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OPULEN FINANCIAL GROUP

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Thomas Cymer CFP® CRPC® Presents:

WEEKLY ECONOMIC UPDATE

March 2, 2015

WEEKLY QUOTE

"Try not to become a man of success but rather to become a man of value."
- *Albert Einstein*

WEEKLY TIP

Plan your charitable gifts well in advance of the end of the year; explore possibilities and define the size of such gifts today.

WEEKLY RIDDLE

They have wings. As they grow up, they also grow down. What are they?

Last week's riddle: Katherine and Sterling each have the same amount of pears. How many pears does Katherine need to give Sterling so that Sterling has 10 more pears than she does?

Last week's answer: 5. When Katherine gives Sterling 5 pears, she will lose 5 and he will gain five, resulting in a net difference of 10. So they both have at least 5 pears to begin with.

CPI SHOWS ANNUAL DEFLATION

Dipping 0.7% in January, the Labor Department's Consumer Price Index posted a 0.1% annual retreat - its first yearly decline since 2009. As the core CPI rose 0.2% in January and gas prices are moving north, the headline CPI's stint in deflation territory may be short-lived. The federal government also announced its second estimate of Q4 GDP last week - a passable 2.2% - and a 2.8% boost in hard goods orders for January.[1,2]

HOUSEHOLD CONFIDENCE DECLINES

The Conference Board's monthly survey of consumers slipped 7.4 points in February to a reading of 96.4. At the end of January, the University of Michigan's consumer sentiment index reached 98.1; the final February index came in lower at 95.4.[2,3]

PENDING HOME SALES, HOME PRICES RISE

The National Association of Realtors said housing contract activity increased 1.7% in January, and December's S&P/Case-Shiller index showed a 4.5% overall annual increase in existing home prices. The Census Bureau noted an 0.2% dip in new home sales in January, however; the NAR found resales falling 4.9% in that month.[2,4]

FEBRUARY WAS FANTASTIC FOR STOCKS

Look at these monthly gains: S&P 500, 5.49%; Dow, 5.64%; Nasdaq, 7.08%. Last week, the S&P lost 0.27% and the Dow 0.04% while the Nasdaq rose 0.15%. Final numbers: DJIA, 18,132.70; Nasdaq, 4,963.53; S&P, 2,104.50. Oil fell 1.32% to $49.27 on the NYMEX, gold rose 1.21% to $1,213.60 on the COMEX.[5,6]

THIS WEEK:ISM's January manufacturing index appears Monday, plus January's consumer spending report and earnings from Progressive, NutriSystem and Molycorp. On Tuesday, the Street examines earnings from Best Buy, AutoZone, Smith & Wesson, Revlon, Bob Evans, TiVo and Dick's Sporting Goods, and Federal Reserve chair Janet Yellen speaks on bank regulation in New York.Wednesday brings February's ADP employment change report, a new Beige Book from the Federal Reserve, ISM's February services index and earnings from Abercrombie & Fitch, American Eagle, Korn/Ferry, PetSmart, Jamba, Tribune Publishing, Scripps Co. and H&R Block. February's Challenger job cuts report arrives Thursday along with the latest bank stress test results from the Fed, new initial claims numbers and a report on January factory orders; earnings roll in from Chesapeake Utilities, Marcus & Millichap,Costco, Martha Stewart Living, Fresh Market, Quiksilver and Kroger. The Labor Department's February employment report comes out Friday, as well as earnings from Foot Locker, BigLots! and Staples.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.74	+11.43	+15.12	+6.84
NASDAQ	+4.80	+14.92	+24.35	+14.19
S&P 500	+2.21	+13.49	+18.11	+7.49
REAL YIELD	2/26 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.24%	0.49%	1.48%	1.70%

Sources: online.wsj.com, bigcharts.com, treasury.gov - 2/27/15[5,7,8,9,10]

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

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Are Americans Growing More Optimistic About Retiring?

Pragmatism seems to be replacing pessimism, at least.

Provided by Thomas Cymer CFP® CRPC®

Is it okay to retire today? Many baby boomers shelved notions of retiring during the past few years. Layoffs, the decline in home values, the crushing bear market of 2007-09 - those memories were just too fresh, and their economic effects were still being felt by many households.

In 2015, boomers seem a bit less hesitant to begin their "third acts." In this year's CareerBuilder retirement survey, 53% of workers older than 60 indicated they are postponing their retirements. That may not seem a statistic worth celebrating, but five years ago 66% of respondents to the survey said they were putting off leaving work.[1]

Retirement may not mean a "clean break" from the workplace: 54% of this age group told CareerBuilder that they would try to work at least part-time when retired. In fact, nearly one in five said they planned to continue working 40 hours a week or more. These boomers cited two compelling reasons to keep a foot in the office: household financial pressures and the employer-sponsored health insurance they could count on between ages 60 and 65.[1]

Two other recent polls echo the findings of the CareerBuilder survey. Last year's United States of Aging survey (a joint project of the National Council on Aging, *USA TODAY,* United Healthcare and the National Association for Area Agencies on Aging) found 89% of respondents 60 and older certain that they could enjoy and sustain their quality of life as seniors. While 49% worried that they might outlive their money, this was down from 53% in the 2013 survey.[2]

Ameriprise Financial recently released the findings from its poll of 1,000 retirees aged 60-73; the respondents had retired within the past five years and possessed $100,000 or more in investable assets. Generally, they were happy about retiring: 76% reported feeling "in control" of their choice to leave work, and 75% indicated they were "very satisfied" with retirement life. For a slight majority of respondents, the transitionwas reasonable: 53% said they had been healthy enough to retire, and 52% said they were emotionally ready when they made the move.[3]

How many of them had retired by choice? An encouraging 51%; just 15% said they retired as a result of job loss, downsizing or buyouts.[3]

Remember, retirement may start unexpectedly. No one is invincible, and as the Employee Benefit Research Institute (EBRI) discovered in a 2014 study, health or disability reasons prompt 61% of retirements. Workforce downsizing and eldercare responsibilities were the two other most-cited motivators, but only 18% of respondents cited either of those factors. In surveying 1,500 retirees last year, EBRI also learned that 49% had exited their careers earlier than they had anticipated - in fact, 35% of them had retired prior to age 60. An unexpected retirement may also upend some household financial assumptions - turning to the Ameriprise study, we see that while 28% of those respondents reported spending less in retirement than they thought they would, 22% are spending more than they expected.[3,4]

If you were to retire two years from now, would you be ready for that transition? Would you hold up financially if events forced you to retire today? If you are within ten years of your envisioned retirement date, it might be prudent to revisit your savings strategy and retirement plan to double-check your retirement readiness.

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