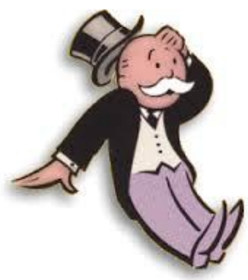
INCOME FOR LIFE
RETIREMENT & INSURANCE SERVICES

Perspective On Market and Economic News

Happy New Year 2016 — **JANUARY 1ST, 2016** — Happy New Year 2016

2015

S&P 500	Dow Jones	NASDAQ	NYSE Composite	Russell 2000
-0.73%	-2.23%	+5.71%	-6.42%	-5.72%



2015:

Strikeout!

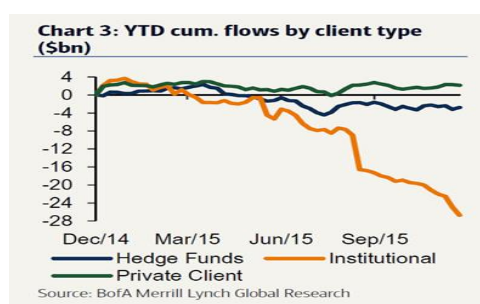
Thus ends 2015, the worst year for US stocks since 2008, with the S&P 500 500, Dow Jones Industrial Average, NYSE Composite Index, and the Russell 2000 all closing the year with losses, with the NASDAQ Composite Index ending the year with a gain of +5.71%. The market did experience the usual "Santa Rally" from December 21st through December 29th, and while the rally did increase the broad US indices above their December 18th levels, the rally largely turned to a lump of coal in the last two trading days of the year, during which the S&P 500 declined by -1.65% over the last two days.

Nearly 70% of investors lost money this year, according to Openfolio, an app that allows people to track their investment performance and compare their portfolio with other users.

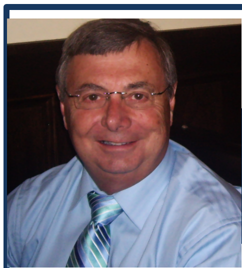
Since hitting the 2015 high point back in Summer 2015:

- ***The NASDAQ Composite Index has declined by -4.05%.***
- ***The S&P 500 Index has declined by -4.07%.***
- ***The Dow Jones Industrial Average has declined by -4.84%.***
- ***The NYSE Composite Index has declined by -9.75%***
- ***The Russell 2000 Index has declined by -12.34%***

As is often the case, it appears that "mom and pop" have likely taken the worst of it. Looking at the chart (right), which shows flows in and out of equities by Bank of America Merrill Lynch clients, we see that institutional investors have been heavy sellers of stock since December 14th, with private clients ("mom and pop") net buyers of stocks over that same period; "Same as it ever was" (with apologies to the Talking Heads). ***If you waited to get your retirement savings to safety, was it worth it?***



In domestic economic news, the year ended on a somewhat alarming note; initial jobless claims came in at the highest level since July, and the Chicago PMI Survey, that's an indicator of economic activity in the mid-western United States, contracted to it's lowest level since 2009.



Perspective on Market and Economic News

Happy New Year 2016 | **January 1ST, 2016** | Happy New Year 2016

GOLD	US 10-Year T	5 Year Jumbo CD Nat'l Avg Yield
$1,062.25 per Oz.	**2.27%**	**0.81%**
-11.42% for 2015	**+4.13% for 2015**	

The London Daily Gold Price Fix for physical gold ended the year at $1,062.65, a decrease of -11.42% for 2015.

The yield on the benchmark US 10-Year Treasury Note ended the year at 2.27%, and increase of +4.13% for 2015.

The national average yield on a 5-Year Jumbo Certificate of Deposit ends the year at 0.81%.

With a down year for 2015, does that set the stage for the markets to rally in 2016?

Not according to the article at page 10 titled *"Coiled Spring" Stock Market Likely to Disappoint in 2016."* The article quotes Sam Stovall, S&P Capital IQ's Chief US Equity Strategist, who said ***"If you thought that a narrow annual trading range would be akin to compressing a spring that led to a jump in the following year, you can forget it."*** The article points out that historically, a narrow range year such as 2015 precedes a low-return year.

The article at page 10 warns of the potential for a dire 2016. Written by Jack Bourudjian, CEO of Index Futures Group and titled ***"A 20%-30% Correction is Possible,"*** the author states "***This could be the perfect storm for the bears and take the market down 20 to 30 percent in 2016. For the last few years my mantra has been to buy dips, now the time has come to sell into strength. It's the time to play defense!"***

Perhaps the bull is finally too tired to go on in the face of deteriorating conditions and the apparent end of Federal Reserve stimulus?. Harry Dent, they guy who called the Great Financial Crisis, thinks so. In the article at page 8, he writes ***"But financial engineering does not result in real growth. And speculation does not expand the money supply. It is only a sign of decreasing money velocity, and a bubble that will only burst – like in 1929, 2000, and now again! It's a mirage. It isn't real. And it isn't sustainable. Despite such endless financial engineering, sales for the S&P 500 have been declining for the last three quarters. And profits have declined for the first time since the 2009 expansion. I'd be surprised if both didn't continue down in the 4th quarter. This will end badly… which is the only way bubbles end. My forecast today: the stock market will start to crash by early February, if not sooner, when it gets this clear realization."***

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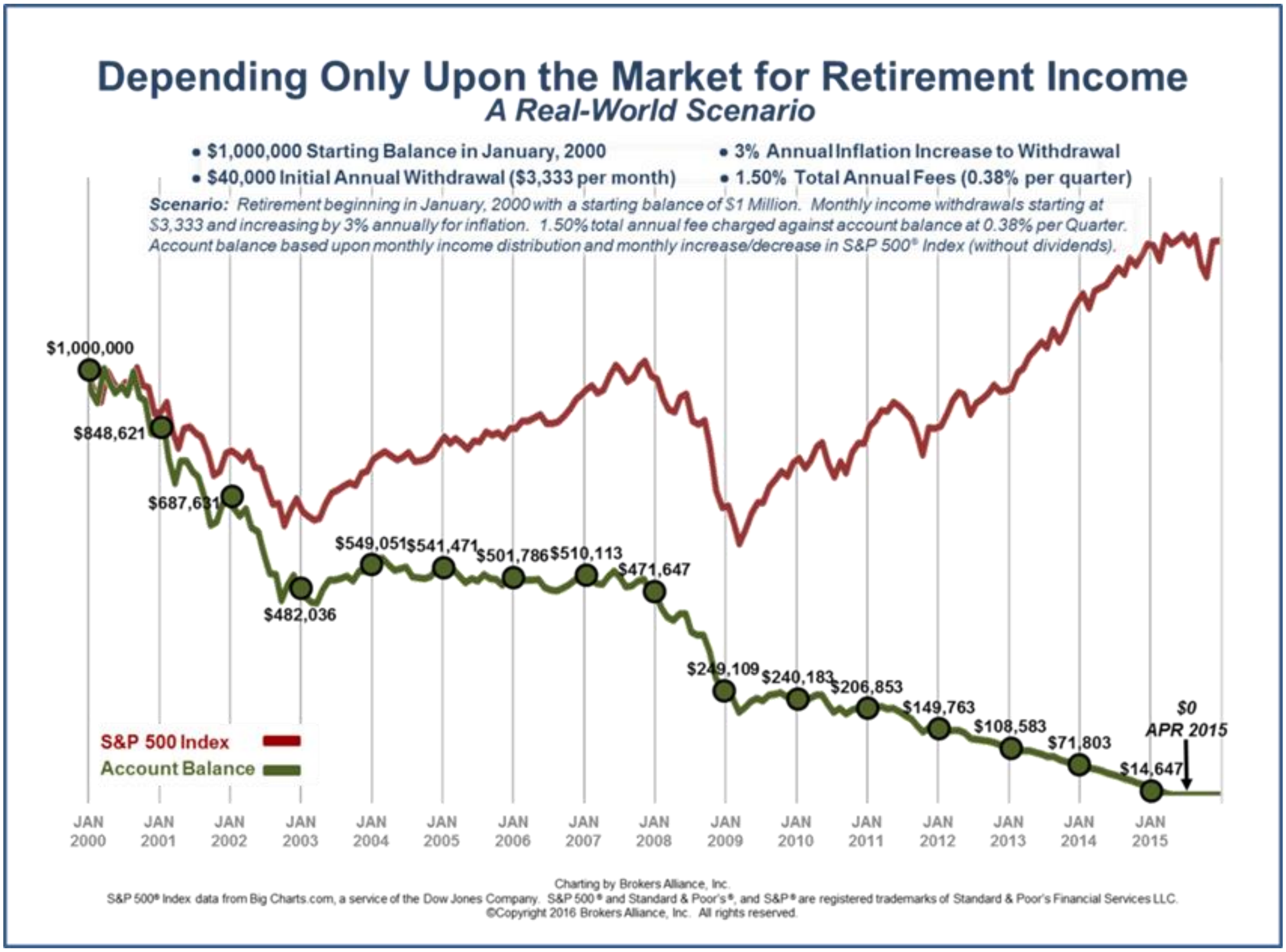
Happy New Year 2016 **JANUARY 1ST, 2016** Happy New Year 2016

So at the end of 2015, this Editor wanted to know how a retirement over the past 15 years would have worked out if the retirees were entirely dependent upon the equity markets for their income. It's ugly!

The scenario assumes a $1 Million retirement savings balance at retirement in January 2000. Annual income withdrawals start at $40,000 per year (taken in monthly increments), a 3% annual increase in income distributions, and a all-in total annual account fee of 1.50%. The scenario also assumes the retirement account exactly tracks the S&P 500 Index on a monthly point-to-point basis since the income is taken monthly. Result? Completely out of money by April 2015!



As you can see, following losses between 2000 and 2003, the "housing bubble" bull market kept the account relatively steady until the Great Financial Crisis, after which despite the bull market from 2009 to 2015, it was impossible to both maintain the income and the account balance.

There is an important lesson here for all current and near-term retirees…

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Quotes of the Week

"I really do implore investors who could not comfortably ride out a market collapse similar to 2000-2002 or 2007-2009, or who rely on their assets to finance near-term spending plans, to shift their risk exposure down to a level that could tolerate that outcome."

Dr. John Hussman, CEO, Hussman Funds, December 30th, 2015

"Investors are lazing around the waterhole like unsuspecting gazelles. This herd will be running for their lives in the near future, as danger is lurking.

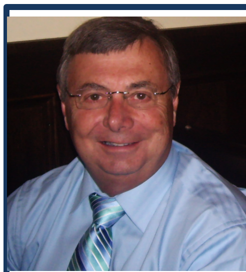
Jim Quinn, financial commentator, December 29th, 2015

"So believe this. Whatever savings and investments the middle class baby-boomers have left is about to get monkey-hammered good and hard."

David Stockman, financial commentator and former head of the Office of Management & Budget (Reagon), December 29th, 2015

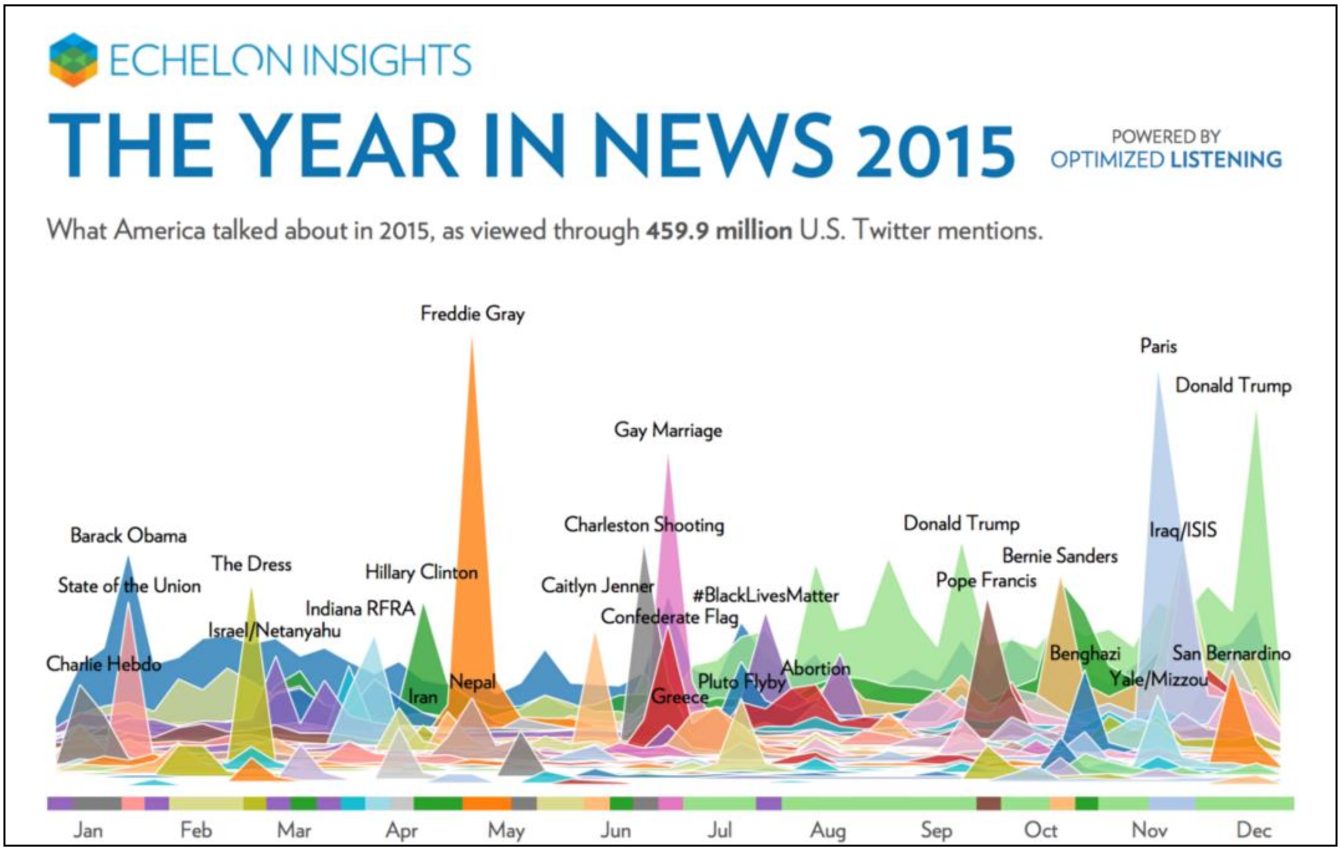
"So if you've learned anything at all from the previous three episodes of irrational exuberance, you'll consider selling the rallies into 2016, and start preparing for stormy weather ahead.

Kevin Wilson, Blue Water Capital Advisors, December 31st, 2015



Gray, Gays, Trump, & Paris - The Year In News

By analyzing 459.9 million tweets from Americans over the course of the last year, we can now see what topics trended, along with the timing and magnitude of each trending topic.



http://www.zerohedge.com/news/2015-12-31/gray-gays-trump-paris-year-news

“Financial Markets Were Flat in 2015. Thank Goodness.” *published* at *The New York Times*

“Name a financial asset — any financial asset. How did it do in 2015? The answer, in all likelihood: Meh. *It might have made a little money. It might have lost a little money. But, barring any drastic moves in the final trading days of 2015, the most widely held classes of assets, including stocks and bonds across the globe, were basically flat. In the United States, for example, a whopping 1.98 percent return on the Standard & Poor’s stock index (including reinvested dividends) as of the Dec. 28 closing price was roughly matched by a 1.07 percent return on intermediate-term Treasury bonds. While that may be disappointing news for people who hoped to see big returns from at least some portion of their portfolio, it is excellent news for anyone who wants to see a steady global economic expansion without new bubbles and all the volatility that can bring.*

…One way of thinking of what happened in 2015 goes like this: ***From the spring of 2009 until 2014, a furious rally in virtually all assets proceeded with only a few interruptions because it was spurred along by interventions by global central banks.***

Part of the explicit point of the Federal Reserve buying up $3.5 trillion in bonds over that five-year period — essentially taking the supply of safe assets like Treasury bonds off the market — was to encourage investors to push money into other, riskier assets*. Those actions succeeded in encouraging investors to tolerate less compensation for taking on risk. That is, their actions drove up stock market prices much faster than the underlying earnings of the companies were rising. In the fall of 2011, $1,000 invested in the Standard & Poor’s 500 bought $78 in annual earnings. Now, the same $1,000 buys $54 in earnings. The efforts by the central banks succeeded at getting investors comfortable with taking risks again. But they haven’t succeeded in getting a full-throated economic expansion going. Growth has remained in the 2.5 percent ballpark in the United States and slower than that in Europe and Japan.*

Any future gains for stocks will happen because the economy is growing and companies are thereby making more money, not just because investors have been persuaded to accept ever-lower returns for taking on investment risk*.*

What does this mean for 2016? Whether investors in the stock market and other risky investments win or lose depends less than in recent years on what happens at the Federal Reserve in Washington or the European Central Bank in Frankfurt*. Future returns will depend on whether 2016 is finally the year that all that interventionism starts to translate into higher incomes, more spending and greater profits in the real economy, not just the financial one.*

http://www.nytimes.com/2015/12/31/upshot/financial-markets-were-flat-in-2015-thank-goodness.html?mabReward=A7&moduleDetail=recommendations-0&action=click&contentCollection=Opinion&region=Footer&module=WhatsNext&version=WhatsNext&contentID=WhatsNext&src=recg&pgtype=article

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"A 20-30% correction is possible" *published* at *CNBC*

"As a CNBC contributor, most of what one says during interviews is documented and archived for the world to see and judge. Sometimes it's good and other times it's bad. Looking back on the last few years, I found myself constantly fighting with other contributors and market participants about the direction of the stock market. ***From late 2009 until just recently, most of my comments (If not all) have been bullish, at times extremely bullish.*** *But as I have said to my good friend Rick Santelli many times, "Trade the market you have, not the market you want."* ***The market we have now is one in which we must say thank you and monetize gains****, for the time being. There is an old saying from the trading floor, "There are bulls, bears and pigs…Pigs get slaughtered!"*

We are in the final stages of the first leg of a great bull market, maybe one of the greatest ever. ***The characteristics of the final stage is an expansion of the multiple, a contraction of earnings and shift in monetary policy****. Another very important, yet overlooked, variable is the relationship between the equity market and the "changing of the president" cycle. As it turns out, when we see a shift in the Oval Office the stock market becomes very volatile and finds the catalyst for corrections. Market historians will remember 2008, 2000, 1992, 1988 even 1980 as bad years for the equity markets. This is not a coincidence; Capital markets do not like uncertainty and a changing of the guard presents the ultimate uncertainly for capital.*

But what of the other characteristics of the final stages of this bull run? *We were looking for an expansion of the multiple which, had the dollar maintained its value, could have taken the S&P 500 up towards the 2300 level. Earnings, which as Larry Kudlow says, "are the mother's milk of stocks," have seen a contraction because of the strong dollar. The strength of the U.S. dollar took roughly $15 to $20 out of the estimated S&P 500 earnings for 2015. With equities going sideways throughout 2015 and the dollar causing a contraction in earnings, we ended up witnessing an expansion of the multiple in a stealth manner.*

Most every multinational has cited the strength of the dollar as a headwind for forecasting future global sales. ***With a Fed now decoupled from the rest of the global central banks, look for further moves up in the dollar and continued pressure on earnings forecasts for the S&P 500.*** *The reality is that the Federal Reserve, with its move off of the zero interest-rate policy, has put a floor under the U.S. dollar against other global major currencies. Whether it be the European Central Bank, the Bank of Japan, the Bank of England or even China, the rest of the world is still searching for the panacea of central bank easing while our Fed has taken a bold, new course towards normalization.*

…This could be the perfect storm for the bears and take the market down 20 to 30 percent in 2016. For the last few years my mantra has been to buy dips, now the time has come to sell into strength. It's the time to play defense!

The market always gives you warning signals. It's best to heed those warnings and adjust accordingly. Remember, no market goes up or down in a straight line. A 20 or 30 percent correction in stock prices after the run of the last few years would be very healthy. *Unfortunately, we are talking about 500 or 600 S&P points, which would scare everyone! There will be talk of 2008 and the doom and gloomers will come out of the woodwork. It's at that point when we will find the base for the next leg up in this great bull. The lower input costs and strong dollar which will act as a catalyst for the correction will turn into tailwinds setting the foundation for the next move up in stocks.* ***Until then, buckle your seatbelts.***

http://www.cnbc.com/2015/12/21/a-30-percent-correction-is-possible-bouroudjian-commentary.html

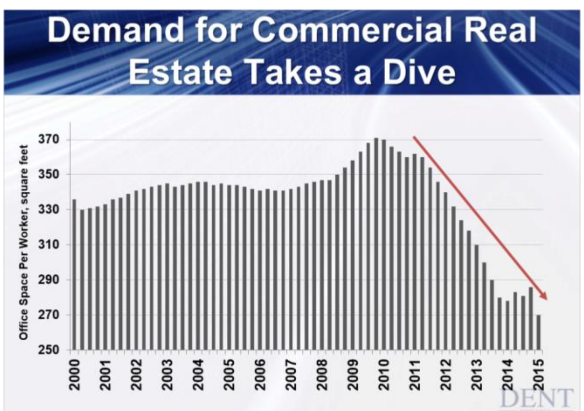
"The Deadly Truth About the Great Boom and This "Recovery" *by Harry Dent and published* at *Economy & Markets Daily*

*"A Yahoo Finance headline this morning reads: **"Unhappy New Year: The U.S. Economy Is Stalling Out."** We recently learned that existing home sales in November crashed 10.5% from the month before. **Guess when the last time was when we saw these levels? The housing crisis of the mid- to late-2000s!***

*I also recently shared a chart showing **a cataclysmic 82% drop in the ratio of new home sales to the U.S. population**. To put it simply, we won't need more real estate for decades to come, with baby boomers increasingly dying to offset rising millennial home purchases.*

*I and a few other experts like David Stockman have continued to argue that this re-bound since 2009 has been all smoke and mirrors – **artificial stimulus that has only created greater bubbles in financial assets like stocks, and financial engineering to create rising corporate profits**. None of it goes toward real expansion for future jobs, productivity and growth… things like new office space and industrial capacity.*

Wall Street analysts and corporate CEOs can argue against this with their "this is not a bubble" logic, but this chart tells the real story. Below is a chart that shows the office space per worker in square feet. It shows a rise into the height of the financial crisis, after which it's fallen like a rock!



Source: Norm G. Miller, University of San Diego, Goldman Sachs

At first this could seem counterintuitive. Why did the square footage per worker go up into the worst of the recession into mid- to late-2009? That's because companies were laying off workers going into that recession, meaning there were more workers per square feet.

***But the real story comes in the recovery from late 2009 forward. Square footage per worker has declined very sharply from 371 square feet to 270, down a whopping one-third in just over six years** as businesses have rehired a large portion of the laid-off workers – which means largely NOT creating new jobs.*

You should not look at this chart and assume that because less square footage per worker means more workers than in the past that everything is hunky dory.

***What's more important is that the sharp decrease in square footage implies a lack of demand in commercial real estate.** And that's because commercial real estate is already way over-expanded! We overbuilt it in the great boom of 1983 to 2007, so even these hires have not filled up the available space. **Which means businesses aren't expanding their office or industrial space!** So while hiring more workers sounds fine out of context… it's masking much more severe, deeper-set issues in our capacity to build for the future.*

Continued at next page…

This is the hard truth that no one is looking at: businesses are merely re-employing their past capacity, and not creating new plants and offices for future employment. *All the 200,000-plus jobs numbers per month, if they are even fully real, are just catching up with the past. And we shouldn't be investing in such new work space as we already have all we need for decades ahead.*

This is the reality of demographics that clueless economists just don't get.

Meanwhile, more and more people drop out of the workforce either from giving up on finding a job, or retiring earlier once their kids have left the nest. And more jobs are part-time or in the low-end service sector – like bartenders and waiters, not the higher-paid manufacturing and professional jobs of the past. To top it off, fewer and fewer people are entering or staying in the workforce. Hence, the workforce participation rates continue to edge down – after falling sharply for years.

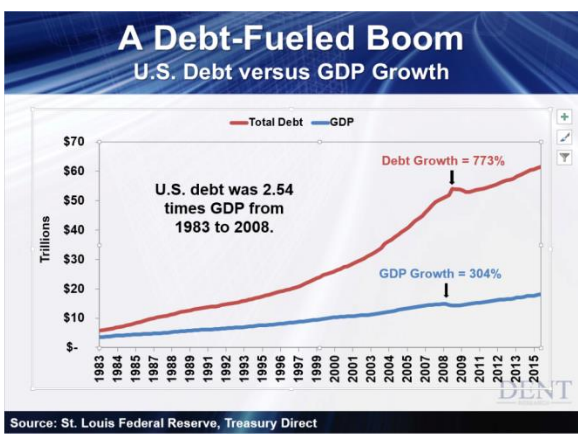
And all of that means… we're not even at capacity for all this overbuilt real estate.

Folks, this "recovery" isn't working! And no one has expected it to given the over-expansion in the greatest debt bubble in U.S. history from 1983 to 2008.

Inflation hasn't risen due to excess capacity here and around the world, especially China…

Money velocity continues to drop without lending and productive investment to expand it…

Businesses are struggling with stagnant earnings because we already hit the peak of debt capacity and demographic spending growth in the great boom that finally peaked in late 2007, *as I forecast two decades before.*



Debt was running at 2.54 times GDP for 26 years. It doesn't take a rocket scientist or nuclear physicist to tell you that pretty much guarantees a massive period of deleveraging and depression – not continued expansion.

So since growth is all but impossible, corporations have resorted to financial engineering to keep the wagon rolling – all courtesy of the Fed, with near-zero short- and long-term interest rates.

They've had two options: either increase stock buybacks to leverage their stagnant earnings with rising earnings-per-share on fewer shares, or increase dividends to compete with lower and lower yielding bonds (also courtesy of the Fed). And they've been milking both options for all they're worth!

But financial engineering does not result in real growth. And speculation does not expand the money supply. It is only a sign of decreasing money velocity, and a bubble that will only burst – like in 1929, 2000, and now again! *It's a mirage. It isn't real. And it isn't sustainable. Despite such endless financial engineering, sales for the S&P 500 have been declining for the last three quarters. And profits have declined for the first time since the 2009 expansion.* ***I'd be surprised if both didn't continue down in the 4th quarter. This will end badly… which is the only way bubbles end. My forecast today: the stock market will start to crash by early February, if not sooner, when it gets this clear realization.***

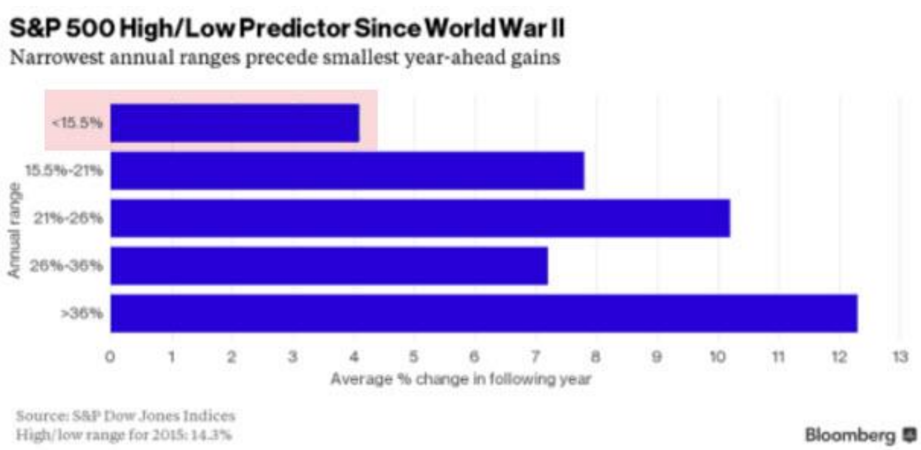
http://economyandmarkets.com/economy/business-cycle/the-deadly-truth-about-the-great-boom-and-this-recovery/

"Coiled Spring" Stock Market Likely To Disappoint In 2016" *published* at ZeroHedge

*"**2015's stock market range (from high to low) is among the narrowest since World War II.** This 'compression' has led the horde of asset-gatherers and commission-takers to **suggest that stocks are a "coiled spring" ready to burst higher from this newly-formed permanent plateau. However,** as S&P Capital IQ's Sam Stoval notes, **that is the exact opposite of what to expect based on history**. In **fact a narrow range year is typically followed by a low return year, not a high return year.***

Anyone expecting a jump in the Standard & Poor's 500 Index after its relatively narrow range this year may be disappointed, according to Sam Stovall, S&P Capital IQ's chief U.S. equity strategist. As Bloomberg reports,

> *The chart below shows how Stovall drew his conclusion, by tracking percentage gaps between the S&P 500's closing highs and lows each year since 1945, as compiled by S&P Dow Jones Indices. He divided the differentials into five ranges, from smallest to largest, and calculated the index's average percentage move in the next year for each range.*



> ***This year's gap is 14.3 percent, which would fit in the narrowest band of Stovall's "high/low predictor." Years with similar stability were followed not only by the smallest average gain the next year**, as the chart illustrates, but also by the smallest proportion of advances: 57 percent. Comparable figures for other ranges were as high as 79 percent.*
>
> *"**If you thought that a narrow annual trading range would be akin to compressing a spring that led to a jump in the following year, you can forget it,"** the New York-based strategist wrote.*

"In other words, 2016 will likely endure increased volatility, but without much in the way of price appreciation to show for it."

http://www.zerohedge.com/news/2015-12-30/coiled-spring-stock-market-likely-disappoint-2016

"How early retirees can qualify for Obamacare tax credits' *published* at *CNBC*

"The cost of health insurance continues to rise dramatically. For people within a certain income range, there is a great way to cut the cost of premiums — purchase health insurance online through HealthCare.gov and qualify for a tax credit that can be worth thousands of dollars. The key factor, of course, is ***how to structure income to qualify for a tax credit. This tactic works best for the early retiree. Those older than age 55, who are not yet on Medicare and whose premiums easily run more than $500 per month, can get tax credits that bring their premiums down to next to nothing if income is structured correctly. How do you do this?***

*First, understand how much money you will need for living expenses in 2016 and where that money will come from. Ideally, you have money in retirement accounts and taxable accounts that you can draw from. Next****, plan to get the income on your tax return to more than 138 percent poverty level in states that expanded Medicaid, or more than 100 percent poverty level in states that did not expand Medicaid, and keep that income under 400 percent poverty level****.*

All tax credits go away if income goes above 400 percent poverty level by even $1*. Income is based on your adjusted gross income, plus any tax-free income you receive on municipal bonds. It does not count any money taken from a Roth individual retirement account. If you can get income to less than 250 percent poverty level, this will also lower the out-of-pocket deductible when you purchase a silver plan. This will come in handy if you become ill and must use your insurance coverage.*

By way of an example: A 61-year-old retiree living in Florida would pay $578 per month for a silver plan and have a $6,500 deductible. How can we bring that down and get a lower deductible?

We'll assume he needs $5,000 per month for expenses and has savings in a regular IRA, Roth IRA and a taxable account. Taxable income on his tax return not counting retirement plan withdrawals is $4,000 from investment income. He should withdraw the $60,000 he needs for the 2016 year from his accounts in 2015 and place this in a savings account to be used for living expenses throughout the year. In 2016, he needs to create $16,000 in income to stay above federal poverty level guidelines. Since he has $4,000 in investment income, he should withdraw $12,000 from his regular IRA in 2016.

What happens to his premiums? ***For the same exact policy, his premium is now $43 per month, and his deductible is only $550 for the entire year. His savings, if he stays healthy for the year, is $6,420****. If he develops a serious illness, he has saved an additional $5,950 on the deductible, for a total savings of $12,370 for the year.*

These are real savings. In our firm, we had a total of five clients who fit this scenario for 2015. They were able to purchase good policies at an incredible price. All but one will do it again next year.

http://www.cnbc.com/2015/12/30/how-early-retirees-can-qualify-for-obamacare-tax-credits.html

"Calls to FINRA Senior Helpline Uncover Emerging Scams" *published* at *ThinkAdvisor*

Since launching its senior helpline in April, FINRA has fielded more than 2,500 calls and recovered nearly $750,000 from member firms

"Since launching its Securities Helpline for Seniors in April, the Financial Industry Regulatory Authority said it ***has received more than 2,500 calls (lasting an average 25 minutes!) and helped senior investors recover close to $750,000*** *in voluntary disbursements from FINRA member firms.*

In a Wednesday report on the helpline, FINRA said callers, who ranged in age from 22 to 100, voiced ***concerns about products such as variable annuities, mutual funds, real estate investment trusts and, most recently, energy sector securities.*** *The helpline aided FINRA in identifying several emerging scams, including fraud centering on taxes, bogus lottery winnings and binary options, all of which were flagged by FINRA and resulted in the self-regulator issuing investor alerts. The helpline callers—who hail from all 50 states, the District of Columbia, Puerto Rico, Canada, Scotland, Vietnam, Israel, Ireland and the United Kingdom--also sought help on how to review an investment account statement and access investor tools and resources (such as BrokerCheck) to assist them with lost securities. The most calls came from Florida, California and New York.*

More troubling concerns were raised regarding potential unsuitable recommendations, fraud, or illegal activity involving brokerage accounts and investments*, as well as abuse and exploitation of seniors by persons outside of the securities industry, the report notes. The toll-free helpline, staffed by FINRA employees, seeks to resolve callers' issues as quickly as possible, with frequent follow-up calls needed to glean additional information and documentation. In October and November, helpline staff conducted more than 2,000 follow-up calls with investors, firms and third parties to pursue and resolve investor inquiries, the report notes. If an initial assessment uncovers "serious misconduct" by a securities industry professional, FINRA opens an investigation. The self-regulator also refers to federal and state agencies those matters that fall outside its jurisdiction—and has made more than 75 such referrals since the helpline launched on April 20.*

Separately, FINRA has made 50 referrals to Adult Protective Services (APS) in those instances where staff observed indications of abuse or exploitation. ***In one case noted in the report, an elderly investor's accountant called the helpline after finding a suspicious document among his 86-year-old client's tax receipts. FINRA launched an investigation and discovered the client's broker had borrowed $220,000 in 2012 and was repaying her $1,200 a month****. "FINRA notified the broker's firm and within 10 days the firm terminated him," the self-regulator states. "Separately, FINRA barred the broker from association with any FINRA member firm for his failure to cooperate with its investigation of his activities. The firm, previously unaware of the loan, made the client whole on the remaining balance owed and included a nominal interest amount."*

For other non-investment questions, staff frequently refers callers to AARP. FINRA said it launched the helpline because of the growing incidences of financial scams targeting the elderly. "FINRA created the Helpline to provide assistance to senior investors for concerns they have with their brokerage accounts and investments, and I am incredibly pleased with the positive impact it has had in just a few short months," said Susan Axelrod, FINRA executive VP of regulatory operations, in releasing the report…

http://www.thinkadvisor.com/2015/12/30/calls-to-finra-senior-helpline-uncover-emerging-sc

"Missed your IRA's deadline for RMDs? Read this now" *published* at *CNBC*

"If you are over 70½ years old and own an individual retirement account — or you inherited one from a loved one — you don't want to pay more taxes on that nest egg than you have to, and that's why ***it's important to take the required minimum distribution (RMD) from IRAs by Dec. 31.***

If you don't make the appropriate withdrawals, you may have to pay a 50 percent excise tax on the amount that was not distributed as required. It's a huge penalty — but may be avoided in some cases.

"If you missed the deadline, let the IRS know before they catch it, by filling out a Form 5329 and request a waiver," *said certified financial planner Ivory Johnson, founder of Delancey Wealth Management.*

Johnson says you may qualify for getting the 50 percent penalty waived for the following reasons:

- ***You were affected by a natural disaster and records were lost.***
- ***You were in the hospital.***
- ***You received incorrect advice from a financial advisor or IRA custodian.***
- ***You had a death in the family****.*

An exception also applies to your first RMD, which is due for the year in which you reach age 70½. Under this exception, your RMD for the year that you reach age 70½ can be deferred until April 1 of the following year. So if you turned 70½ in 2015, you have until April 1, 2016, to make your first withdrawal. However, if you defer taking your RMD for the year you reach age 70½ until the next year, you will need to take two RMD amounts in 2016.

Generally, you have to start taking withdrawals from your IRA, SIMPLE IRA, SEP IRA or retirement plan account when you reach age 70½. But if you have a Roth IRA, you're safe. The owner of a Roth IRA never has to take withdrawals. It's a different story if you inherit that Roth IRA from a loved one, but I'll get to that in a minute.

If you are under age 70½ and inherited an IRA from your spouse who is that age or older, you don't necessarily have to take an RMD this year. A spouse who inherits an IRA uses his or her age to determine the timing of RMDs.

But inherited IRAs for non-spouses must begin distributions according to their life expectancy or within five years. This is true for traditional and Roth IRAs.

"If they [heirs] want the lifetime schedule, they must begin distributions by Dec. 31 the year after the owner died," *said Johnson, a member of the CNBC Digital Financial Advisors Council. "If the beneficiary misses that or subsequent dates, they can withdraw everything within five years."*

Go to the IRS website for more information on how to take the appropriate RMDs.

http://www.cnbc.com/2015/12/31/missed-your-iras-deadline-for-rmds-read-this-now.html

FINANCIAL BENCHMARKS

as of close of US markets

December 31st, 2015

U.S. BROAD MARKET INDEX PERFORMANCE AT-A-GLANCE			
INDEX	Description	Calendar Year-to-Date	Last 12 Months
S&P 500 Composite	US Benchmark; 500 U.S. Large Cap stocks	-0.73%	-0.73%
Dow Jones Industrial Average	US Benchmark; 30 U.S. Large Cap stocks	-2.23%	-2.23%
NASDAQ Composite	All 2,500+ equity securities on NASDAQ	+5.71%	+5.71%
NYSE Composite	1,900+ equity securities on NYSE	-6.42%	-6.42%
Russell 2000	2,000 US Small Cap stocks	-5.72%	-5.72%
INDEX	Description		
EuroStoxx 600	Europe benchmark; 600 stocks,18 countries.	+6.79%	+6.79%
Hang Seng	Hong Kong Benchmark; 40 Large Cap stocks	-7.16%	-7.16%
Nikkei 225	Japanese Benchmark; 225 Large Cap stocks	+9.07%	+0.97%

RATE			
10 Year US Treasury Note Yield	2.27%	+4.13%	+4.13%
5 Year Jumbo CD National Average APY	0.81%		
Gold (London PM Price Fix)	$1,062.25	-11.42%	-11.42%

APPENDIX 1

January 1st, 2016

Brought to you by: George V. Hammontree, CRPC
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