Our Thoughts

Happy Holidays from RFC Financial Planners!

Social Security Claim Changes:

There's been lots of coverage in the news the past couple weeks about changes to Social Security claiming strategies, so we'd like to share a few key highlights about what's changed and how it may affect you.

The Bipartisan Budget Act of 2015, signed into law by President Obama on Monday, November 2, 2015, averts a U.S. default and deferring further battle over debt and spending levels until presidential and congressional elections are over, according to *U.S. News & World Report.* The new law includes provisions that *CBS Money Watch* said are likely to strengthen Social Security and Medicare by improving the programs' finances and closing several "unintended loopholes" in Social Security's rules. It effectively eliminates a married couple's ability to use well-known social security claiming strategies – file and suspend and restricted application for spousal benefits – which have made it possible for both members of a couple who are 66 or older to delay claiming benefits based on their own earnings record, while the other receives a spousal benefit based on their spouse's earnings.

Since the provisions also have the potential to reduce benefits for some Americans, they may not prove to be all that popular. Here are two of the changes that affect Social Security benefits:

- **File-and-suspend strategies will be limited in 2016.** This change could cost some Americans up to $50,000 in lifetime Social Security benefits, according to *PBS News Hour*. The strategy entails having a husband or wife file for Social Security benefits at full retirement age and then suspend the benefits immediately. This allows a spouse to claim a spousal benefit, while the husband or wife receives delayed retirement credits.

Effective May 1, 2016, no one will be able to voluntarily file and suspend benefits to make a spousal benefit available to a spouse or to protect the right to file for retroactive benefits.

- **Restricted application strategies will not be an option after 2015.** Restricted application also is a Social Security claiming strategy. It allows an applicant to receive spousal benefits while earning delayed retirement credits until age 70. Americans who meet age requirements in 2015 can employ the strategy; younger Americans cannot.

What do the Social Security changes mean for you?

- The file and suspend strategy has been eliminated. When you suspend your own benefit, you suspend all associated benefits (spouse, children).
- Individuals who will be age 62 or older by December 31, 2015 will be grandfathered in and still be able to use the file and suspend and restricted application strategies. However, after May 2, 2016, the restricted application strategy will no longer be available.
- Deemed filing now applies to age 70, rather than at full retirement age. This means that when you file for social security benefits, you file for the maximum personal and spousal benefits, not one or the other.
- Those already implementing the file and suspend and restricted application strategies are also grandfathered in under the previous laws.
- Persons turning 62 in 2015 will have options, but will need to start planning by the end of the year as there is a six-month window to file a restricted application.
- Unfortunately, if you turn 62 after December 31, 2015, you will not be able to use the file and suspend or restricted application strategies.

Even though the file and suspend and restricted application strategy may no longer be an option for you, RFC Financial Planners can help you manage your social security benefits. If you have any questions about these social security changes or intend to follow the file and suspend or restricted application strategy, please contact us for a complimentary social security analysis that takes into account the updated laws. It's especially important to re-evaluate your retirement plan if this was a strategy that you have been considering to fund your goals.

The Markets

Anyone looking at U.S. stock market performance last week might assume it was a pretty quiet week. They would be wrong. It was a very bouncy week. U.S. stock markets moved lower on Monday, rebounded on Tuesday, and then appeared to suffer a one-two punch mid-week that knocked indices lower.

On Wednesday, the benchmark U.S. oil price sank below $40 a barrel as supply continued to exceed demand, according to *The Wall Street Journal (WSJ)*. Analysts had expected stockpiles of crude oil, gasoline, and other fuels to decline. Instead, stores increased to more than 1.3 billion barrels. The glut of fuel drove energy stock values down and energy stocks led the broader market lower, according to *WSJ*.

Performance did not improve on Thursday. In part, this was because the European Central Bank (ECB) underwhelmed markets when it delivered economic measures that were less stimulative than many had expected. The *Financial Times* reported the ECB reduced rates and pledged to extend quantitative easing for six additional months, but it did not increase the amount of its bond purchases, which disappointed investors. Stock markets in Europe and the United States lost value on the news.

On Friday, a strong jobs report restored investors' enthusiasm and markets regained losses suffered earlier in the week, according to *ABC News*. The Department of Labor announced 211,000 jobs were added in November, which was more than analysts had expected. Strong employment numbers made the possibility of a Federal Reserve rate hike seem more certain and investors welcomed certainty. The ECB jumped into the good-news pool on Friday, too, announcing it would expand stimulus measures, if necessary.

The Standard & Poor's 500, Dow Jones Industrial, and NASDAQ indices were all up for the week.

Data as of 12/4/15	**1-Week**	**Y-T-D**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Standard & Poor's 500 (Domestic Stocks)	0.1%	1.6%	1.0%	14.1%	11.3%	5.2%
Dow Jones Global ex-U.S.	-0.7	-5.4	-7.7	1.4	-0.2	1.0
10-year Treasury Note (Yield Only)	2.3	NA	2.3	1.6	2.9	4.6
Gold (per ounce)	2.1	-10.0	-10.7	-14.0	-5.3	7.9
Bloomberg Commodity Index	0.7	-21.7	-27.2	-16.9	-11.9	-7.3
DJ Equity All REIT Total Return Index	-1.2	1.0	2.2	11.1	11.7	7.1

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.

IT'S THAT TIME OF THE YEAR. No, not the holidays. It's the time when investors begin to consider pundits' forecasts for the coming year. Here are a few of those forecasts:

"Flat is the new up," was the catch phrase for Goldman Sachs' analysts last August, and their outlook doesn't appear to have changed for the United States. In *Outlook 2016*, they predicted U.S. stocks will have limited upside next year and expressed concern that positive economic news may bring additional Fed tightening. Goldman expects global growth to stabilize during 2016 as emerging markets rebound, and Europe and Japan may experience improvement.

Jeremy Grantham of GMO, who is known for gloomy outlooks, is not concerned about the Federal Reserve raising rates, according to *Financial Times (FT)*. *FT* quoted Grantham as saying, "We might have a wobbly few weeks…but I'm sure the Fed will stroke us like you wouldn't believe and the markets will settle down, and most probably go to a new high." Grantham expects the high to be followed by a low. He has been predicting global markets will experience a major decline in 2016 for a couple years, and he anticipates the downturn could be accompanied by global bankruptcies.

PWC's Trendsetter Barometer offered a business outlook after surveying corporate executives. After the third quarter of 2015, it found, "U.S. economic fundamentals remain strong, but markets and executives like predictability, and that's not what we've been getting lately… Trendsetter growth forecasts are down, so are plans for [capital expenditure] spending, hiring, and more. It doesn't help that we've entered a contentious 2016 election season..."

The Economist had this advice for investors who are reviewing economic forecasts, "Economic forecasting is an art, not a science. Of course, we have to make some guess. The average citizen would be well advised, however, to treat all forecasts with a bucket (not just a pinch) of salt."

RFC RESOURCES:

- *Term Life Insurance*: Quick and easy Term Life Insurance quoting system available through our website: https://compreplan.aq2e.com/ms/rfcfin
- Video Newsletter regarding Retirement: http://www.rfcplan.com/resource-center/retirement/a-bucket-plan
- Video Newsletter regarding Social Security: http://www.rfcplan.com/resource-center/retirement/social-security-by-the-numbers

Weekly Focus – Think About It

"My first rule of consumerism is never to buy anything you can't make your children carry."

--Bill Bryson, American author

RFC NEWS:

We are pleased to welcome two new important additions to our client operations team**; Liz Heller** & **Rebecca Graham**. Both joined us in October of this year. See their full profile on our website www.rfcfinancialplanners.com

Please feel free to contact either one of them with any of your account and service related questions.

Additionally we are excited to announce a new role on our team for **Elizabeth Allen**. As previously mentioned, Beth will focus on preparation and analysis of financial and investment plans. While Beth will no longer be licensed after December 31, 2015, she plans on remaining an important member of the RFC team for years to come.

As you may know, we have a satellite office location in Farmington Hills. Beginning April 2016, we will be expanding at this location into a dedicated suite for those who prefer to meet in Farmington Hills rather than at our main office in Ann Arbor. This address is:
37811 West 12 Mile Rd., Suite 101
Farmington Hills MI 48331

* 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.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* You cannot invest directly in an index.
* Consult your financial professional before making any investment decision.
* Stock investing involves risk including loss of principal.
* These views are those of Peak Advisor Alliance, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.
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http://www.ft.com/cms/s/0/b7f719ec-9965-11e5-9228-87e603d47bdc.html#ixzz3tVSPJthW (*Click on Markets tab, then "Euro jumps as ECB underwhelms markets"*) (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/12-07-15_FinancialTimes-Eruo_Jumps_as_ECB_Underwhelms_Markets-Footnote_4.pdf)
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