

WEEKLY MARKET COMMENTARY

For the Week of January 21, 2019

THE MARKETS

Stocks ended on a high note Friday, and the major indexes advanced for the fourth week in a row. Concerns over the continuing partial government shutdown were offset by upbeat expectations on trade after Bloomberg reported Chinese officials offered to increase U.S. imports by \$1 trillion over the next six years. For the week, the Dow rose 3.01 percent to finish at 24,706.35. The S&P gained 2.90 percent to finish at 2,670.71, and the NASDAQ climbed 2.66 percent to end the week at 7,157.23.

Returns Through 1/18/19	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	3.01	6.02	-2.84	18.48	11.13
NASDAQ Composite (PR)	2.66	7.87	-1.90	16.83	11.26
S&P 500 (TR)	2.90	6.63	-2.65	14.74	10.00
Barclays US Agg Bond (TR)	-0.19	-0.01	0.79	1.72	2.34
MSCI EAFE (TR)	1.08	5.02	-13.32	8.22	1.47

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.

Complete Your Taxes Now — As a result of the December 2017 Tax Cuts and Jobs Act, 65 percent of U.S. taxpayers will pay less in taxes for tax year 2018 than they did in tax year 2017, 6 percent will pay more, and the remaining 29 percent will experience no material change up or down (source: Tax Policy Center, BTN Research).

How It's Spent — 63 percent of the \$3.5 trillion that Americans spend annually on health care is for hospital care (33 percent of the \$3.5 trillion or \$1.1 trillion), physician and clinical services (20 percent of the \$3.5 trillion or \$694 billion) and prescription drugs (10 percent of the \$3.5 trillion or \$333 billion). (Source: Centers for Medicare & Medicaid Services, BTN Research.)

Majority of the Time — Of the 10 bear markets for the S&P 500 index that have occurred since the end of WWII (i.e., declines of at least 20 percent), seven took place concurrently with a recession (source: BTN Research).

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WEEKLY FOCUS – An HSA Can Help With More Than Health Expenses

If you're one of the 23.4 million Americans who have a health-savings account (HSA), you may think this money can only be used to cover healthcare expenses. But an HSA can help with much more. With a strategy that maximizes its full potential, an HSA is a versatile tool that can strengthen and diversify your retirement savings.

Under the 2019 tax plan, the annual maximum contribution for a self-only HSA increased from \$3,450 to \$3,500 and from \$6,900 to \$7,000 for family accounts. If you're over 55, you can also make a \$1,000 catch-up contribution to your account. The start of the year is a great time to evaluate how much you're contributing to your HSA. When you consider the many ways your HSA funds can help in retirement, you may want to ensure you're contributing the maximum amount.

The most important benefit of contributing to an HSA is that your money is triple tax-advantaged. You'll enjoy a tax deduction for the year you made the contribution. Your money then continues to grow tax free. And when you use it for qualified health expenses, you can withdraw it tax free.

Because withdrawals for medical expenses can be made at any time, you can make a tax-free withdrawal to cover medical expenses years or even decades after the expenses were incurred, provided you did not previously receive a disbursement or deduction for them. So, if possible, it could be a good idea to pay medical bills without dipping into your HSA and make those withdrawals later, allowing the money to grow tax free. Just be sure to save all your receipts.

This structure makes an HSA a back-door IRA. All those tax-free dollars you've accumulated can be withdrawn when you're 65 – for any reason. Of course, you'll pay income taxes when you make your withdrawal for non-health related expenses, just like a traditional IRA. But you won't pay any penalties.

If you have a traditional IRA, you are allowed a once-in-lifetime rollover to an HSA of up to \$3,500 for self-only coverage, or \$7,000 if you have a family plan, plus the \$1,000 catch-up if you're over 55. By doing this, you're taking money that would eventually be taxed and making it nontaxable.

In addition to being a valuable tool for helping cover health-related expenses, a properly managed HSA can also strengthen your retirement portfolio. If you would like to learn more ways to get the most from the money in your HSA, call us today to schedule an appointment.

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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 January 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#2389337.1