



RAYMOND JAMES®

JUNE 2017



INSIDE THIS ISSUE

Market Summary	1
Market Outlook	1
529 Plans.....	2
Grandparents as Teachers.....	3
Your Team.....	4

A Closer Look



MARKET SUMMARY

The three major domestic stock indexes continued to climb in May, extending the trend seen since the November U.S. presidential election. Growth slipped a bit mid-month but picked back up toward the end.

MARKET OUTLOOK

Although equity benchmarks around the world have toyed with record highs in recent months, headwinds remain for continued global growth. Concerns linger around political tensions in North Korea and in Europe as Brexit negotiations begin. At home, investors are waiting for the new federal administration to fulfill expectations on infrastructure spending and tax reform.

MISCONCEPTIONS ABOUT 529 PLANS



Misconceptions About 529 Plans

Just like the kids you're saving college funds for, 529 plans are often misunderstood.

Read on to learn how 529 plans are more flexible than you may think. They can be set up by anyone, for anyone, and used for a variety of education costs at all kinds of institutions, not just typical four-year colleges.

Myth: Only parents can establish a 529 account for a child.

Reality: Anyone can open and contribute to an account for any beneficiary – no age limits or family connections necessary. Often, grandparents open 529 accounts to help fund college for grandchildren (with the added bonus that their assets won't be factored into financial aid calculations and they may even benefit from reduced taxes on their estate).

Myth: Once the child is in college, he or she has control of the 529 account.

Reality: The account owner has – and maintains – control of the assets as long as the account exists.

Myth: Contributions to a 529 plan will limit financial aid opportunities.

Reality: While 529 assets can have an effect, it isn't as significant as the impact of some other educational savings tools. Since 529 assets are under control of the account owner (not the beneficiary), they're assessed at a maximum rate of 5.64% when determining expected family contribution (part of the financial aid formula). In comparison, investment assets in the student's name, such as UTMA/UGMA accounts, are assessed at 20%.

Myth: I have to invest in the plan sponsored by the state where I live.

Reality: You can invest in any state's 529 plan, but look at what your state's plan offers first since some provide state tax breaks and other benefits to residents. Plans offered by other states may not provide these same benefits.

Myth: If I invest in a 529 plan, the beneficiary is limited to attending a public, four-year university.

Reality: Funds can be used for qualified expenses at eligible educational institutions in the U.S. and even some abroad, including private or public colleges, universities, and technical or vocational schools that qualify for federal financial aid. Check the Department of Education's website (fafsa.ed.gov) and click School Code Search to find qualifying institutions.

Myth: If it turns out the beneficiary doesn't go to college or receives a scholarship, all the money I've invested is lost.

Reality: Since the owner – not the beneficiary – controls the account, you can change who receives the funds to any eligible family member. Another, although less attractive, option is to take a nonqualified withdrawal. Earnings are then subject to the usual taxes and a 10% penalty (penalty waived in the instance of a scholarship).

Myth: I can't participate in a 529 plan because my income is too high.

Reality: Anyone can invest. There is actually no income limit to establish or contribute to a 529 plan.

Earnings in 529 plans are not subject to federal tax and, in most cases, state tax, so long as you use withdrawals for eligible college expenses, such as tuition and room and board. However, if you withdraw money from a 529 plan and do not use it on an eligible college expense, you generally will be subject to income tax and an additional 10% federal tax penalty on earnings. Changes in tax laws or regulations may occur at any time and could substantially impact your situation. You should discuss any tax or legal matters with the appropriate professional.

GRANDPARENTS ARE TEACHERS, TOO!



Surprisingly, millennials and their grandparents share similar attitudes about money. Consider these ways to impart financial wisdom early and often.

Grandparents are teachers, too

Millennials actually crave financial advice from their grandparents. It seems both generations share similar attitudes about money. So consider sharing your financial wisdom early and often; they'll listen. You can:

REFRESH YOUR MEMORY

Think about how much your first job paid or first car cost. How did you afford big ticket items without the help of your parents? Listen for verbal cues. Questions such as, "Why can't I have that?" or "How did you save so much?" are good ways to insert your own wisdom and experience.

TELL STORIES

Share anecdotes about saving for your first house or how you bounced back from a bad financial decision.

When I was your age, ...

MAKE IT FUN

Remember Pay Day and Monopoly? Games can be effective ways to teach financial concepts and enjoy time with your family.



SHARE YOUR VALUES

Bring up the importance of saving and sharing when gifting money. Help kids allocate their income or monetary gifts among saving, spending, investing and giving to charity or take them to open a savings account.

TALK ABOUT GOAL SETTING

Use financial goals they're interested in, such as a new bike or tablet. Help them learn to save and comparison shop.

SHARE THE POWER OF EDUCATION

Discuss opportunities you've received (or maybe missed) because of your level of financial know-how. Put grandchildren's digital prowess to use to find online resources that bolster financial knowledge.

Young adults say

85% are willing to discuss finances with their grandparents.
73% say grandparents already have influence on their finances.

Grandparents say

Only **8%** are willing to open this conversation.
30% believe they can influence their grandchildren's financial habits.

Sources: Survey of grandchildren and their grandparents performed by KRC Research on behalf of TIAA-CREF, April 2014; USA Today

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.



YOUR TEAM

James W. Bergman, CFP®
BRANCH MANAGER
james.bergman@raymondjames.com



Jon R. Bergman, CFP®
FINANCIAL ADVISOR
jon.bergman@raymondjames.com



Mark W. Chapman, CFP®
FINANCIAL ADVISOR
mark.chapman@raymondjames.com



Karen S. Willmon
CLIENT SERVICES MANAGER
karen.willmon@raymondjames.com



Erica L. Butler
SALES ASSISTANT
erica.butler@raymondjames.com



RAYMOND JAMES®

Raymond James Financial Services, Inc.

Member FINRA/SIPC

Investment advisory services offered through Raymond
James Financial Services Advisors, Inc.

James W. Bergman, CFP®

Jon R. Bergman, CFP®

Mark W. Chapman, CFP®

601 East Laurel Street
Scottsboro, AL 35768
Phone: (256) 575-8160
Fax: (256) 575-8167

www.raymondjames.com/scottsboro



Material prepared by Raymond James for use by its financial advisors has been obtained from sources considered to be reliable, but Raymond James Financial Services, Inc. does not guarantee that the foregoing material is accurate or complete. This information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The material is general in nature. Past performance may not be indicative of future results. Raymond James Financial Services, Inc. does not provide advice on tax, legal or mortgage issues. These matters should be discussed with the appropriate professional.