WEEKLY MARKET COMMENTARY

For the Week of March 13, 2017

THE MARKETS

Stocks rose Friday following a February jobs report that far exceeded expectations. However, indexes still finished lower for the week, ending six weeks of gains for the S&P 500 and NASDAQ. For the week, the Dow fell 0.40 percent to close at 20,902.98. The S&P lost 0.40 percent to finish at 2,372.60, and the NASDAQ dropped 0.15 percent to end the week at 5,861.73.

Returns Through 3/10/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.40	6.38	26.23	11.14	12.93
NASDAQ Composite (PR)	-0.15	8.89	25.73	10.59	14.42
S&P 500 (TR)	-0.40	6.42	21.82	10.43	14.01
Barclays US Agg Bond (TR)	-0.56	-0.35	0.53	2.41	2.03
MSCI EAFE (TR)	0.42	5.12	12.53	-0.08	5.60

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding “1 Week” returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

Borrowing Every Week — Through the first two months of 2017 (i.e., through Feb. 28), the Treasury Department conducted weekly auctions in which it borrowed $1.09 trillion. The duration of the debt ranges from four weeks to 30 years (source: Treasury Department, BTN Research).

Very Rich Plan — Defined benefit pension plans can be funded to produce an annual benefit at retirement as high as $215,000, up from $180,000 in 2007 (source: Internal Revenue Service, BTN Research).

High, Low and Average — The national unemployment rate as of Dec. 31, 2016, was 4.5 percent. Ames, Iowa (2.1 percent) had the lowest unemployment rate while El Centro, Calif. (18.8 percent) had the highest (source: Department of Labor, BTN Research).

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WEEKLY FOCUS – Save Now, Save Later

Thanks to today's longer life expectancies and rising healthcare costs, experts suggest baby boomers shoot for a retirement nest egg of $1 million or more and tell millennials they may need closer to $2 million. Both generations, along with the traditionalists and the Gen Xers, are admonished to save intentionally and diligently so they can enjoy a comfortable retirement.

But the mindset that you work and save and work and save, and then enjoy a life that's everything you ever dreamed of can create problems. The importance of saving *during* retirement may not be stressed enough. How we define "comfortable" may need to be adjusted.

In fact, lifestyle creep often sets in before retirement when people are in their 50s. After working hard for decades and sacrificing for their children, it's not surprising they feel like kicking up their heels and upping their standard of living once the kids are through college (and hopefully out of the house). The problem is, maintaining that lifestyle may be difficult during retirement.

Once retirement begins, additional free time can magnify the urge to splurge. Although the general expectation is that normal retirement living expenses will be around 80 percent of preretirement income, many individuals spend more, at least initially, rather than scaling back. According to the Employee Benefit Research Institute, half of households spend more money during the first two years of retirement than while they were working.

But the budgeting skills that allowed individuals and couples to save *for* retirement are still important *post*-retirement. That's why it's usually best not to change your lifestyle too soon after retiring. It may be tempting to buy a vacation home or a large RV or move closer to grandchildren. It's probably wiser to stop to relish your newfound freedom to volunteer, pursue hobbies, connect with friends, learn something new or read things you never had time to – and wait a year before making a major change. When you do make plans, aim to reduce expenses by whatever percentage your income in retirement drops.

Ultimately, when it comes to retirement, how much you need depends on what you spend. Some costs, such as a health crisis or the need for long-term care, may be beyond your control. But in many other areas, living richly doesn't require extravagant spending. To review your pre- or post-retirement savings plan, contact our office today.

Dakota COMMUNITY INVESTMENTS

Jason Stahl
1727 State Street
PO Box 4010
Bismarck, ND 58501
701.255.9000

Cameron Weigel
14 3rd Ave West
PO Box 210
Dickinson, ND 58601
701.483.7007

* 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.