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3rd Quarter 2016 Commentary | October 2016

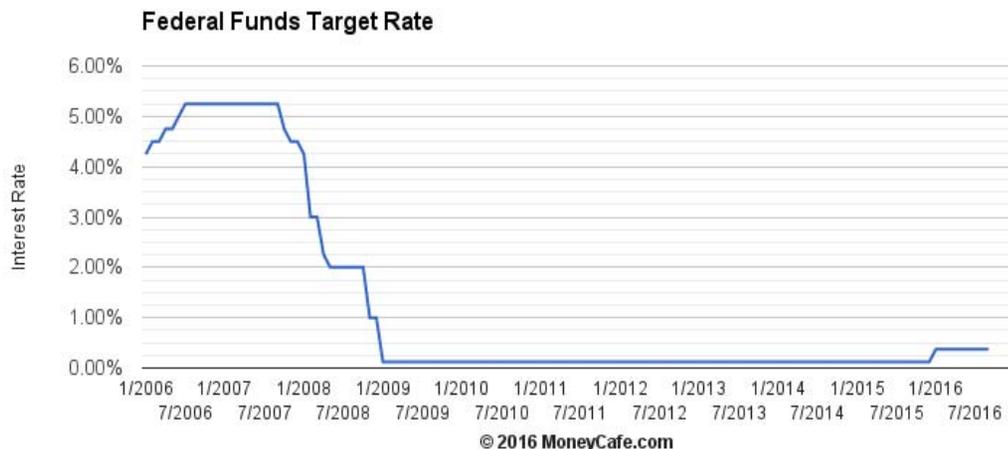
Hang onto your Hats: We are happy to report that last quarter the market was fairly uneventful for a welcomed change and we had decent index returns. That said, we will likely see some volatility this quarter with our upcoming election and continued unrest overseas.

Interest Rate Increase Stalled

On 9/28/16, the Fed voted to keep interest rates steady. According to Fed Reserve Chairwomen Janet Yellen, the Fed sees “no reason to rush” to increase interest rates and that the economy keeps bubbling along without boiling over. But there is growing concern among some Fed officials that the central bank is waiting too long to start moving borrowing costs back toward a normal level. This latest decision was passed by a vote of 7 to 3, the narrowest margin in almost 2 years. According to the New York Times, 14 of the 17 Fed officials surveyed anticipate at least one rate increase before year-end. The next meeting is in November, six days before the presidential election, but it is widely expected that the Fed will defer any decisions until its final meeting of the year in mid-December.

We have been waiting for several years now for interest rates to start returning to prior historical levels. While borrowing costs would go up, it is considered a sign of a healthy economy and eventually bonds and bank holdings will reflect better yields.

Below is a chart since 2006 of the “Federal Funds Target Rate” - the target rate set by the Fed Reserve for overnight loans between depository institutions.



Sept 30, 2016 Benchmark Returns	
2016	3 rd Quarter
Large-Cap US Indices	
Dow Jones Industrial TR	2.78%
Standard & Poor's 500 TR	3.85%
NASDAQ Composite TR	10.02%
Russell 1000 Growth TR	4.58%
Russell 1000 Value TR	3.48%
Small-Cap Indices	
Russell 2000 Growth TR	9.22%
Russell 2000 Value TR	9.05%
Large Cap International Indices	
MSCI EAFE (Local Currency)	5.40%
MSCI EAFE (US Currency)	6.43%
Fixed Income Indices	
Barclay's US Aggregate Bond TR	0.46%
Citigroup World Govt. Bond	0.60%
Real Estate Indices	
Dow Jones US Select REIT TR	-1.24%
* Index performance is provided as a benchmark only. The performance of your individual portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results. NOTE: TR=Total Return (includes reinvested dividends).	

So what to do? If you are sitting on the fence considering financing a purchase or refinancing a current loan, we highly recommend you lock in your rate in the very near future.

Financial Planning Tip:

Wells Fargo Customer Alert: As you may have heard on the news, Wells Fargo has been fined \$185 million for opening 2 million unauthorized bank and credit card accounts to meet bank sales goals. These unauthorized accounts may have racked up fees and could affect your credit score which directly impacts how much interest a lender may charge for a home or car loan. It is recommended that all Wells Fargo customers review their account statements over the past five years to ensure no accounts were opened without your approval or knowledge. You can do this online or by dropping by your local branch. If this has occurred, Wells Fargo has been ordered by the Consumer Financial Protection Bureau to refund customers going back to 2011 (the bank has already given back \$2.6 million in fees for products sold without authorization).

Enclosed Investment Reports

3rd Quarter 2016 Reporting:

- *Aggregate Overview; Current Value, Asset Allocation and Performance; summarized by Portfolio and Combined Portfolios, as applicable*
- *Holdings Analysis by Account; summarized by Asset, Account and Asset Allocation*
- *Statement of Fees for the 4th Quarter 2016 (based on 09/30/16 values)*
- *Disclosure Statement*

Please remember that this investment reporting is for informational purposes only and you should also refer to the investment statements you receive from your brokerage custodian.

As always, we appreciate your continued confidence and trust. Should you have any questions or concerns, please contact us.

Best regards,



Patricia C. Patterson, CFP[®], CMFC[®]