

# RAYMOND JAMES®

MARCH 2017



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## A Closer Look



### MARKET SUMMARY

After a quiet January, all three of the major U.S. stock indices zeroed in on new highs in February, as market investors seem to be relatively optimistic about proposed infrastructure spending, strong earnings and positive economic data. The Dow Jones Industrial Average, for example, closed its longest rally in 30 years by month's end.

### MARKET OUTLOOK

Market observers will be looking toward to the next meeting of the Federal Open Market Committee this month for news on a potential increase in short-term interest rates. Also, we are still in the early days of a new administration, and investors are watching for policy changes on infrastructure spending, healthcare and taxes.

## FOUR WAYS A RATE HIKE CAN AFFECT YOUR FINANCES



### The interest rates that shape the economy and your portfolio are increasing again.

As expected, interest rates are on the rise again. Federal Reserve Chairwoman Janet Yellen and the Federal Open Market Committee (FOMC) voted in December 2016 to raise the Federal Funds target rate by 0.25 percent. This rate sets the basis for what banks charge other banks to borrow money, and it's also a starting point for interest rates on consumer-facing products like credit cards and auto loans. The quarter-point hike sets the target rate between 0.50 percent and 0.75 percent.

To spur growth after the Great Recession, the FOMC kept rates near zero for seven years. Almost exactly a year after voting to raise rates for the first time since June 2006, the FOMC again cited improvements in the job market and inflation as reasons to raise rates now and gradually raise them over the coming years. "Our decision to raise rates should certainly be understood as reflecting the confidence we have in the progress the economy has made and our judgement that will continue," Chair Yellen said in a press conference after the announcement.

Interest rates deeply impact Main Street. Here are four of the most common ways rising rates could impact you.

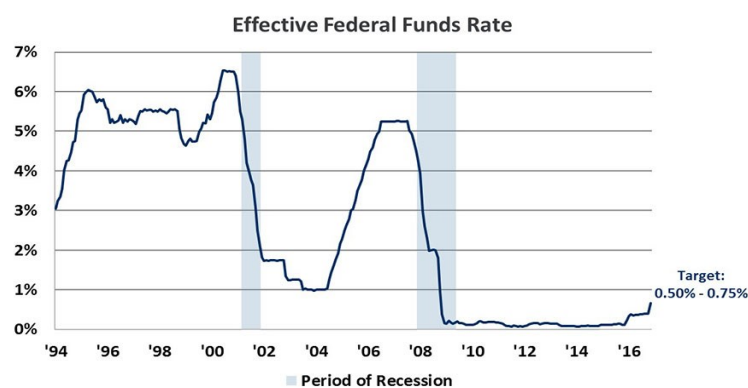
*Mortgages and vehicle loans* – If it costs more money for banks to borrow money, it's likely that extra cost will be passed on to the consumer. Whenever the Fed decides to hike interest rates, house hunters and car buyers should expect to pay a little more in interest down the road.

*Bond values* – Generally when interest rates rise, yields rise and the price of existing bonds fall on the resale market. If held to maturity, the full principal value of the bonds is returned (subject to the creditworthiness of the issuers).

*Student loans* – Most student loans issued by the federal government are tied to the 10-year Treasury note, a debt instrument issued by the U.S. Treasury department. Here too, higher interest rates mean you'll pay more to borrow money for school.

*Savings accounts and CDs* – This is one area where higher interest rates are good news for consumers. When rates increase, you'll eventually earn more interest on your savings. Interest rates on CDs are usually fixed at the time of purchase.

Contact us for more information on how interest rates play a role in your investment portfolio.



## OPPORTUNITY BLOOMS IN TAX SEASON

*Whether you get a refund, or end up owing, you have options*

Tax season can be a period of new possibilities – especially when it comes down to what to do with your refund or, on the flip side, how to settle your bill.

### When the Taxman Giveth

So you worked diligently with your tax preparer to complete your return, only to discover some of the fruits of last year's labor will be coming back to you as a refund. So, what can you do with your bounty? Here are some possibilities:

**Start fresh** – Strengthen your finances by paying down credit card or any other non-tax-advantaged debt.

**Cultivate** – Make some improvements to make your home more valuable, comfortable or energy efficient – or get ahead on the kids' tuition.

**Nourish** – Invest in yourself (a new gym membership or art classes) or someone else (donate to a charity or sponsor a family or individual in need).

**Replant** – Use that money to get a head start on this year's contributions to your retirement account, or bolster your emergency fund.

**Plan** – Some say a refund is just a loan you give the government interest-free. Should you reconsider your withholdings so that you come out even next year?

### When the Taxman Taketh Away

If you end up owing taxes, you'll need to decide how to pay. However, before you write that check or cash in some of your invested assets, consider how those actions may impact you immediately and over the long run.

For instance, liquidating assets in your investment portfolio to pay your taxes may generate new tax consequences and could impact your long-term investment strategy. And emptying your savings account may leave you vulnerable should another unplanned need for cash arise.

Instead of using the assets working toward your long-term goals, consider liquidity and borrowing options based on the value of your assets, or that offer rewards like cash back or redeemable points. That way, you can access the cash you need to pay your tax bill while keeping your assets where they belong – invested.

### Let the Sunshine In

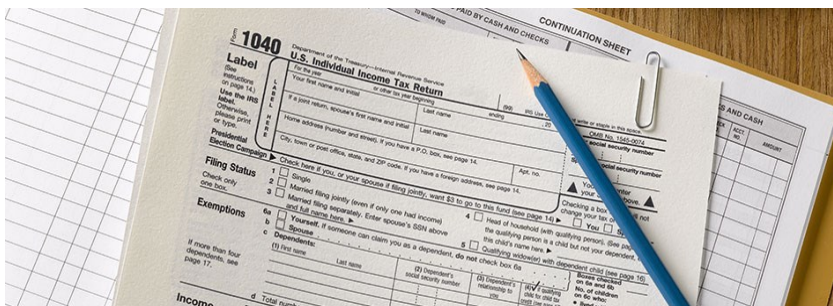
Spring is a time of renewal, so use your tax refund wisely, or if you owe taxes, consider your long-term investment plan and borrowing options before uprooting your hardworking, invested assets.

### If You Owe

A majority of taxpayers (up to 75%) get a refund, but in case you don't, here are some tips for reducing your tax bill:

**Maximize contributions:** Take advantage of tax breaks in your retirement accounts and make catch-up contributions once you turn 50.

**Harvest losses:** Consider balancing your realized capital gains by selling securities for a loss and reducing your tax liability.



## 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.





## 2017 MCDONALD'S BIG BASS SPLASH!



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*“We are excited about coming back to Scottsboro. It is now the largest amateur tournament of its kind in the South” - Bob Sealy*

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### BIG BASS SPLASH ...

Over the past eleven years, the Greater Jackson County Chamber of Commerce brings Sealy Outdoors and the McDonald's Big Bass Splash to Lake Guntersville in Scottsboro and every year it continues to grow. The organizers have been putting on tournaments in Texas for over 30 years and the tournaments there have over 8,000 boats with a payout of over \$2,000,000. Bob Sealy, head of the organization said, “We are excited about coming back to Scottsboro, Alabama at this great lake. It is now the largest amateur tournament of its kind in the South. We know this lake (Guntersville) has a great bass reputation and perhaps one year the tournament here will be as large as our Texas Big Bass Splash.” The number of anglers that registered and fished the McDonald's Big Bass Splash grown every year it has been on Lake Guntersville. In 2016, the total of amateur anglers is expected to grow again as they try their skill at the \$215,000 in cash and prizes to be awarded at the 12th Annual McDonald's Big Bass Splash.

The three days of Fishing, Family & Fun will be held at Goose Pond on March 31 & April 1st & 2nd in Scottsboro. There will be twelve places paid in cash each hour of each tournament day beginning with the 7-8 AM hour and continuing through the 1-2 PM hour for the twelve single heaviest bass weighed in. First place of each hour will take home \$1,200! Hourly updates will be broadcasted live on WKEA 98.3 FM. Contestant(s) weighing in the first 3.00/4.00/5.00 exact weight bass each day of the tournament will win \$1,000. In addition, all contestants are eligible to win a Triton 179 TRX Bass Boat in the famous “Elimination Drawing”.

After all that's said and done, the 2016 McDonald's Big Bass Splash on Lake Guntersville had an economic impact of over \$2.9 Million spent in our local businesses. Anglers came from 32 states to fish in the tournament and for every (\$1.00) dollar that Jackson County Tourism invested in this tournament, \$3.63 was returned in the form of sales tax, lodging tax and fuel tax to our city and county. I would say that's a pretty good return wouldn't you?

Another special aspect about this tournament: A portion of every registration goes to the Ronald McDonald House (McDonald's Charities). Over the years over \$80,000 has been presented. This is a real rarity since very few tournaments give back to a worthwhile cause. And that check is awarded to a McDonald's representative when all the prizes are distributed.

And the good news is: We'll be bringing this tournament to Scottsboro and Goose Pond again in 2018! If you love to fish and love winning cash and prizes, pick up a tournament registration at the Jackson County Chamber, K-98 (the official radio station for the tournament), McDonald's restaurants, and area businesses that outfit and house our anglers. For more information go to [www.sealyoutdoors.com](http://www.sealyoutdoors.com), call 888.698.2591 or call the Chamber at 256-259-5500.

### COFFEE CLUB!

Do you know about Thursday Morning Community Coffee Club? We meet every first Thursday of the month at Impact Learning Center from 9:30am to 10:30am. We always have a topic of discussion; usually related to the financial world, and current events. Coffee Club is an opportunity for us to gather with members of the community, whether they are current clients or not, to learn, discuss, to share ideas, and to fellowship. It's a very laid back atmosphere, we serve coffee and refreshments, and just enjoy being together. We welcome each of you to join us, and we would love for you to bring along a friend!



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