



In everyone's best interest

EMPLOYEE BENEFIT CONSULTANTS | RETIREMENT PLAN ADMINISTRATORS | REGISTERED INVESTMENT ADVISORS

QUARTERLY INSIGHTS

First Quarter - 2017

The first quarter of 2017 provided a great start to the year for those invested in the stock market. Ending 2016 with a strong performance, the market continued its positive ways with help from favorable corporate earnings growth and government chatter about tax and regulation reform. These two factors put investors in a buying mood.

Specifically, the S&P 500 experienced a total return of 6.07% the past quarter. Of interest, the Information Technology sector, which led all sectors of the S&P 500 was up a total of 12.57%. The Nasdaq Composite, an index of more than 3,000 stocks listed on the Nasdaq exchange that includes the largest technology and biotech companies, showed an increase of 9.82% for the quarter. Mid size and small size capitalized companies lagged behind the S&P 500 with their benchmark first quarter returns of 3.94% and 1.06% respectively.

In the previous two newsletters we focused on two financial planning issues, the need for a will and the need for disability income coverage. The remainder of this newsletter will focus on the need for life insurance when family security or debt reduction is a concern.

Let's elaborate on need. Family security is a big concern to bread winners in a family environment, since one would like to assume that what motivates a person to purchase life insurance is a caring or loving spirit. Obviously the death of a wage earner or a caregiver causes a need for income replacement and in most households creates a need for debt reduction. Life insurance meets this stated need since proceeds are payable in a lump sum and are received income tax free.

Of paramount importance is choosing the type of life insurance which best meets an individual's needs. This can be a difficult decision if you're not dutifully informed. Therefore, below is some key information which should be helpful.

Level term insurance provides coverage for a designated number of years at a level premium. It has no savings component and in all cases should be utilized where there is a temporary need for coverage. On the other hand, a much more expensive alternative is to buy permanent insurance which can be in the form of a whole life or universal life policy. These permanent policies have a cash value or savings component and the death benefit does not terminate while required premiums continue to be paid or the existing cash value is ample to support the death benefit.

Differences exist between a whole life product and any universal life (UL) variation. Whole life requires a yearly stated premium while you can vary the premium amount with any UL product. The cash value of a UL contract can be dependent on stock or bond market performance or on established interest rate although there are minimum guarantees associated with many UL policies.

What should be determined when making choices is the level of coverage needed and what is affordable. To assist in this task, take stock of income and lump sum cash needs and utilize the services of an experienced and trustworthy advisor.

If you have any questions about your retirement goals, 401k plan, or any other aspect of your financial planning, please contact BenefitWorks at (717) 273-8441 or 1(800) 931-3144.

All investments (or failure to invest) involve risk. Statements made regarding future performance are opinions based on economic and political assumptions. BenefitWorks, Inc. cannot provide any assurance that the expectations described in this quarterly insight will be realized.

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