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News from the Financial Front

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Concerned about Identity Theft? A Credit Freeze may help

Also known as a security freeze, a credit freeze blocks your credit report to stop new lenders from checking your credit without your approval. This makes it more difficult for fraudsters to open accounts or apply for credit in your name.

A credit freeze does not affect your credit score and you can continue to get your free annual credit report. You can still apply for a job, or open a new account, but you will need to lift the credit freeze temporarily. Ohio law permits you to thaw credit reports for a specific lender or to unlock the report for a specific time period.

The cost and time needed to freeze and thaw your credit vary by State. In Ohio a freeze or thaw costs $5 per credit reporting company. Victims of identity theft can get freezes and thaws without cost.

One of the best safeguards for your identity and accounts is to be always on the lookout for fraudulent transactions by frequently monitoring all bank and credit card accounts, and insurance statements.

To freeze your credit, contact each of the national credit reporting companies:

Equifax - 1-800-349-9960
Experian- 1-888-397-3742
TransUnion – 1-888-909-8872

You will need to give them your vital information. The companies will confirm your freeze request by letter, which will contain a unique PIN (personal identification number). Record and keep the PIN or password in a safe place. You will need it to lift the freeze.

This Issue:

1. Concerncned about Identity Theft?
   A Credit Freeze may help
2. Equity Overview
   – Domestic Stocks
3. 40-year Ban on U.S. Oil Exports Lifted
   – Regulatory Update
4. Rising Rates & The Fixed Income Markets
   – Bond Market Overview
5. Retirement Plan Limits for 2016
   – Retirement Planning
6. Market Update

Equity Overview – Domestic Stocks

Domestic stock indices were overall lower for the year, yet resilient given the challenges that markets had in 2015. Disappointing corporate earnings, declining commodity prices, and dismal global growth all added to the duress experienced in 2015.

The market did experience a correction in August and September of 2015, which devalued equities by roughly 12%. The dramatic drop was almost wiped away as the markets rallied thereafter, yet another testament to the market's resilience.

continued on page 2

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Equity Overview – Domestic Stocks - *(continued from page 1)*

It was the worst annual performance since 2008. The Fed's rising rates are being seen as an opportunity by various analysts as certain industries ready for growth.

U.S. corporate earnings were hindered by the strength of the U.S. dollar. A stronger dollar diminishes U.S. company earnings that are derived overseas. Equity analysts estimate that the strong dollar shaved over $90 billion from S&P 500 companies. If it wasn't for the dollar dilemma, U.S. corporate earnings would have grown about 8% in 2015 alone. Since roughly 50% of S&P 500 earnings are based from overseas, any decrease in the dollar's value will bode well for U.S. company earnings.

Content provided by Bloomberg, Reuters, S&P

40-Year Ban On U.S. Oil Exports Lifted – Regulatory Update

A 40-year ban on U.S. oil exports was lifted as the House of Representatives and Senate passed a spending bill that included the dismantling of the decades-old rule.

In response to the Arab oil embargo, the U.S. imposed regulations in 1975 that restricted the exportation of crude oil. For years, oil companies and industry leaders have sought a relaxation of the export restrictions in order to compete in the global oil markets.

As oil production has risen, so have the inventories and stockpiles of crude oil. With a growing supply of crude oil reserves, oil companies are eager to export crude to satisfy demand from foreign countries. Net crude oil imports have dropped nearly 25% over the past five years, as U.S. production has steadily increased.

According to the Energy Information Administration (EIA), U.S. oil production averaged about 9.45 million barrels a day in 2015, marking the highest production levels since the mid 1980's. At 487 million barrels at the end of December, U.S. crude oil inventories remain near levels not seen for this time of year for the last 80 years.

As the U.S. has increased crude oil production, demand for U.S. oil has also risen worldwide. In the international oil markets, there are two primary types of crude oil: West Texas Intermediate (WTI) and Brent Crude. Both are used as benchmarks in pricing oil worldwide, with varying prices depending on existing supplies.

WTI is also known as Texas light sweet because of its relatively low density, light characteristics and sweet because of its low sulfur content. Conversely, Brent Crude is a bit heavier and not as sweet, thus making WTI a higher quality oil and more desirable worldwide. The lighter and sweeter WTI is easier and less expensive to refine and distill into gasoline, diesel, jet fuel, and other fuel products.

For the past few years crude oil production in the United States has surged tremendously because of the technology behind horizontal drilling and hydraulic fracturing, primarily in the states of North Dakota and Texas.

As the United States is becoming the world's leading oil refiner, it is considered good for economic and job growth nationwide. Inexpensive crude along with an abundance of supply in the United States has allowed refiners to become extremely profitable and capable of efficient refining.

continued on page 3

40-Year Ban On U.S. Oil Exports Lifted – Regulatory Update - *(continued from page 2)*

The International Energy Agency (IEA) estimates that any exports of U.S. crude oil will be quickly consumed by the international markets and help stabilize any supply inefficiencies caused by political uncertainty in the OPEC countries.

Content provided by IEA, EIA, Commerce Department

Rising Rates & The Fixed Income Markets – Bond Market Overview

The actual rate that the Fed increased was the Federal Funds rate, from a range of 0.0% to .25% to a range of .25% to .50%. The rate indirectly affects other borrowing rates set by large money center banks, such as the prime rate. Minutes following the Fed's announcement, a major U.S. bank announced that it was raising its prime rate from 3.25% to 3.50%. Consequently, the Fed discount rate was also increased. This is the rate that the Fed charges banks as a direct loan, which increased to 1% from 0.75%.

In later disclosures by the Fed, the FOMC also voted to set a target for the Federal Funds rate of 1.375% at the end of 2016, implying four quarter point increases throughout 2016.

Should Fed officials continue on with their targets, economists and analysts expect a gradual rise in short-term rates over the course of the year. The Fed did state that loans linked to longer-term interest rates are unlikely to move very much during the same period.

The high-yield corporate bond market saw considerable turmoil throughout 2015 as energy sector debt weighed on the entire high-yield market. Even though only 15% of the high-yield market is made up of the dreaded energy sector, all other industry sectors were affected as well. Analysts believe that the sell off in high-yield debt now implies an expected default rate of 10%. That would be a sharp rise in defaults from the current 3% level should it come to fruition. Many believe that the odds of defaults rising to 10% are unrealistic and that the markets have already priced in worst case scenarios.

Some fixed income analysts have upbeat assessments for the bond markets in 2016. Assuming the U.S. economy continues to grow at a modest but steady pace, it will allow companies to expand and make it easier to repay bond debt. Improving consumer confidence and a low unemployment rate will help foster a healthy bond market.

Content provided by Bloomberg, Fed, Reuters

Retirement Plan Limits For 2016 – Retirement Planning

For 2016, the elective contribution limit for employees who participate in 401(k)s will remain the same at $18,000 for the year. That's the amount that a saver can contribute annually on a tax-deferred basis, and it also applies to many plans offered by nonprofit and government employers. The catch-up contribution for employees aged 50 and over will remain the same at $6,000, so someone in that age group could contribute a total of $24,000. (Matching contributions from employers don't count against this figure.)

continued on page 4

Retirement Plan Limits For 2016 – Retirement Planning - *(continued from page 3)*

IRA annual limits remain unchanged at $5,500, with the catch-up contribution for those 50 and over also flat at $1,000. Of IRA holders who contributed to their plan, 53.5% contributed the maximum annual amount, according to data from the Employee Benefit Research Institute (EBRI).

A change to Roth IRAs is the ability for workers to earn more and still be able to contribute to a Roth. Individuals making contributions to Roth IRAs have a new AGI phase out range, which is $184,000 to $194,000 for married couples filing jointly, up from $183,000 to $193,000 in 2015.

Content provided by IRS, Employee Benefit Research Institute

Market Update

(all values as of 12.31.15)

Stock Indices:	
Dow Jones	17,425
S & P 500	2,043
Nasdaq	5,007
Bond Sector Yields:	
2 Yr Treasury	1.06%
10 Yr Treasury	2.27%
10 Yr Municipal	2.37%
High Yield	8.78%
YTD Market Returns:	
Dow Jones	-2.23%
S&P 500	-0.73%
Nasdaq	5.73%
MSCI-EAFE	-3.30%
MSCI-Europe	-5.32%
MSCI-Pacific	0.44%
MSCI-Emg Mkt	-16.96%
US Agg Bond	0.37%
US Corp Bond	-0.90%
US Gov't Bond	-0.04%

continued on page 5

Market Update - *(continued from page 4)*

Commodity Prices:	
Gold	1,062
Silver	13.93
Oil (WTI)	37.07
Currencies:	
Dollar / Euro	1.09
Dollar / Pound	1.48
Yen / Dollar	120.49
Dollar / Canadian	.72

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