

# WEEKLY MARKET COMMENTARY

For the Week of December 30, 2019

## THE MARKETS

A year-end rally led the three major indexes to close on Friday at record-highs. Despite slowing gains toward the end of the week, the NASDAQ topped the 9,000 mark for the first time ever. Industrial profits in China are making a solid rebound and investor confidence in the upcoming Phase 1 trade agreement between the United States and China has helped build stock market momentum. For the week, the Dow rose 0.67 percent to close at 28,645.26. The S&P gained 0.60 percent to finish at 3,240.02, and the NASDAQ climbed 0.91 percent to end the week at 9,006.62.

Returns Through 12/27/19	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.67	25.81	26.84	15.52	12.39
NASDAQ Composite (PR)	0.91	35.74	36.89	17.96	13.38
S&P 500 (TR)	0.60	31.84	32.83	14.87	11.44
Barclays US Agg Bond (TR)	0.30	8.87	9.18	4.34	3.15
MSCI EAFE (TR)	0.77	22.36	24.72	9.94	5.55

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.

**Population Profile** — 13.7 percent of the U.S. population (44.7 million individuals), approximately one out of every seven people, was born outside the United States (source: Census Bureau, BTN Research).

**Trade School, Not College** — There are 30 million full-time jobs in the United States today (19 percent of all jobs nationwide) that pay at least \$55,000 per year and don't require a bachelor's degree from college (source: Georgetown University Center on Education and Workforce, BTN Research).

**Real Estate** — Builders began construction on 876,000 single-family homes in the United States in 2018, the 7th consecutive year (2012-2018) of increasing housing starts. The peak in housing starts (1.716 million) took place in 2005 (source: Joint Center for Housing Studies of Harvard University, BTN Research).

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## WEEKLY FOCUS – SECURE Act Passes: What It Could Mean to You

Americans – from millennials to boomers – are concerned about retirement. Most of us aren't saving enough. Only 55 percent of adults even participate in a workplace retirement plan.<sup>1</sup> The Setting Every Community Up for Retirement Enhancement (SECURE) Act, which President Trump recently signed into law, was designed to help in several ways.

**IRAs:** Individuals working past 70.5 can now contribute to IRAs, similar to 401(k)s. On the downside, the act ends stretch IRAs. Most new beneficiaries will need to empty inherited retirement accounts by the end of the 10<sup>th</sup> year following the year of a relative's death. There are exceptions, including surviving spouses, minor children and individuals who are disabled or chronically ill.

**Part-time employees:** Businesses may no longer exclude part-time employees from participating in their 401(k) plan if they work 1,000 hours in one year or work three consecutive years with at least 500 hours of service.

**Small businesses:** The law makes it easier for small businesses to join together to offer group retirement plans to their employees, cutting administration and management costs. It also gives small employers up to a \$5,000 tax credit for starting a retirement plan and an additional credit of \$500 a year for up to three years if they include automatic enrollment in their plan.

**Annuities:** The bill allows employers to include more annuities in 401(k) plans – with less liability if they don't offer the lowest cost plan or a provider fails to deliver. This means employees will need to review plans carefully.

**RMDs:** Required minimum distributions from pretax retirement accounts now begin at age 72 – instead of 70.5 – for anyone who hasn't reached 70.5 by the end of 2019.

**Non-retirement features:** New parents are allowed to take penalty-free withdrawals from retirement plans for qualified birth or adoption distributions. Costs covered by 529 Savings Plans are expanded, including up to \$10,000 (lifetime amount) used to pay off student debt.

Most provisions go into effect Jan. 1, 2020; a few begin Jan. 1, 2021. If you or someone you know needs help creating a retirement plan or effectively responding to this new legislation, please call our office. We're always here to help. <https://www.investopedia.com/what-is-secure-act-how-affect-retirement-4692743>

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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 December 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#2886485.1