PLANNING POINTS…

March 2016

	3/31/2016	2016 1st Quarter Change
S&P 500 *	2059.74	+ 1.35%
Russell 2000 **	1114.03	- 1.52%
Barclays Capital Aggr. Bond Composite Index***		+ 3.03%

*The S&P 500 is an unmanaged index of the largest 500 companies weighted by capitalization.
**The Russell 2000 index is comprised of the smallest 2000 companies of the Russell 3000 Index which measures the performance of the largest 3000 U.S. companies based on total market capitalization. The Russell 3000 represents approximately 98% of the investable U.S equity market. Past performance may not be indicative of future results.
*** Barclays Capital Aggregate Bond Composite index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors
****MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States & Canada
The Dow Jones Industrial Average is an index covering 30 Major NYSE industrial companies.
Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary.

STOCK MARKET REVIEW

There was no welcome mat put out for stocks to start 2016. The Dow Jones 30 Industrial Index dropped over 1600 points in the first twenty trading days of the year (the worst start ever). However the market reversed the decline in mid-February and rose almost 2000 points in the next 26 trading days. For the first quarter the S&P 500 advanced 1.35%, the smaller stock based Russell 2000 Index was down (1.52%), and the MSCI EAFE Index of international stocks lost (3.01%) for the quarter.

Stock market volatility in the first quarter reflected the many uncertainties investors face. Is the economy slowing or potentially going into a recession? Will the current slow pace of economic growth continue? Will the FED increase rates or keep them the same? When will Europe show some signs of growth? Is the strong US dollar going to falter or will it continue to put pressure on the earnings of US multinational companies? What about slower growth rates in China? How will the elections influence the market?

The stock market does not like uncertainties. The current long list of them could continue to cause short-term volatility, but we have worked through them in the past. Sometimes, periods of uncertainty appear like a movie plot we have seen many times in the past. The actors are different, but the plot and the outcome are often the same.

We will never be in a perfect investment world without problems, but we know that prudent, diversified, long-term oriented investing is the recipe for success. We believe clients should own equities for the long-term and they should not attempt to "time the market". In a year where we are likely to see a lot of conflicting information, remain patient and maintain your investment policy.

BOND MARKET REVIEW

Interest rates dropped sharply in the first quarter on expectations of slower domestic economic growth. The ten-year bond fell from 2.30% to 1.79%.

In the last Planning Points, we remarked after the first FED increase in 9 years that "we will no longer have to hear repeatedly about whether they will raise rates or not. The FED speculation will now focus on rising rates, over what time period, and by how much. The interest rate debate is far from over."

Now that debate rages on with some FED officials calling for another hike and others urging restraint. In this environment, we continue to advise clients to focus on short to intermediate maturities. Please let us assist you with an appropriate diversified mix of fixed income investments for your portfolio.

PLANNING STRATEGIES

IRA QUALIFIED CHARITABLE DISTRIBUTIONS

Congress recently passed the Protecting Americans from Tax Hikes (PATH) Act, permanently allowing IRA owners who are at least 70½ years old to give up to $100,000 directly from an IRA to a charity without having to include the distribution in taxable income for the tax year.

Donating IRA funds directly to qualified charities allows the IRA holder or beneficiary to avoid taking possession of the funds and the tax bill that comes with them. It also allows the extra income to be excluded from tax formulas for Medicare premiums or for the Pease limitation on itemized deductions.

An IRA owner can give a total up to $100,000 and their spouse could give up to $100,000 as well. A QCD can be used to meet some or all of your required minimum distribution. The funds cannot come from active SEP or SIMPLE IRAs and must be sent directly to the qualified (IRS-approved) charitable organization.

If you are considering donating part of your IRA to charity to satisfy your required minimum distribution, now is the time to act. If you are interested in this idea and would like to discuss the rules in more detail, we would be happy to speak with you.

TRANSFER ON DEATH AGREEMENTS

When a loved one passes away, it is never easy. In addition to dealing with their personal loss, many times families are left with expected and unexpected responsibilities. There may be financial obligations from a funeral, medical bills, basic living costs, funding a child's education and, possibly, the sale of assets.

Wills and trusts are viable solutions for distributing property. However, some assets may be subject to probate, and gaining access to them can take time. As an alternative, we offer the Raymond James Direct Transfer to Beneficiaries Service. The Raymond James Direct Transfer to Beneficiaries Service is a legal agreement between an individual and Raymond James & Associates that enables an individual's investment assets to bypass probate and be transferred directly to specified heirs under the transfer-on-death (TOD) provisions.

This solution could be considered along with a will or trust in an estate plan. With it, the portion of an estate held in a brokerage account custodied at Raymond James may avoid probate and be quickly transferred to your chosen beneficiaries.

A TOD is a legal agreement between an individual and Raymond James to facilitate the transfer of assets to his or her heirs upon death. TOD allows assets to be divided equally among beneficiaries or according to percentages determined by you. Unlike a will, TOD does not cover assets held outside of an account custodied by Raymond James. Personal assets such as cars, real estate and personal possessions are not covered. TOD does not replace a will or a trust. Rather, it is meant to complement an estate plan that includes one or both. During your lifetime, you retain control of your assets. You will continue to receive all interest and dividends, and will be responsible for all taxes incurred. A TOD can be changed at any time by completing a new agreement. A TOD agreement can also be terminated by filing a letter of revocation.

TOD is available to anyone with an account custodied by Raymond James and can be initiated quickly with minimum paperwork. Upon an investor's death, a named beneficiary will need to contact that investor's Raymond James financial advisor. We will then assist in the completion of all required documents for transferring assets into separate accounts for each beneficiary. At this point, assets will be transferred to the beneficiaries and they will have control of all securities as defined in the TOD agreement.

Transfer-on-death agreements are simple to establish and easy to process at death. If you would like to discuss TOD agreements with us, and how they may benefit your estate plan, please let us know.

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