RAYMOND JAMES®

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INSIDE THIS ISSUE

A Closer Look

MARKET SUMMARY

Equity markets around the world tracked higher in July, despite declines over the last week of the month. Domestic stocks had dipped amid some disappointing tech earnings and a revised report that showed slower-than-expected gross domestic product (GDP) growth for the first quarter. Earnings overall have been a bright spot, as the majority of S&P 500 companies have reported beating their mean sales estimates.

MARKET OUTLOOK

Trading typically has been light during the first two months of the summer—a trend that is expected to continue through August. Interest rates will remain unchanged at least until mid-September, when the Federal Open Market meets again. The next release of gross domestic product for the second quarter will be based on more current financial and economic information, which could impact the initial 2.6% growth rate that came out in July's report.

PAVING THE ROAD TO HIGHER EDUCATION

Know which paths to take to combat rising college costs.

Harvey Mudd College heads the total cost list at $69,717, while Columbia University charges the most for tuition alone: $55,161.1 Few students pay these totals. Scholarships and financial aid can cover some expenses, and state universities and colleges cost much less. Nevertheless, 61% of undergraduates leave school with debt – an average of $28,1002.

You might expect parents and grandparents would be saving large amounts in tax-advantaged college savings programs. However, Sallie Mae, the nation's largest college student loan company, found that although 57% of parents are saving to fund a college education, only 37% do so in a tax-advantaged way.3

If you intend to pave someone's path to higher learning, you have several choices.

Section 529 College Savings Plan

Generous contribution limits and potential for tax-free qualified withdrawals make a 529 plan the choice for many families. A grandparent can lump together up to five years of gift tax exclusions for a $70,000 one-time contribution ($140,000 for a joint contribution). States also offer tax breaks on plan contributions. Check out prepaid tuition plans in your state, too – but only if you're comfortable with the child being limited to participating colleges.

Investors should carefully consider the investment objectives, risks, charges and expenses associated with 529 plans before investing. This and other information about 529 plans is available in the issuer's official statement and should be read carefully before investing.

Investors should consult a tax advisor about any state tax consequences of an investment in a 529 plan. Plans offered outside your resident state may not provide the same tax benefits as those offered within your state.

Coverdell Education Savings Account

This tax-advantaged account's only drawback is its modest contribution limit – $2,000 per year. If your modified adjusted gross income is less than $110,000, you can use contributions to cover qualified higher education expenses or elementary and secondary education expenses, a key difference from other education accounts. Contributions grow tax-free and qualified withdrawals are free of tax at the federal level and often at the state level. Any funds left in the Coverdell ESA must be distributed to the beneficiary when he or she reaches age 30, unless that person has special needs.

UGMA/UTMA

You also can make a contribution under the Uniform Gift to Minors Act or Uniform Transfer to Minors Act, but many avoid this path because it has a possible drawback – the "gift to the minor" is irrevocable. The contributor loses control of the assets, which become the property of the child once he or she reaches the age of majority (usually 18 or 21), an age not necessarily associated with astute financial decision-making. Also, the child's assets will work against financial aid calculations.

Outside the Box

Other savings avenues are possible. If you qualify, you could open a Roth IRA (2017 limit: $5,500; $6,500 if you're 50 or older) with the idea of using some of your contributions (not your gains). You can extract your after-tax contributions at any time, for any purpose, while leaving your gains to grow tax-free to support your retirement. Or consider tax-efficient investments; your withdrawals won't be tax-free, but they can be used for any purpose without any penalties to consider.

Source: Raymond James—Point of View, Chronicle of Higher Education, 2016. The College Board, 2016. "How America Saves for College 2016" SLM Corporation

Debunking Social Security Myths

BUSTED

Shine some light on these common misconceptions to help get the most from your hard-earned benefits

Myth #1

SOCIAL SECURITY WON'T BE AROUND

Social Security is replenished by working Americans, interest on its bonds and taxes on some retiree benefits. Should the existing surplus be depleted, future retirees may be paid a portion of the benefits promised, but not zero.

Myth #2

SOCIAL SECURITY IS ALL YOU NEED

While benefits are adjusted for cost of living increases, they're intended to supplement, not replace, retirement savings. That's why it's important to maximize your retirement savings for as long as possible.

Myth #3

ALWAYS FILE AS EARLY AS POSSIBLE

Filing before your full retirement age (FRA) will begin benefits sooner but reduce their amount, which may not be optimal. Higher-earning spouses often delay benefits to ensure a higher payout for their widow or widower, who would be eligible for 100% of their benefit.

Myth #4

ALWAYS FILE AS LATE AS POSSIBLE

Waiting past FRA to file often makes the most sense financially. But some conditions warrant filing early, particularly if you need the extra income, have health concerns, or want the payments during your younger years.

Myth #5

NO WORK EXPERIENCE, NO BENEFITS

Those who haven't worked for 40 quarters can receive half of what a spouse or ex-spouse would receive (if you were married for over 10 years and haven't remarried). Surviving spouses and exes may also be eligible for full benefits on their spouse's record.

Myth #6

NEVER WORK AFTER FILING

If you file early and continue to work, your benefits will be reduced based on your earnings. But those benefits are simply delayed; at FRA, you'll receive increased payments to make up the difference.

Myth #7

RELY SOLELY ON ADVICE FROM FRIENDS AND FAMILY

Advice from nonprofessionals may not maximize benefits. Speak with your financial advisor and accountant to help determine your best strategy.

Sources: ssa.gov; investopedia.com; forbes.com; thefiscaltimes.com; marketwatch.com; cnnmoney.com

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WHY WORK WITH A CFP®

In life, it's important to find a financial planner you trust to provide sound, unbiased advice and professional services. Being CFP® certified means someone has voluntarily taken the extra steps needed to provide the highest possible standard of financial planning to those they serve.

How does working with a CFP® certified advisor benefit you? CERTIFIED FINANCIAL PLANNER™ professionals are held to the utmost standards of ethics and professional responsibility, which prepares them for a career-long commitment to provide truly personalized services to meet your needs; all while maintaining high levels of financial planning and professionalism. CFP® professionals maintain their professional edge through ongoing education and training in addition to the rigorous requirements to represent a high level of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when working with you.

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Source: Raymond James—Point of View

ART SUNDAY!!!...

The Three Arts Club annual "ART SUNDAY" will be held on Sunday, September 3rd, in King Caldwell Park in Scottsboro.

The Scottsboro Three Arts Club will hold its annual Art in the Park on Sunday, September 3rd at the King Caldwell Park in Scottsboro. Artists and craftsmen from around the southeast will have displays of their original work set up in the shaded park. Photographs from the Three Arts Photography Contest will also be displayed. There will be children's games and activities, entertainment, and food vendors. Admission is $2 for adults and $1 for students.

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