



WEEKLY MARKET COMMENTARY

For the Week of October 22, 2018

The Markets

Amid continued concerns over rising interest rates and trade tensions, stocks were mixed on Friday; the S&P and the NASDAQ dropped while the Dow Jones rose. For the week, the Dow rose 0.45 percent to close at 25,444.34. The S&P gained 0.05 percent to finish at 2,767.78, and the NASDAQ dropped 0.64 percent to end the week at 7,449.03.

Returns Through 10/19/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.45	4.76	12.36	16.73	13.27
NASDAQ Composite (PR)	-0.64	7.90	12.78	14.94	13.73
S&P 500 (TR)	0.05	5.11	10.13	13.13	11.95
Barclays US Agg Bond (TR)	-0.37	-2.46	-2.21	0.87	1.88
MSCI EAFE (TR)	-0.07	-7.58	-5.25	4.62	2.41

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.

Paying Most of the Bill — As of March 2018, employers in the private sector paid, on average, 67 percent of the health care premiums for their employees with families. State and local government employers paid, on average, 71 percent of the health care premiums for their employees with families (source: Department of Labor, BTN Research).

Up and Down — Congress has raised the top individual marginal tax rate seven times since 1950, most recently in 2013, when it raised the top rate from 35 percent to 39.6 percent. Congress has lowered the top individual marginal tax rate 13 times since 1950, most recently in 2018, when it dropped the top rate from 39.6 percent to 37 percent (source: IRS, BTN Research).

Get Ready — A 65-year old American male in 2018 is expected to live another 19.2 years (to 84.2 years old), an increase of five years in the last 40 years. A 65-year old American female in 2018 is expected to live another 21.6 years (to 86.6 years old), an increase of three years in the last 40 years (source: Social Security Administration, BTN Research).



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WEEKLY FOCUS – Are You Making the Most of Your Employment Benefits?

It's no wonder a recent study found nearly six in 10 middle-income Americans feel more secure because of financial and insurance benefits received through their employer.¹ According to U.S. labor statistics, the average amount employers spend on their employees' benefits is \$11.31 per hour – compared to \$24.33 in hourly wages or salaries.²

The study also indicated only a quarter of employees are offered financial education or planning at work.³ Other research suggests this leaves many workers stressed about the choices they must make regarding their benefits. This is particularly true in the areas of health care and retirement plans – both crucial components of financial wellness.

Half of employees say making health insurance decisions is “very stressful.” Forty-one percent think the open-enrollment process at their company is “extremely confusing.” And 20 percent say they often regret the benefit choices they make.³ All too often, employees seem to be overwhelmed with plan descriptions that are difficult to understand and compare. That may be why statistics show 46 percent of Americans spend less than 30 minutes to make benefits decisions, and 89 percent of people default to the same plan as the year before.⁴

Difficult as they may be, choices regarding health insurance pale in comparison to the depth, breadth and potential impact of decisions related to company retirement plans. And compared to the popular defined-benefit pension plans of the past, which were often managed by hired professionals, workers are usually left to make their 401(k) plan decisions with minimal support.

In addition to traditional 401(k) plans, 70 percent of employers now offer Roth 401(k)s – requiring employees to decide whether tax breaks would benefit them more now or later. Participants who are overwhelmed by plans overstuffed with funds may defer to less diversified company stock options. Sponsors often push target-date funds that don't address individual risk tolerances. Unless automatic rebalancing is available, the desired allocation percentages may change.

Need help choosing the best health care options for your family? Would you like assistance making 401(k) decisions? I'm happy to review these crucial elements of your financial plan with you.

¹MassMutual Workplace Benefits Study, ²Employer Costs for Employee Compensation news release, ³MassMutual Workplace Benefits Study, ⁴Survey from IT firm Jellyvision

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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 October 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2287587.1