

# COMMUNIQUE RAYMOND JAMES®

## SEPTEMBER 2015

### MARKET COMMENT

MAJOR INDICES	CLOSE	QTD	YTD
S&P 500	1972.18	-4.41 %	-4.21%
Dow Jones Industrials	16528.03	-6.2%	-7.23%
NASDAQ Composite	4776.51	-4.22	0.9 %

U.S. TREASURIES	YEILD
5-yr Treasury Note	1.49 %
10-yr Treasury Bond	2.15 %
30-yr Treasury Bond	2.90 %

Information as of 8/31  
Source: Thomson Reuter's  
Thomson One

#### "Market Correction?"

As you are probably aware, August provided a good bit of volatility in the stock market, but the previous 7 months were fairly steady – with the market trading within a tight range. However, on August 21<sup>st</sup>, the stock market, as marked by the S&P 500, declined approximately 3% and was followed with additional declines the next 2 trading days. As a result, the S&P 500 was left down approximately 12.5% by the close on August 25<sup>th</sup>. To put things in perspective, the last official 10% correction took place in 2012, so it has been many months since our last "official" 10% correction. However, this recent decline has occurred very quickly and sharply, which adds to investors' fears and creates uncertainty. Time will tell if this is a typical correction that may lead to further advances, or if it is the start of a prolong period of declines.

This recent pullback may have been initiated due to concern over the slowing Chinese economy and large drops in their stock market. However, that fear must be weighed against the evidence that our economy seems to be pointing in a positive direction and the fact that the stock market is based upon how businesses are performing. Accordingly, many areas of our U.S. economy seem to be steady or improving, such as housing, employment,

#### PERSONAL NOTE

What does 30 years of accumulation look like? Well, it depends. Are we talking about 30 years of knowledge and wisdom, 30 years of wear and tear on our bodies, or, perhaps, 30 years of "stuff?"

In my case it is 30 years of plain ole "stuff." The kind of stuff we accumulate in our closets, drawers, garages, and basements. I say this because we recently sold our house of 30 years and now face the task of moving into a smaller house with *too much stuff*. Part of that process included painful decisions on what to keep, what to give, and what to throw away. It has been an overwhelming task, but one that our children will appreciate in the future.

Despite the challenge, this process has helped me establish a new outlook towards my future stuff and, I must say, it is quite freeing. The question I now ask myself is: "do I really need this and does it simplify my life." As I mature (i.e. geezerhood), I am more content with the simpler things in life.

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service sector, low oil prices, and very favorable borrowing costs. According to the Institute for Supply Management, their Business Activity Index for the Service Sector is registering at the best level since 2005. Moreover, U.S. Bureau of Labor Statistics shows jobless claims are hitting new multi-year low and crude oil was recently quoted a price below \$40.00 per barrel. And even though the Federal Reserve is suggesting interest rates may go up in the future, rates are still at very attractive level for borrowing.

If you have any questions concerning your account and would like further information, please give us a call. As always, thank you for your continued trust and confidence, it is greatly valued.

## PLANNING STRATEGY

### Making Sense of Medicare Myths

Retirement planning is complex, at best, but when you throw Medicare into the mix, it can get downright confusing. Many pre-retirees find the program hard to navigate without some guidance. Here are the facts about five common Medicare myths.

***Myth One: Medicare offers free healthcare.***

**Fact:** Not quite. The Patient Protection and Affordable Care Act, known more simply as the Affordable Care Act, allows beneficiaries an annual wellness check at no charge. Beneficiaries also are entitled to free recommended preventive screenings, such as mammograms and colonoscopies, annual wellness visits and personalized prevention plans. For most people, Medicare Part A – which covers hospital stays and services up to certain limits – does not require a premium. But that’s it. You’re still responsible for copays, coinsurance and deductibles.

For instance, you’ll pay a \$1,260 deductible in 2015 before Part A coverage kicks in for hospital stays of up to 60 days.

Just like health insurance during your working years, the other parts of Medicare also have premiums, copays, coinsurance and deductibles.

- The lowest annual premium for Medicare Part B is \$104.90 a month for beneficiaries new to Medicare this year.
- You’ll pay more if you’re single and earn more than \$85,000 or \$170,000 for a married couple filing jointly.

This concept was galvanized in my brain several years ago by my sweet daughter-in-law from Colombia (as in South America)

Upon opening our kitchen cabinets she said “why do you have some many different bowls?” At the time we had bowls for soup, cereal, snacks, salad, candy and the dog. After the shock wore off, she told us that her home in South America was very small, so to conserve space, they used their cups for coffee, cereal, etc. Her comment made me think, could we ever simplify our lives and reduce our stuff. The answer is “yes.” And while it has been a bit painful during our house transition, I am reminded of the most important point in her comment – that relationships, not stuff, is where my focus should be.

You will be happy to know that my “stuff” is shrinking, but the relationships are growing.

- High earners now face a surcharge ranging from \$12.30 to \$70.80 per month, depending on income, for Medicare Part D prescription drug plans.
- Many Medicare beneficiaries purchase a Medigap supplemental insurance plan to help cover out-of-pocket costs.

***Myth Two: Medicare covers everything.***

**Fact:** Not true. For example, dental, vision and hearing are not covered by Medicare. And prescription drug coverage is only offered through Part D and Medicare Advantage plans. What's more, you are responsible for the premiums, deductibles and copayments associated with the coverage you choose. However, starting in 2012, Medicare began covering more preventive services, including screening and counseling for alcohol abuse, depression and obesity. Supplemental insurance plans are available to help cover out-of-pocket costs.

***Myth Three: A Medicare Advantage plan or Part D coverage will fill gaps in my coverage.***

**Fact:** Medicare can be complicated. Medicare Advantage plans – sometimes known as Part C – offer optional coverage through private insurance companies. Many of these plans cover dental, vision, hearing and prescription drug costs, not covered by Original Medicare. However, the plans may have limited networks to keep costs down.

Part D is optional prescription drug coverage that has myriad variables, such as premiums, copays, coverage gaps and coinsurance. You can choose which prescription drug plan best fits your needs.

***Myth Four: Medicare may not cover me.***

**Fact:** One major advantage of Medicare is that you can't be rejected for coverage or be charged higher premiums because you're too sick. However, if you're a high earner, you'll pay higher premiums for Medicare Part B and Part D. In addition, the Affordable Care Act now prohibits discrimination based on a pre-existing condition.

***Myth Five: I will be notified when it's time to sign up for Medicare.***

**Fact:** No. Unless you are already receiving Social Security benefits, you must apply for Medicare. You will not receive any official notification on when or how to enroll.

If you're over 65, still working and covered by employer healthcare, you may want to delay enrollment in part B to avoid paying for coverage you don't need. Once you stop working, you must enroll within eight months – even if you're receiving COBRA or retiree health benefits from your employer – to avoid permanent late penalties. For example, if you miss the deadline, you'll pay 10% more in Part B premiums for every 12 months you delay. If you are under 65 and retired, you should enroll before your 65th birthday to avoid these penalties.

For those without employer coverage, it's a good idea to sign up when you're first eligible for Part B. If you're eligible for Part B when you turn 65, for example, you'll want to enroll during your initial enrollment period, the seven-month period that starts three months before your birth month. If you sign up in the first three months, you can avoid delays in coverage. If you sign up during your birth month or later, your start date will be delayed by one to two months.

There's also an open enrollment period from October 15 to December 7 each year for Medicare Advantage or Medicare prescription drug coverage. From January 1 to February 14 each year, seniors with Medicare Advantage plans can review their options during the Medicare Advantage Disenrollment Period. During this time, members can drop their plans, return to Original Medicare and pick up a standalone prescription drug plan. Medicare.gov recommends that you review your current coverage each fall to see if you need to make changes for the following year.

[http://raymondjames.com/pointofview/article.aspx?a=2392&l=making\\_sense\\_of\\_medicare\\_myths&utm\\_source=hearsay&utm\\_medium=social&utm\\_content=article&utm\\_campaign=planning](http://raymondjames.com/pointofview/article.aspx?a=2392&l=making_sense_of_medicare_myths&utm_source=hearsay&utm_medium=social&utm_content=article&utm_campaign=planning)

## SERVICE IDEAS

### Transfer on Death

Many of us are busy with the hustle and bustle of our everyday lives. We run errands, take the car to the shop, attend family get-togethers, work, visit friends, and enjoy time with those who are dear to our heart. But, amid the controlled chaos of life, we tend to miss the proverbial forest through the trees. This is often the case when it comes to simple estate planning practices for your Raymond James brokerage account.

Contrary to retirement accounts – which have a beneficiary – brokerage accounts do not specify how the assets will pass upon death. However, simple estate planning may avoid future confusion or confrontations regarding your assets through a tool called Transfer on Death Agreements (also known as “TODs”). This agreement specifies a beneficiary for your non-retirement Raymond James account – such as joint or individual brokerage account – and is a free option to all of our clients.

Although it is difficult to escape the hustle and bustle of everyday life, this simple planning option may pay dividends in the future – especially to the ones you love. If you would like more information on Transfer on Death Agreements, or would like to discuss other estate planning ideas, please contact Naomi.

Quote of the Month: “Mankind is divided into three classes: those that are immovable, those that are movable, and those that move.” - *Benjamin Franklin*

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