

WEEKLY MARKET COMMENTARY

For the Week of Jan. 16, 2012

THE MARKETS

Possible rating downgrades of major eurozone countries dented weekly gains on Friday. Standard & Poor's said it lowered the long-term rating of Cyprus, Italy, Portugal, Spain, Austria, France, Malta, Slovakia and Slovenia. Talks to restructure Greek debt to avoid a default didn't reach a conclusion and are currently suspended. Still the markets saw an advance for the week. U.S. Markets are closed, Monday, Jan. 16, in observation of Martin Luther King Jr. Day. They will reopen Tuesday. For the week, the Dow climbed 0.50 percent to close at 12,422.06. The S&P gained 0.90 percent to finish at 1,289.09 and the NASDAQ rose 1.36 percent to end the week at 2,710.67.

Returns Through 01/13/12	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.50	1.76	8.76	16.99	2.56
NASDAQ Composite (PR)	1.36	4.05	-0.90	20.57	1.61
S&P 500 (TR)	0.90	2.58	2.55	16.42	0.07
BarCap US Agg Bond (TR)	0.55	0.41	8.03	6.72	6.59
MSCI EAFE (TR)	0.62	0.21	-13.74	9.11	-4.61

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, BarCap US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

No Way – Former Shell Oil President John Hofmeister predicted in early January 2011 that gas prices would reach \$5 a gallon by 2012. The nationwide average price of gasoline was \$3.28 a gallon on Dec. 31, 2011, up 21 cents a gallon during the year (source: Newsweek, AAA, BTN Research).

On The Money – Sheila Bair, the chairwoman of the Federal Deposit Insurance Corp. (FDIC) from 2006-11, predicted on Nov. 10, 2009, that the number of bank failures "would peak in 2010 and then subside." Nationwide bank failures were 25 in 2008, 140 in 2009, 157 in 2010 and 92 in 2011 (source: FDIC, BTN Research).

Oh So Right – Microsoft founder Bill Gates predicted in a Jan. 8, 2002, interview (i.e., 10 years ago) that the upcoming 10 years would be the "digital decade" and that consumers will come to "take (computer capabilities) for granted the way we take electricity or water for granted today" (source: Consumer Electronics Show, BTN Research).



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WEEKLY FOCUS – Be Aware of Medicare Changes

Just as we have discussed how changes in Social Security can affect your retirement income, changes in Medicare can dramatically affect your retirement plans, too.

The standard Medicare Part B monthly premium is \$99.90 for 2012, up \$3.50 from 2011 for people who signed up for Medicare prior to 2010. Recipients who signed up for Medicare Part B in 2010 or 2011 and paid the standard monthly premium for new enrollees of \$110.50 or \$115.40, respectively, will see their premiums decline to the \$99.90 2012 rate. Medicare Part B helps cover medically-necessary services such as doctor's visits, outpatient care, durable medical equipment, home health services, some preventative care and other medical expenses.

Medicare recipients whose modified adjusted gross income is greater than \$85,000 for individuals or \$170,000 for couples must still pay higher Part B premiums, ranging from \$40 to \$219.80 per month more than the standard rate.

Recipients of Medicare Part D, which offers prescription drug coverage to everyone with Medicare, can expect slightly better gap coverage in 2012. Medicare Part D plans have a coverage gap that begins once an enrollee spends \$2,930 on prescription drugs and lasts until catastrophic drug coverage kicks in after the retiree has spent a total of \$4,700 out of pocket (or \$6,658 on medication costs under the standard benefit). During the gap period, retirees will pay 50 percent for plan-covered brand drugs and 86 percent for the plan-covered generic drugs for 2012, down slightly from 50 percent and 93 percent, respectively, in 2011. For more information on Medicare costs for 2012, visit www.medicare.gov/cost/.

If you are already enrolled in Medicare or will be enrolling this year, contact our office for help in determining what impact Medicare changes may have on your retirement plans. We're here to help you!

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI#443551