

THE EDUCATED INVESTOR

A Guide to Retirement Planning



FEATURED ARTICLE

Beige Book: Window On Main Street

Beige Book Suggests Continued Modest Economic Growth

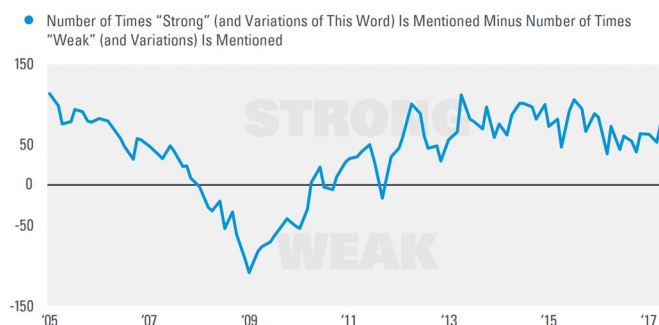
The latest edition of the Federal Reserve's (Fed) Beige Book, released Wednesday, May 31, 2017, continued to deliver a positive view of the U.S. economy. The Beige Book is a qualitative assessment of the domestic economy and each of the 12 Fed districts individually. The report is prepared eight times per year, ahead of each of the eight Federal Open Market Committee (FOMC) meetings. We believe the Beige Book is best interpreted by measuring how the key words change over time. The qualitative inputs for the May 2017 Beige Book were collected in April 2017 through May 22, 2017.

Sentiment Snapshot

We created our proprietary Beige Book Barometer (BBB) [Figure 1], to evaluate the sentiment behind the entire Beige Book collage of data. The BBB is a diffusion index measuring the number of times the word "strong" or its variations appear in the Beige Book less the number of

times the word "weak" or its variations appear. When the Beige Book Barometer is declining, it suggests that the economy is deteriorating. When the Beige Book Barometer is advancing, it suggests that the economy is improving.

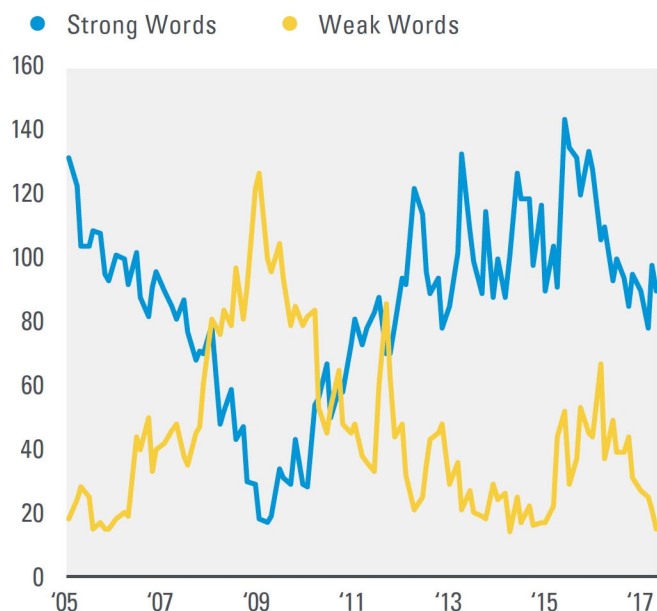
1 BEIGE BOOK BAROMETER SUGGESTS STEADY U.S. ECONOMIC GROWTH



Source: LPL Research, Federal Reserve 06/05/17

In May 2017, the barometer declined slightly to +75, after a +77 reading in April and a +53 reading in March. The barometer has generally been climbing since October 2016, but the increase has been marked by a decline in words associated with negative sentiment rather than an increase in words associated with positive sentiment [Figure 2].

2 DECLINE IN WEAK WORDS DRIVING BEIGE BOOK BAROMETER IMPROVEMENT



Source: LPL Research, Federal Reserve 06/05/17

In fact, over that period, strong words have barely advanced, climbing from 85 to 90, but weak words have declined sharply, from 44 all the way down to 15, the second lowest total of the expansion. The pattern may signal that while barriers to economic growth have decreased, positive growth drivers have not yet kicked into gear. With the impact of oil weakness and dollar strength in early 2016 well behind us and anticipation of potential pro-growth policy from the federal government following the U.S. elections in November, Main Street is clearly perceiving there is less to worry about. At the same time, policy uncertainty may be keeping a decline in barriers to growth from translating to a full willingness to take on the kind of economic risks required to create new opportunities.

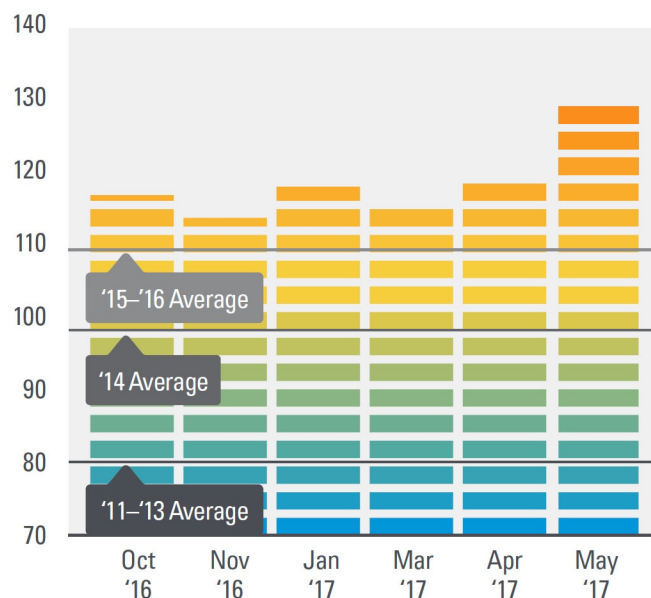
Watching Wages & Inflation

Market participants continue to monitor inflation and wages closely, as they gauge not just when, but how far and how fast the Fed may raise rates this year and beyond. Each Beige Book provides an economywide assessment of wages and prices. On wages, the May 2017

Beige Book observes, "Most firms across the Districts noted little change to the recent trend of modest to moderate wage growth, although many firms reported offering higher wages to attract workers where shortages were most severe." In discussing price pressures, the May 2017 Beige Book highlights: "On balance, pricing pressures were little changed from the prior report, with most Districts reporting modest increases." We monitor wage and price pressures via our Inflation Barometer, which is a simple count of the number of times wage/inflation words ("wage," "skilled," "shortage," "widespread," and "rising") appear in the Beige Book. Despite a measured tone in the Beige Books overview, we saw a marked increase in the appearance of words related to wage pressure [Figure 3]. In May 2017, these words appeared 130 times, higher than any Beige Book since December 2015, and may be signaling a modest increase in wage pressure that is not yet appearing directly in the economic data.

3 RISE IN WAGE AND PRICE PRESSURES EVIDENT IN OUR INFLATION BAROMETER

- Number of Times Wage/Inflation Words Are Mentioned in Beige Books



Source: LPL Research, Federal Reserve 06/05/17

By comparison, in 2016, these wage/inflation words appeared, on average, just 110 times per Beige Book. These words appeared, on average, 109 times per Beige Book in 2015. In all of 2014 - when deflation, not inflation, was a concern - those words appeared an average of just 98 times. The increase in the number of inflation words signals that some wage pressure has started to become a modest but manageable concern.

Conclusion

The May 2017 Beige Book Barometer continues to indicate a potential increase in economic activity over the second half of the year. But at this point it does appear that a decrease in negative sentiment may need to get some help from an increase in positive sentiment for growth to accelerate. Nevertheless, there are clear signs that the economy has steadied, and it may be healthy for Main Street's positive view of the economy to remain tempered while we await greater clarity on potentially pro-growth policy developments.

Important Disclosures:

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.

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Investing in stock includes numerous specific risks including; the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

The fast price swings in commodities and currencies will result in significant volatility in an investor's holdings.

Because of its narrow focus, specialty sector investing, such as healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies.

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When Should You Collect Social Security?

When should you begin collecting Social Security?

The answer depends in part on how long you think you'll be around to collect it.

A growing number of Americans have been forced to delay their planned retirement date due to job and savings losses suffered during the past five years. According to a survey, 40% of U.S. workers said they have resolved to retire later due to concerns about outliving their savings and fears of rising health care costs.¹ Postponing retirement not only means working longer, but also delaying when you start collecting Social Security. Currently, workers can begin collecting Social Security as early as age 62 and as late as age 70. The longer you wait to start collecting, the higher your monthly payment will be. Your Social Security monthly payment is based on your earnings history and the age at which you begin collecting compared with your normal retirement age. This normal retirement age depends on the year you were born.

Year Born	Normal Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Those choosing to collect before their normal retirement age face a reduction in monthly payments by as much as 30%. What's more, there is a stiff penalty for anyone who collects early and earns wages in excess of an annual earnings limit (\$14,160 in 2011).

For those opting to delay collecting until after their normal retirement age, monthly payments increase by an amount that varies based on the year you were born. For each month you delay retirement past your normal retirement age, your monthly benefit will increase between 0.29% per month for someone born in 1925, to 0.67% for someone born after 1942.

Which is right for you will depend upon your financial situation as well as your anticipated life expectancy. Anyone with a good pension or substantial savings may want to delay a bit. Similarly, if you're in no hurry to retire, you may want to continue working longer and collect later.

Likewise, those with a family history of longevity who expect to live a long time stand to gain more by delaying. If you think it unlikely to survive beyond age 78, you may want to start collecting at age 62. And if you expect to survive beyond age 82, you might consider a delayed collection.

Whenever you decide to begin collecting, keep in mind that Social Security represents only 38% of the average retiree's income.² So you'll need to save and plan ahead - regardless of whether you collect sooner or later.

Source Disclaimer

1Source: Towers Watson, October 2010.

2Source: Social Security Administration, "Fast Facts & Figures About Social Security," August 2011.

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Patriotic Fruit Pizza Recipe



Total Time:

prep: 30 min.+ cooling

Ingredients:

1-1/2 cups all-purpose flour
1/4 cup confectioners' sugar
1 cup cold butter

Filling:

1 package (8 ounces) cream cheese, softened
1 cup sugar
1/4 teaspoon vanilla extract
3 cups sliced fresh strawberries
1 cup fresh blueberries
1 cup strawberry glaze

Directions:

In a bowl, combine the flour and confectioners' sugar. Cut in butter until mixture begins to hold together. Press into a 12-in. tart or pizza pan; build up edges slightly. Bake at 350° for 10-15 minutes or until golden brown. Cool for 15 minutes.

In a bowl, beat cream cheese, sugar and vanilla. Spread over crust. Arrange strawberries in an 8- to 10-in. circle

in center of pizza. Sprinkle blueberries around strawberries. Pour glaze over strawberries. Refrigerate until serving. Cut into wedges. **Yield:** 8-10 servings.

Source: : <http://www.tasteofhome.com>



4th of July Holiday Spending

The time we have been waiting for has almost arrived. This 4th of July will prepare our clients for the real shopping season observed in USA during October, November and December. We would like you to start preparing for it as it is going to be very busy time for you as a sellers, buyers and us as your fulfillment partners.

Stack up your storage for the 4th of July shopping sale! Give discounts to your customers while we help you save some money on storage.

As the Independence Day is approaching near, the graph of consumer spending is shooting up. A survey carried out last 4th of July showed sales estimated to be \$414 billion in the US with an average American spending \$350 for the day. A similar survey was carried out by Visa in 2016 suggested 62% rise in sales for the Independence Day from 2016 onward. According to the survey, it has been predicted that by 2017, 13% of the US sales will be made online and these sales will be as high as 592 billion.

We recommend our clients to stock up on their inventory for their best selling product and the one's going on low count. Also stock more wholesale products to supply to your vendors for in store selling.

Other than barbecue, beers, fireworks, apparel there are lots of products that an American would buy being in the holiday spirit. One in every four American would go over the limit of the average \$350 shopping budget of the day.

Source: : <http://www.kiplinger.com/article/business/T019-C000-So10-retail-sales-consumer-spending-forecast.html>