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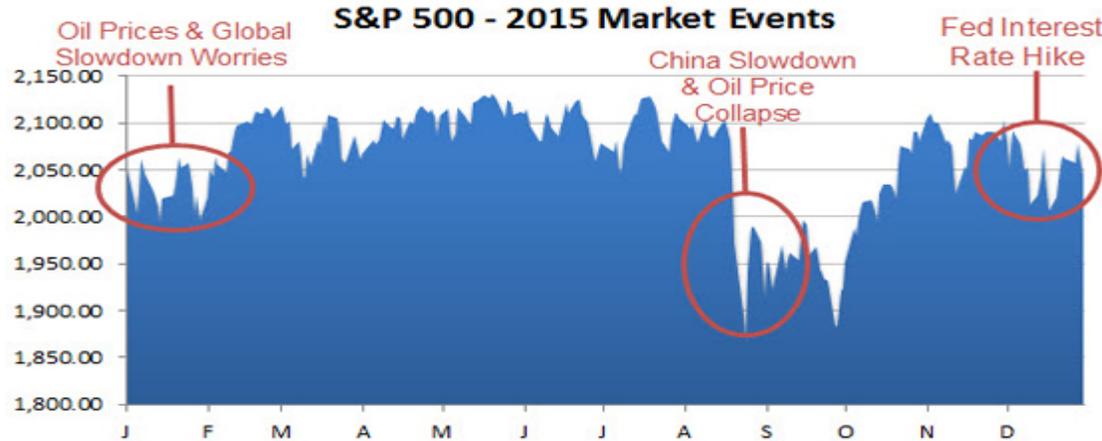
A Registered Investment Advisor

Year 2015 Commentary | January 2016

Happy New Year! As the now normal daily volatility of the market continues, the 4th quarter actually provided a nice rebound from the lows encountered at the end of the 3rd quarter. Given the many challenges that markets faced in 2015, the benefit of a diversified portfolio strategy continues to prove its value.

What were the major events of last year?

Oil Plummeted to Historic Lows. 2015 was another volatile year for oil prices and continued weakness highlighted concerns about global growth. At the end of December, crude oil closed down nearly 70% from its high in mid-June 2014. Cheap oil is a mixed bag for the market. On the one hand, it's a win for consumers who benefit from low gas prices and cheaper goods; on the other hand, oil producing countries, energy companies, and ancillary industries have been hard hit by prolonged lows in oil prices. Weak demand for oil is also seen as another sign of the global economic slowdown.



Global Jitters Contributed to Volatility & Pullbacks. As the U.S. continued to improve economically in 2015, it has become very clear that Europe, China, and many emerging markets are struggling with protracted economic weakness. These global worries came to a head in August when the Chinese central bank shocked the world by devaluating the yuan. The move was widely viewed as an admission that the world's second-largest economy is in trouble, and markets reacted by plummeting. Between 8/10 and 8/25, the S&P 500 dropped over 11%, officially entering correction territory.

The Feds Raised Interest Rates. After months of anticipation, the Fed finally pulled the trigger and raised interest rates in mid-December for the first time since 2006. What does this mean for bonds? Short-term rates will likely start inching up, which we will hopefully see reflected in higher bond and CD rates and overall, bond yields should head higher if the Fed continues its stable, predictable process of raising rates.

December 31, 2015 Benchmark Returns*		
	4th Quarter	2015
Large-Cap US Benchmarks		
Dow Jones Industrial TR	7.70%	0.21%
Standard & Poor's 500 TR	7.04%	1.38%
NASDAQ Composite TR	8.71%	6.96%
Russell 1000 Growth TR	7.32%	5.67%
Russell 1000 Value TR	5.64%	-3.83%
Small-Cap Benchmarks		
Russell 2000 Growth TR	4.32%	-1.38%
Russell 2000 Value TR	2.88%	-7.47%
Large Cap International		
MSCI EAFE (Local Currency)	5.99%	2.69%
MSCI EAFE (US Currency)	4.71%	-0.81%
Fixed Income Indices		
Barclay's US Aggregate Bond TR	-0.57%	0.55%
Citigroup World Govt. Bond	-1.38%	-5.54%
Real Estate Indices		
Dow Jones US Select REIT TR	7.54%	4.48%

* 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).

Financial Planning Tip

Maximize your Retirement Plan Deferral. Investing on a tax-deductible, tax-deferred basis is usually your best investment ever – especially if you receive employer matching! The IRS has maintained the 2015 maximum contribution levels for tax year 2016. You may defer up to the following maximum amounts:

401k:	\$18,000 + \$6,000 catch-up if >50 years of age by 12/31/16; \$24,000 maximum
SEP:	20% x (net business income less ½ SE tax); \$53,000 maximum
Solo 401k:	\$18,000 plus 20% x (net income less ½ SE tax); \$53,000 maximum + \$6,000 catch-up if >50
Simple:	\$12,500 + \$3,000 catch-up if >50; \$15,500 maximum

New Rules for Retirement Account Charitable Contributions. Do you donate cash to a charity and are required to take taxable distributions from your IRA Rollover account? If so, did you know that in lieu of taking a taxable distribution, you could now contribute all or part of that distribution directly to a charity? Example: You now receive a 100% taxable retirement distribution, make a cash donation, and then deduct the donation as an itemized deduction. Unfortunately, if you are in a high tax bracket, you may “phase out” of available itemized deductions (you may not receive a full tax deduction for that charitable contribution). If you instead donate directly to your charity from your IRA Rollover account, you are not taxed on that distribution (nor do you report an itemized deduction for the amount donated). If this applies to you, a direct donation from your retirement account may make more “cents” for you. ☺ Note that this strategy is limited to \$100,000 and is not available for a qualified employer plan or an ‘active’ Simple or SEP plan (an ‘active’ Simple or SEP means that you are still working and currently making tax-deductible contributions to your account). If this strategy interests you, please discuss it with your CPA and then let us know if you’d like to utilize this strategy for your TD Ameritrade IRA Rollover account. We can then assist you with the needed paperwork.

Enclosed Investment Reports

4th Quarter and Annual 2015 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*
- *Portfolio Performance Detail by Account; summarized by Asset and Account for 2015 calendar year performance*
- *Statement of Fees for the 1st Quarter 2016 (based on 12/31/15 values)*
- *Disclosure Statement*

Note: Please remember that this investment report is for informational purposes only and you should also refer to the investment statements you receive from your brokerage custodian. Benchmark returns on page one are 12/31/15 Morningstar reported values which include dividends (a “total return” value versus a “price return” which excludes any dividends and thus have slightly lower returns). Since most client portfolios have dividends reinvested, we choose to illustrate “apples to apples” benchmark comparisons.

We hope 2016 is a year that exceeds your expectations in every meaningful way. As always, we appreciate your continued confidence and trust. Should you have any questions or concerns, please contact us.

Best regards,



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