

WEEKLY MARKET COMMENTARY

For the Week of Jan. 23, 2012

THE MARKETS

U.S. stocks closed near a six-month high on Friday after gaining for the third consecutive week, despite ongoing concerns over euro zone debt and mixed corporate earnings results. Higher-than expected IBM, Intel and Microsoft earnings led the Dow to post a four-day rally. General Electric beat profit expectations, but came up short on revenue, and Google failed to meet earnings predictions, a rare miss for the Internet giant. For the week, the Dow climbed 2.46 percent to close at 12,720.48. The S&P gained 2.06 percent to finish at 1,315.38 and the NASDAQ rose 2.80 percent to end the week at 2,786.70.

Returns Through 01/20/12	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	2.46	4.27	10.52	20.35	3.03
NASDAQ Composite (PR)	2.80	6.97	3.05	24.59	2.60
S&P 500 (TR)	2.06	4.70	4.93	20.35	0.48
BarCap US Agg Bond (TR)	-0.50	-0.09	8.06	6.66	6.47
MSCI EAFE (TR)	4.04	4.26	-9.19	13.41	-4.02

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.

Let's Take A Look – U.S. taxpayers making more than \$200,000 had a one-in-25 chance of being audited last year. Taxpayers making more than \$1 million had a one-in-eight chance of being audited last year. For fiscal year 2011, a total of 1.6 million returns were audited (source: Internal Revenue Service, BTN Research).

It's Worse Over There – The unemployment rate in the 17-country euro zone (i.e., the countries that use the euro as their common currency) was 10.3 percent as of Nov. 30, 2011, compared to the 8.5 percent U.S. unemployment rate as of Dec. 31, 2011. The 10.3 percent is a record high level in the euro zone (source: Department Of Labor, BTN Research).

Won't Be Enough – Increasing the age for eligibility of Medicare from 65 to 67 over the next 15 years would reduce Medicare expenditures by 5 percent in the year 2035 as compared to what the cost of Medicare is projected to be per current law (source: CBO, BTN Research).

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WEEKLY FOCUS – 401(k) Changes that Can Make a Difference

Gone are the days of the pension, and many in recent years have found 401(k) employer matches hard to come by. Fortunately, most companies that were forced to suspend their 401(k) matches during the recession have now restored them.

According to a Towers Watson survey, 75 percent of 260 companies that suspended or reduced their match in January 2008 or later, have reinstated their employee retirement savings plan matches. The reinstatements primarily took place in January 2010 and January 2011, and this trend is expected to continue in 2012.

Most companies switched in the early '90s from pension plans to 401(k) plans, where the employer has the option to match a percentage of the contributions to the plan. Employees then have the option of choosing how much they would like to contribute to their 401(k) plan.

Of course the ultimate goal for employees would be to contribute the annual maximum amount allowed by the Internal Revenue Service. For 2012, contribution limits for 401(k)s will increase to \$17,000, up from \$16,500 in 2011, according to the IRS. Catch-up contribution limits for those age 50 and over will remain \$5,500. At a minimum, employees should contribute enough to their 401(k) to receive their employer's match.

A 401(k) is just one of the many keystones to supporting your retirement plan. When was the last time you reexamined your 401(k) to determine if it's sturdy enough to help support your retirement goals? Are you contributing the maximum, or at least meeting your employer's match? We can assist you in evaluating your 401(k) to make sure. Call today and let us help you solidify the foundation for a strong retirement plan.

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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#447314