



# WEEKLY MARKET COMMENTARY

For the Week of August 28, 2017

## The Markets

Wall Street started Friday off strong after the President's chief economic adviser, Gary Cohn, said the White House would turn its attention to tax reform this week. Federal Reserve Chairwomen Janet Yellen's silence on future rate hikes during an anticipated speech also helped indexes close slightly higher. For the week, the Dow rose 0.71 percent to close at 21,813.67. The S&P gained 0.75 percent to finish at 2,443.05, and the NASDAQ climbed 0.79 percent to end the week at 6,265.64.

Returns Through 8/25/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.71	12.22	21.22	11.27	13.44
NASDAQ Composite (PR)	0.79	16.39	20.21	11.19	15.34
S&P 500 (TR)	0.75	10.58	14.81	9.22	14.00
Barclays US Agg Bond (TR)	0.16	3.38	0.30	2.66	2.24
MSCI EAFE (TR)	0.61	16.84	16.32	2.76	8.27

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, Barclays 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.

**Another Rate Hike?** — The next Federal Reserve meeting that has at least a 50 percent chance of resulting in a hike to short-term rates will occur on March 21, 2018. The Federal Reserve has raised rates four times since Dec. 16, 2015 (source: CME Group, BTN Research).

**Sixfold** — Foreign holdings of U.S. Treasury Securities have increased from \$1 trillion in 2000 to more than \$6 trillion in 2017 (source: St. Louis Federal Reserve Bank, BTN Research).

**Not the United States** — There are 10 countries, including Canada and Germany, currently maintaining the top credit rating from each of the three major credit rating agencies (source: Trading Economics, BTN Research).



## WEEKLY FOCUS – Phased Retirement a Viable Option for Reluctant Retirees

How do you envision your entry into retirement? Will you jump – or slide gradually into retirement waters? More and more workers, whether from want or need, are opting for the latter. Some will leverage their skills in consulting, others will pick up non-career-related part-time jobs or dive into the gig economy. But many would like to dip their toes into retirement while still working with their present employer through a phased retirement, gradually cutting back on the number of hours worked.

Many human resource professionals see formal phased retirement plans as a viable option for the future, when most baby boomers will be of retirement age and leave the workforce in large numbers. But such programs are still uncommon. Most phased retirements are informally worked out between worker and company, and arrangements are specific to each situation. Benefits, like health care, may or may not be part of the agreement, but there is usually a cut in pay. When considering a phased retirement, understand it could affect your tax bracket, pension plan, Social Security benefits and existing retirement plan; it's a decision you should make with counsel from your financial planner.

If you want a phased retirement with your company, but they don't have a formal program, you can always pitch the idea, stressing the value to the employer. Phased retirement can benefit not only the worker but also the company. A recent GAO study found several employer-focused benefits, including retention of knowledgeable, highly skilled workers and transfer of knowledge to younger co-workers. These are good reasons on which to develop your presentation.

Here is a good way to start the conversation. Offer to mentor. Companies with formal plans are often concerned about losing too many skilled workers too quickly. With training budgets generally cut in recent years, companies are doing more with less, making mentoring very valuable. Since you know your industry and the best practices for your job, who better than you to train younger workers? Also, suggest a probation period, with regularly scheduled reviews. Consistent communication can eliminate failed expectations, minimize doubts and cut off conflicts before they happen.

Call our office today. We'll help you work through the question of whether or not to retire gradually and develop a sound financial plan that supports it.

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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, Copyright August 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 1882129.1