

WEEKLY MARKET COMMENTARY

For the Week of February 18, 2019

THE MARKETS

Wall Street rallied Friday amid promising trade news. Trade talks between China and the U.S. will resume this week, and both sides indicated progress toward a resolution. The Dow and the NASDAQ achieved their eighth consecutive week of gains. For the week, the Dow rose 3.21 percent to close at 25,883.25. The S&P gained 2.56 percent to finish at 2,775.60, and the NASDAQ climbed 2.39 percent to end the week at 7,472.41.

Returns Through 2/15/19	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	3.21	11.37	5.08	20.36	12.58
NASDAQ Composite (PR)	2.39	12.62	2.98	19.88	11.98
S&P 500 (TR)	2.56	11.02	3.65	16.54	10.84
Barclays US Agg Bond (TR)	-0.09	1.10	3.42	1.83	2.45
MSCI EAFE (TR)	2.04	7.18	-8.08	9.14	2.12

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.

Not Stopping — Forty-eight percent of working Americans surveyed in 2018 anticipate working past age 65, up from just 16 percent of workers who felt that way 30 years earlier (source: Employee Benefit Research Institute, BTN Research).

Have They Changed Their Mind? — The Federal Reserve's statement following its Jan. 30 meeting suggested to bond market watchers that its next interest rate move could be down instead of up. The shortest span between the end of a rate-tightening cycle (i.e., raising rates) and the first Fed easing (i.e., cutting rates) in the last 30 years was just three meetings over five months in 1995. The last Fed rate hike took place on Dec. 19, 2018 (source: Federal Reserve, BTN Research).

Short-term — Fifty-two percent of all U.S. Treasury debt at the end of fiscal year 2018 had a maturity of less than three years, i.e., debt that will mature before Sept. 30, 2021, and will be rolled over or paid off (source: Treasury Dept., BTN Research).

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WEEKLY FOCUS – When an Adult Child Asks for Help

From the time children enter their parents' lives, parents work and sacrifice to care for them. Today, that care often extends beyond a college education to helping with living expenses and personal loans after graduation. In fact, parents in the U.S. spend about \$500 billion each year on their adult children – double what they save for their own retirement.¹

It's natural to help those we love. But pros and cons should still be weighed. Downsides of loaning money to an adult child include: potentially losing funds needed for retirement, resentment among siblings who don't receive similar help, tension between spouses over the loan, encouraging dependency and potential tax ramifications.

There are ways to help adult children without those downsides. Including them on your cell phone plan, car insurance policy or health insurance plan (until they reach age 26) will probably save them money. Just make sure they reimburse you for their share. If they don't own a vehicle, you might lend them yours – provided they chip in for gas. Or you may let them move back home for a period until they can pay off some debt or build some savings. Again, they should chip in for rent or contribute for groceries.

When a loan is truly necessary, it may be a good opportunity to discuss fiscal responsibility if mistakes were made. You could address events that led to their current circumstances and how they plan to improve their financial situation.

It's best to put loan terms in writing, including: the amount you're loaning, what the money will be used for, when it will be repaid, potential late charges, the amount to be repaid with interest and possible incentives for early repayment. Putting the loan in writing assures the IRS it is not a gift. The IRS also requires you to charge an interest rate equal to the current "applicable federal rate" if the loan is over \$10,000.

If you're considering helping an adult child, our office can help you determine the impact a gift or loan may have on your own lifestyle or future plans and provide the guidance to ensure any help you provide is executed well.

Securities America and its advisors do not provide tax advice.

¹ <https://www.msn.com/en-us/money/personalfinance/how-to-help-adult-kids-who-are-struggling-with-money/ar-BBSlcl7>

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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 February 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#2428244.1