The Parks Wealth Report for the Week of May 23rd, 2016

On a Personal Note from Richard Kjetsaa…

My family has been engaged in 7th and 8th grade Science Fairs in 3 of the past 4 years, with a fourth and final (thankfully) Science Fair scheduled for April 2017. Both of my daughters faithfully dedicated a remarkable amount of time and enterprise to their respective projects, never competing in the same year. Happily, the various high school science teachers who served as judges awarded a daughter either a first-place, second-place, or third-place prize in 2013, 2014, and 2016. I am proud that both girls were selected by the judges for awards in their year(s) of competition (but I am unable to summon any enthusiasm with respect to the obligation of yet another Science Fair next year).

Science Fairs were much simpler and even primitive in my youth. Today's technology enables far more sophisticated science projects. An underlying objective is to promote and stimulate young teens to ponder and perhaps envision a career in STEM (Science, Technology, Engineering, and Mathematics). I support this goal without hesitation.

Economic growth is a by-product of innovation, creativity and entrepreneurship. Given the lackluster, middling economic growth witnessed in recent years, both domestically and globally, it is imperative that more students become inspired and incentivized to become scientists, entrepreneurs and engineers. This plea is not meant to discourage students from pursuing other avenues of study and careers; rather, my impulse is to emphasize the critical importance of STEM for our economy and the world.

I remain confident that one or both of my daughters will ultimately be employed in a STEM-related career.

Warm Regards,

Richard

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The Markets

A mobile trivia game maker recently assessed the playing habits of Americans and identified the most popular topics by state. As it turns out, Alabamians like college football questions, Alaskans like queries about U.S. states, Rhode Island natives prefer inquiries about the human body, and Wisconsinites love their Green Bay Packers.

We think markets, finance, and economics offer fine fodder for quiz trivia. Test your knowledge with these questions about recent and pending market events:

- **What is 'Brexit?'** The United Kingdom will hold a referendum in June to decide whether it should remain in the European Union. According to the BBC, opinion polls say the public is pretty evenly divided on the issue. 'Brexit' stands for 'British exit.'

- **How likely is a stock market swoon during the next six months?** A lot less likely than most investors think, according to a three-decade study conducted by the National Bureau of Economic Research and cited by Barron's. The study asked participants how likely it was the market would lose significant value - as much as it did during the worst one-day drops in history (down 22.6 percent and down 12.8 percent) - during the next six months:
    - On average over the last three decades, respondents believed there to be a 19 percent risk of such a daily plunge in the subsequent six months...Given that there have been more than 32,000 trading sessions since then, the judgment of at least this swath of history is that in any given six-month period there is a 0.79 percent chance of a daily crash that severe."

- **Which country is the biggest foreign buyer of U.S. residential real estate?** Here's a hint: It starts with the letter 'C.' If you guessed Canada, you are incorrect. Barron's reported China surpassed Canada as the biggest buyer of U.S. residential real estate in 2015. U.S. commercial real estate is pretty popular with the Chinese, too.

Here's another question analysts and economists have been pondering: Will the Federal Open Market Committee raise rates in June? The probability jumped from 4 percent two weeks ago to 30 percent last week, according to *CNBC*.

Data as of 5/20/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.3%	0.4%	-3.5%	7.2%	9.0%	5.0%
Dow Jones Global ex-U.S.	-0.1	-2.7	-16.6	-3.4	-2.0	-0.4
10-year Treasury Note (Yield Only)	1.9	NA	2.3	2.0	3.2	5.0
Gold (per ounce)	-0.9	18.1	3.6	-2.5	-3.5	6.8
Bloomberg Commodity Index	0.5	8.0	-17.6	-13.8	-12.2	-7.0
DJ Equity All REIT Total Return Index	-2.5	4.5	7.6	6.1	10.6	7.2

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

AS YOU APPROACH THREE SCORE YEARS AND TEN, DON'T FORGET ABOUT REQUIRED MINIMUM DISTRIBUTIONS. Upon the occasion of his 70th birthday party, Mark Twain (a.k.a. Samuel Clemens) commented, "We have no permanent habits until we are forty. Then they begin to harden, presently they petrify..."

Whether Twain was right or not, the federal government demands most IRA owners develop a new habit at age 70. They must begin taking required minimum distributions, or RMDs, which are the minimum amount that must be withdrawn from most types of IRAs the year the owner reaches age 70½, and every year thereafter. Account owners can take more than the minimum, if they choose. Regardless of how much is distributed, the amount usually will be treated as ordinary income for tax purposes.

According to *Kiplinger's*, "...you have until April 1 of the year after you turn age 70½ for the first withdrawal, then you must take required withdrawals by December 31 every year after that."

The exception to the rule is the Roth IRA. RMDs are not required with Roth IRAs; however, designated Roth accounts, which hold Roth contributions made to 401(k), 403(b), and 457(b) plans, are subject to RMDs.

It's important to calculate RMDs carefully. There are several variables to consider, including the age of your beneficiaries. The consequences of a miscalculation can be expensive. Failing to take an RMD, or taking too small an RMD, can result in a 50 percent penalty tax.

If you would like assistance determining the amount of your RMD, please contact our office.

Weekly Focus - Think About It

"Let us never forget that government is ourselves and not an alien power over us. The ultimate rulers of our democracy are not a President and senators and congressmen and government officials, but the voters of this country."

--Franklin D. Roosevelt, U.S. President

Best Regards,

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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* The Standard & Poor's 500 (S&P 500) is an unmanaged index. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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* You cannot invest directly in an index.
* Consult your financial professional befoe making any investment decision.
* Stock investing involves risk including loss of principal.

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