



WEEKLY MARKET COMMENTARY

For the Week of April 22nd, 2019

The Markets

The three major indexes achieved small gains in the last day of a short trading week going into the Easter weekend. Positive economic reports boosted investor confidence. March retail sales data beat expectations with a 1.6 percent rise, and U.S. jobless claims reached a 50-year low. For the week, the Dow rose 1.63 percent to close at 26,559.54. The S&P gained 0.60 percent to finish at 2,905.03, and the NASDAQ climbed 0.64 percent to end the week at 7,998.06.

Stuff Happens — Forty-five percent of American adults surveyed are concerned that a major health event (e.g., surgery, sickness or disability) could force them into a personal bankruptcy filing (source: Gallup, BTN Research).

Lowest in Years — The percentage of Americans who are unemployed or are only working part-time because they are unable to find full-time work fell to 7.3 percent of the civilian labor force as of March 2019, the lowest percentage reported for this statistic since December 2000 (source: Department of Labor, BTN Research).

Trade School, Not College — Thirty million full-time jobs in the United States (19 percent of all jobs nationwide) pay at least \$55,000 per year and don't require a bachelor's degree (source: Georgetown University Center on Education and Workforce, BTN Research).

WEEKLY FOCUS – Avoiding High Medicare Premiums

A well-designed financial plan attempts to limit tax liabilities. But pre- and current retirees with significant assets should also consider the potential impact of income-related monthly adjustment amounts (IRMAAs) to their Medicare premiums.

If you're not familiar with IRMAAs, here's how they work. Most Medicare beneficiaries pay standard Part B premiums. For 2019, that is \$135.50 a month. But around 3 million high-income retirees pay that standard premium plus an additional surcharge, ranging from \$54.10 to \$325 per month, depending on the level of their income. Similarly, they are subject to surcharges on Medicare prescription plans, from \$13 to \$74.80 on top of their monthly Part D premium. For 2019, IRMAAs are based on 2017 returns. The lowest level is individuals who make over \$85,000 but not more than \$107,000 and joint filers who make more than \$170,000 but not more than \$214,000.

The following financial planning tactics may help lower your income and minimize IRMAA impacts:

- Begin taking IRA withdrawals as soon as you can without incurring penalties (at age 59.5).
- Convert funds from a traditional IRA to a Roth IRA. Of course, you'll want to weigh future benefits against tax impacts at the time of the rollover.
- Reduce your number of months with oversized premiums by taking extra-large withdrawals in one year, and then cutting back the following year.
- If you're on the edge of a tier, look at a Qualified Charitable Distribution (QCD) to move into the lower tier. In a QCD, funds from your IRA are directly transferred to a qualified charity. These funds can count toward your Required Minimum Distribution for the year.
- Present a direct appeal to the government. IRMAAs may be reduced due to an income drop or certain life changing circumstances, such as a marriage, death, divorce or retirement.

Determining how health care costs may impact your retirement can be complicated. Call our office to schedule a review of your financial plans during retirement and possible options to lower your income. *Securities America and its representatives do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright April 2019. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2510925.1

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