



**PREMIER
FINANCIAL
PLANNING, INC.**
Planning Makes It Possible™

A Registered Investment Advisor

1st Quarter 2017 Commentary | April 2017

Record Highs Achieved: The market had a strong 1st quarter, crossing into new territory for many benchmarks – including the elusive 20,000 for the Dow! The economy continues to do well and the Feds continued their plan to slowly increase interest rates with another bump in March.

Where do we go from here? Stay the Course.

How the markets fare going forward will depend on the public perception of various factors, such as: the strength of the economy, the pace of inflation, the manipulation of interest rates by the Feds, global economics, and the handling of our domestic and international affairs by the new administration. Thus far this year, the markets appear to like what they see as shown by the 1st quarter growth of the major benchmarks:



With markets doing so well at the present, how do we plan for the future? We stay the course with a diversified portfolio to achieve growth with acceptable risk. Please remember that your asset allocation contains both equity and fixed income. As interest rates rise, there will be a slight decline in bond values, but they will continue to do their job to hedge against the risk of a market decline.

What should we be most concerned about?

Keeping inflation at a healthy rate is very important. Inflation impacts investments and our cost of living; it is one of the most critical factors for maintaining a desired retirement lifestyle. It is similar to the Goldilocks story: “Too low” (too soft) is hard on the economy and “Too hard” (too high) makes it difficult to handle an increasing cost of living. We all want “just right” (right in the middle). Managing the rate of inflation is one of the most important jobs handled by the Federal Reserve which has an often-stated annual target rate of 2%. Consumer prices in the US increased 2.7% year-on-year in February 2017. It was the highest rate since March 2012 and was boosted by a rise in gasoline prices. This was a main reason the feds increased interest rates by a quarter point in March. With the historically low rate of interest we’ve enjoyed over the past 8 years, it is time to get our interest rates back to healthy levels.

Besides providing peace of mind, our main objective here at Premier Financial Planning is to assist our clients to achieve their stated objectives. A basic core objective shared by all is to achieve a strong probability of a sustainable retirement lifestyle. To that end, it is important to invest systematically in a portfolio matched to your assessed risk tolerance and time horizon, while hedging against undue risk and the impact of inflation.

March 31, 2017 Benchmark Returns	
2017	1 st Quarter
Large-Cap US Indices	
Dow Jones Industrial TR	5.19%
Standard & Poor's 500 TR	6.07%
NASDAQ Composite TR	10.13%
Russell 1000 Growth TR	8.91%
Russell 1000 Value TR	3.27%
Small-Cap Indices	
Russell 2000 Growth TR	5.35%
Russell 2000 Value TR	2.47%
Large Cap International Indices	
MSCI EAFE (Local Currency)	3.95%
MSCI EAFE (US Currency)	7.25%
Fixed Income Indices	
Barclay's US Aggregate Bond TR	0.82%
Citigroup World Govt. Bond	2.02%
Real Estate Indices	
Dow Jones US Select REIT TR	-0.27%

** 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 Tips

Tax Payment Reminders:

- CA real estate taxes are due April 10th.
- 2016 Tax Returns (and any taxes due) are due April 17th*. While you may file an extension and delay until October 16th*, any 2016 taxes owed are still due April 17th* (otherwise penalty and interest for late payments will apply).
- 2017 1st Quarter Estimated Tax payments are due April 17th
**Since the 15th falls on the weekend, due dates are delayed to the following Monday.*

Estate Planning Up to Date?

When was the last time you reviewed your estate planning documents? Is everything up to date? We highly recommend that these important documents be reviewed periodically to ensure they continue to reflect your current wishes.

- For instance, does your Power of Attorney (POA) still appoint the right person to handle your finances (pay your bills) if you have an unplanned hospital stay?
- Do the persons appointed have copies of the most recent POA? Remember, if something happens, you may be unable to send this important paperwork to the appropriate parties...
- If you have aging parents, are you aware where their documents are located (including the originals)?

Planning ahead makes coping during a difficult time a little easier. If we can help, please let us know.

Enclosed Investment Reports

1st Quarter 2017 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 2nd Quarter 2017 (based on 03/31/17 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,



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