July 18, 2014

Dear Investors,

Last week, I suggested that the markets may have one more rally wave higher to complete the current technical wave pattern. The wave higher may have been temporarily derailed as global fear rocked the markets on Thursday due to the downing of Malaysian Airlines Flight 17. By Friday, however, investors seemed to have forgotten about the geopolitical turmoil as the markets recovered most of Thursday's losses. Due to the overlapping nature of the market waves since the July 3rd highs, it looks like the current wave higher is not complete. If this is the case, then the S&P 500 Index could peak around the 2,000 level in the very near future. The less likely alternative is that the markets peaked on July 3rd and we have begun a downward trend.

The Dow Jones Industrial Average gained 156.37 points, or 0.9%, this week to close at 17,100.18, and is now up 3.2% this year. The S&P 500 Index added 10.65 points, or 0.5%, this week to close at 1,978.22, which is up 7% this year. The NASDAQ Composite was up by 16.66 points, or 0.4%, this week to close at 4,432.15, and is now up 6.1% for the year. The Russell 2000 lost 8.32 points, or -0.7%, this week to close at 1,151.61, and is now down 1.0% in 2014.

Despite a week filled with poor economic data, a war in Gaza and the Malaysian Airlines tragedy, the markets still moved higher. The first quarter GDP growth rate contracted by 2.9% but experts attributed that number to the rough winter and they are expecting the second quarter GDP growth rate to be much stronger. However, most of the data points released over the last few weeks do not point to a 4% expected growth rate. This week, June retail sales were much lower than expected, business inventories were lower than expected and Industrial Production was lower than expected. In addition, capacity utilization slipped a bit in June and June housing starts and building permits were much lower than expected.

Retirees or those nearing retirement should be concerned about the ever growing market bubble. It is important to make sure that your portfolio is diversified. Retirement planning is the most important issue for our clients. Social Security income often represents a significant portion of an individual's retirement income. Therefore, it is important to truly understand your Social Security options and strategies to maximize your retirement income. We can provide you with a detailed report to illustrate your best options. You can see a sample report by going to our website or clicking on this link. In order to determine the best option for your Social Security benefits, I strongly suggest that you call our office for a Social Security Questionnaire.

Our Social Security analysis along with our B.E.L.I.E.V.E. Wealth Management process can help you understand and project your retirement income. Our conservative tax-efficient approach to financial planning helps our clients understand the risks and the possible rewards of investing in various asset classes and helps you develop an asset allocation strategy that meets your tolerance for risk and volatility. If you want to discuss

your Social Security options, financial plan, tax strategies or would like a brochure on our B.E.L.I.E.V.E. Wealth Management process, please call my office. The next Market Letter will be on July 31, 2014.

Best Regards,

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