GATEWAY
INVESTMENT MANAGEMENT
OF
RAYMOND JAMES®

THE COMMUNIQUE

NOVEMBER 2016

MAJOR INDICES	CLOSE	MTD	QTD	YTD
S&P 500	2097.95	-1.33%	-3.24%	2.64%
Dow Jones Industrials	17959.64	-1.01%	-1.90%	3.07%
NASDAQ Composite	5105.57	-1.61%	-3.89%	1.96%

U.S. TREASURIES	YIELD
5-yr Treasury Note	1.27%
10-yr Treasury Bond	1.80 %
30-yr Treasury Bond	2.56 %

Information as of November 3, 2016 Source: Thomson Reuter's Thomson One

MARKET COMMENT

"Uncomfortable"

By the time you receive this newsletter, you may know who our new President is for the next 4 years. I don't believe it is an overstatement that this has been a very "uncomfortable" presidential election cycle and, as we have moved closer to November 8th, the stock market has become more and more uneasy. In fact, many stocks are getting "hammered" on the downside despite decent third-quarter earnings, a moderately growing economy, and, still, very low interest rates. So what gives? I think investors are just uncomfortable with the political climate and the uncertainty of 2017 and beyond. The question that everyone should be asking: "is it really different this time" or is this just a blip in American history? Personally, I believe it is a blip and not a precursor to the decline of America (that is based solely on my 32 years of experience in the investment business). Perhaps we should take a walk through history and list some of the issues/blips that investors have experienced throughout the past 32 years.

When I first started in the investment business in 1984, the Dow Jones Industrial average was at 1258. Today, that index stands at approximately 17,950 – a roughly 8.5% annualized rate of return, not including dividends. Despite those strong gains, the route to 17,950 was quite circuitous and the market withstood some significant historical events that took place between those two closing values. For example, the stock market crash in October of 1987 saw a roughly 22% decline in 1 day. In 1984, the 10 year U.S. Treasury note was paying approximately 11.5% and, now, it pays around 1.75%. Inflation was at 4% compared to less than 2% today. President Clinton was impeached and, in 1990, America initiated a 24-year military involvement in the Middle East. In 2000, the stock market tech bubble imploded – seeing the NASDAQ composite decline around 78% in value – and, of course, the 9/11 attacks. In 2008-2009 we had the global financial crisis, the "Great Recession," and a collapse in the housing market. Somewhere in between all of these events were the international fears of SARS, Asian Bird Flu, Mad cow disease, and Ebola. And, don't forget the international financial concerns that included the 1997 Asian financial crisis, the1998 Russian financial collapse, oil hitting a $137.00 per barrel high in 2008 and the subsequent low in 2015, and, mostly recently, Brexit.

It seems we always find a way to pick and shovel our way out of these messy times and, while some may seem to last forever, they really don't. As such, I hope this brief jog down memory lane gives you some comfort in today's very uncomfortable world. If you have any questions or concerns please call us. We are here to serve you. Thank you for your continued trust and confidence.

PLANNING STRATEGY

Raymond James "Point of View" article. M16-053504

How Much or How Little the Kids Inherit

How to have a valuable family conversation about your estate.

Talking to family members about estate planning and legacies can be difficult and even painful. These discussions, however, are an important way to share your choices with your children and prepare them for their financial futures. Here are a few suggestions on approaching this tricky topic.

Communicate your values about money in a larger context.

Build on the casual conversations you've already had with your kids about what matters to you most. When children are familiar with their parents' values, they're more likely to have a good idea of what to expect from their parents' estates.

Evaluate your children's money skills.

Kids who grew up in the same family don't always have the same knowledge and attitudes about money. Conversations about estate planning can become part of larger discussions designed to help teach them how to manage and become comfortable with their legacies.

Treat children equally.

If your estate plan does not treat your children "equally," for whatever reasons, it's best to share that information well in advance and to communicate it privately to each child. If you can discuss these provisions and the reasons for them ahead of time, there is less likelihood of conflict between siblings after you're gone.

Set accurate expectations about how much children will inherit.

Not telling them may avoid conflict now, but it could sow seeds for deeper conflict and resentment down the line. Provide a clearer understanding of what assets they'll be taking on to prevent misguided expectations.

Prepare children for large or unexpected inheritances.

If you have a substantial net worth that's under the radar – perhaps in the form of land or business ownership – your children may be unprepared for what they will inherit. Your advisor can help heirs learn more about both the financial and the emotional aspects of managing inherited wealth. Your advisor can also help you consider different options, such as giving more to your children during their lifetimes to possibly reduce the impact of a sudden inheritance.

Set apprehension aside.

Perhaps the strongest reason for not discussing estate plans with family members is fear – fear that children will be angry or disappointed, will build too much on their expectations for an inheritance, or will be resentful of other heirs. Although these conversations can be difficult, remind yourself that they're an important step in providing clarity about your financial legacy – which is ultimately in everyone's best interest.

LIFE & LEISURE

Raymond James "Point of View" article. M16-052260

Social Security Increases Benefits by 0.3% for 2017

More than 65 million Americans will see the 0.3% increase in their payments beginning in January of 2017.

The Social Security Administration has announced a cost of living adjustment (COLA) to recipients' monthly Social Security and Supplemental Security Income (SSI) benefits. More than 65 million Americans will see the 0.3% increase in their payments beginning in January of 2017. The increase is tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers and was put in place to ensure the purchasing power of these benefits isn't eroded by inflation.

This figure is a slight increase from 2016 since there was no increase for retirees last year. According to the Social Security Administration, retired workers on average collect $1,355 a month in Social Security payments, or roughly $16,260 a year. Raising the COLA 0.3% will add about $5 a month to those payments, or $60 for the year.

Keep in mind, all federal benefits must be direct deposited. So if you haven't already started receiving benefits, you need to establish electronic transfers to your bank or financial institution. Contact your financial advisor for more information.

Quote of the Month: "October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February." - Mark Twain

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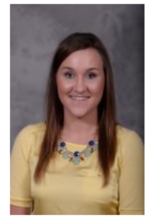

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