generating more income during peak earning years, so you should be able to add in travel and other activities before officially retiring.

A series of decisions: Tradeoffs aren't limited to just these broad scenarios, nor are they always purely financial. The fact is life is a series of small and large decisions. Contrary to what some people might say, we generally don't get to have it all – the point is to make intelligent, informed decisions rather than being forced into bad choices because we're running out of time and/or money.

Remember, goal planning is dynamic – changing one piece affects the balance of the rest. While tradeoffs can be tough, it helps to think about them holistically, so you don't drop the ball when you find yourself juggling multiple priorities

Relevant Links: http://raymondjames.com/pointofview/finding_the_right_balance_in_your_financial_plan_

SERVICE IDEAS

Aggregation of Non-Raymond James Accounts

As many of you may already know, Investor Access is a great tool for reviewing and analyzing your accounts with Raymond James. However, within Investor Access, the most popular "new feature" among clients has been the "aggregation of outside account" software. Don't let the title scare you, the feature is fairly straight-forward. With outside account aggregation, clients can now use Investor Access to link their bank accounts, credit cards, 401(k), and other non-Raymond James investment

accounts to Investor Access. This allows the client to see a comprehensive view of all of their assets and liabilities on a single, familiar, and secured webpage.

As always, and justifiability so, some who just read the foregoing section were immediately concerned about their accounts' security. Well, fear not, because the "aggregation" feature in Investor Access does not actually grant Raymond James – or any part of the aggregation software – access to your outside accounts. Rather, the software uses you login information to merely copy the webpage data from your outside account and displays that copy in investor access. This process is repeated routinely to refresh the accuracy of the information.

Long-story-short, aggregation does grant Investor Access any control over, or access to, your outside assets. It merely copies the data (e.g. account balances) from those accounts in order to provide you with a comprehensive view of your financial inventory. So, if you have online access to your outside accounts already, then linking those accounts to Investor Access will not increase any security concerns to your online accounts.

If you would like to get started with aggregating outside accounts, or if you have any questions about the software, please contact Naomi and she will be able to assist you.

Quote of the Month: "A goal without a plan is just a wish." — Antoine de Saint-Exupéry

For questions or additional information please contact:
Raymond James & Associates
9900 Clayton Road, Saint Louis, MO 63124

JIM POHLMAN, CFP ®
Senior Vice President, Investments
jim.pohlman@raymondjames.com
T 314-214-2122

HUNTER MARTINIERE, J.D.
Financial Advisor
hunter.martiniere@raymondjames.com
T 314-214-2152

NAOMI WILLMANN
Sales Associate
naomi.willmann@raymondjames.com
T 314-214-2175

Disclaimers & Disclosures

Views expressed in this newsletter are the current opinion of the author, but no necessarily those of Raymond James & Associates. The author's options are subject to change without notice. Information contained in this report was received from sources believed to be reliable, but accuracy is not guaranteed. Investing always involves risk and you may incur a profit or loss. No investment strategy can guarantee success.
The S&P 500 is an unmanaged index of 500 widely held stocks. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.
Keep in mind that indexes are unmanaged and individuals cannot invest directly in any index. Index performance does not include transaction costs or other fees, which will affect the actual investment performance. Individual investor results will vary.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANC IAL PLANNER™ and federally registered CFP (with flame logo) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

Changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James & Associates we are not qualified to render advice on tax or legal matters.

Past performance may not be indicative of future results.

Raymond James & Associates, Inc. Member New York Stock Exchange/SIPC