HELLER WEALTH ADVISORS LLC
Helping to build and protect your wealth.

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May 2016

Market Update

(all values as of 04.29.2016)

Stock Indices:

Dow Jones	17,773
S&P 500	2,065
Nasdaq	4,775

Bond Sector Yields:

2 Yr Treasury	0.77%
10 Yr Treasury	1.83%
10 Yr Municipal	1.65%
High Yield	7.61%

YTD Market Returns:

Dow Jones	2.00%
S&P 500	1.05%
Nasdaq	-4.63%
MSCI-EAFE	-1.35%
MSCI-Europe	-1.38%
MSCI-Pacific	-1.13%
MSCI-Emg Mkt	5.80%
US Agg Bond	3.42%
US Corp Bond	5.40%
US Gov't Bond	3.96%

Commodity Prices:

Gold	1,294
Silver	17.91
Oil (WTI)	45.95

Currencies:

Dollar / Euro	1.13
Dollar / Pound	1.45
Yen / Dollar	109.21
Dollar / Canadian	0.79

Macro Overview – May 2016

The prospect of a delayed tightening by the Fed, a weaker dollar, and a rebound in commodities helped stabilize equities in April. A falling U.S. dollar along with central banks in Europe and Asia trying to stem the rise of the euro and yen, is indicative of a currency war looming in the shadows. A weaker dollar makes U.S. products cheaper and the U.S. more competitive internationally, a concern to both European and Asian exporters.

Commodity related currencies from countries as Australia, Russia, Canada, and Brazil saw rebounds against the dollar in April, elevating assurances that a demand for commodities is still intact. Economists view this as a measure of a global economic revival.

Following years of debate and assistance, the IMF is considering letting its support for Greece go and cease participating in any further Greek bailouts. Such a possible move would force countries with dire fiscal constraints to reassess their financial policies.

The Labor Department reported that jobless claims for unemployment benefits fell to their lowest level since 1973, historically representative of a strong labor market. Employment data also revealed that there is a growing number of part-time workers rather than full-time workers encompassing the labor force. Various research reports have suggested that the implementation of the Affordable Care Act, whose major provisions were phased in by January 2014, encouraged employers to shift workers to more part-time positions in order to avoid having to cover them under the newly mandated health insurance requirements.

Records maintained and released by the IRS have identified a sharp rise in 1099 income filings as of 2014. 1099s are issued for any income generated over $600 during the tax year. Many economists believe that such dynamics is a validation of full-time employee positions being replaced by part-time independent contractors.

A strengthening Japanese yen over the past few weeks has led some analysts to believe that risk aversion may be a cause. A stronger yen and a weaker dollar has historically signaled less confidence in U.S. growth and a heightened attentiveness to global dynamics.

Sources: Labor Dept., IMF, IRS

Equity Update

Major domestic stock indices were essentially flat for the month of April after U.S. equities reached record levels not hit since July 2015, sending the Dow Jones Industrial Average to the 18,000 level.

Defensive stocks pulled back in April, a signal that buyers are less risk averse and leaning towards more aggressive growth company stocks. Other optimistic sector trends evolved in April as small caps, cyclicals, and multi-nationals outperformed more conservative large cap and defensive equities. Some investors celebrated the seventh year of the bull market that began in March 2009. Even with the volatility and pullbacks over the 7-year period, it is still considered the second longest bull market in the market's history.

Sources: Dow Jones, S&P, Bloomberg

THE JAPANESE YEN HAS RISEN OVER 10 PERCENT VERSUS THE U.S. DOLLAR SO FAR THIS YEAR

International Review

China released economic data that showed exports were growing and that its GDP was heading higher. International analysts and economists tend to play down economic data released by the Chinese government due to perceived inaccuracies of what it releases.

Economic growth in the eurozone surpassed growth in the Unites States for the first quarter, a sign that central bank stimulus in Europe may be making some progress. The dollar's recent slide against the euro was also an indicator that U.S. growth was stagnating relative to international markets.

Many economists believe that the central banks in Europe and Japan have held back on further stimulus efforts until financial conditions stabilize and their currencies regain some strength.

Sources: Eurostat, Bloomberg, Reuters

Japanese Yen Surges – Currency Update

The yen has risen over 10 percent against the dollar so far this year, with any additional gains intensifying speculation that the Bank of Japan would intervene sooner rather than later, as Japanese politicians have raised concerns about the yen's run-up. Japan's rising currency is making Japanese exports form cars to pens more expensive worldwide, stifling any stimulus efforts that had originally been enacted.

Japanese Prime Minister Shinzo Abe is scheduled to visit Italy and Germany in May where it is believed he will try to set the stage for a possible intervention in currency markets as Japan prepares to host a G7 meeting later in the month.

Some currency analysts expect a possible resurgence in a currency war should the yen and other major currencies continue to rally versus the U.S. dollar. Competitive devaluation of a nation's currency, also known as a currency war, is a condition in international affairs where countries compete against each other to achieve a relatively low exchange rate for their own currency.

The benefits of a devaluing currency for a nation's economy include an increase in exports, which may result in additional manufacturing and employment. A significant hindrance of a devaluing currency would be imports becoming more expensive, thus indirectly causing inflationary pressures within an economy.

Source: Federal Reserve Bank of New York

NEW FIDUCIARY RULES WERE INTRODUCED TO HELP PROTECT RETIREMENT PLAN INVESTORS

Fixed Income Update – Global Bond Markets

The ECB disclosed additional details in April about its bond buying program, stating that it will purchase government and corporate debt with maturities of 6 months to 30 years. Effectively, this strategy will provide cheap loans to global corporations operating in Europe, leading to a possible surge in debt issuance as companies take advantage of the ECB's plan.

So far this year, corporate bonds have outperformed most government bond sectors, including Treasuries and mortgage-backed debt. High-yield corporate debt has seen the most appreciation of all corporate debt. Historically, high-yield bonds tend to correlate with equity markets due to factors as improving earnings and credit ratings.

Some analysts believe that the Fed's stance on keeping rates stable for now and the ECB's stimulus program in Europe of buying corporate debt has prompted domestic bond values to rise.

Sources: ECB, Bloomberg, Federal Reserve

Explanation Of The New Fiduciary Rules

A significant regulatory announcement was made in early April by the Department of Labor and the Securities & Exchange Commission about who can actually advise on retirement accounts. The accounts affected include IRAs, SEPs, pensions, and 401ks. The new fiduciary ruling comes directly from the Department of Labor and is only affecting retirement accounts for the time being. What it exactly says is that any advisor providing investment directive or oversight to individuals who have retirement plan assets such as 401ks, profit sharing plans, and IRAs are obligated to put the best interests of the investor first. It also states that investment advisors must disclose any conflict of interest that might prevent the advisor from acting in the best interest of the individual. Implementation of the new mandates and requirements should have no new significant costs to the U.S. government. The rules are expected to save investors from hidden costs and fees in the retirement accounts according to a report released by the White House's Council of Economic Advisers. The impact of higher costs and lower returns from conflicts of interest within retirement accounts has resulted in annual losses of about 1% for those investors affected.

When it comes to investment advice financial advisers are separated into two different categories, registered investment advisors and brokers. Registered investment advisors (RIAs) are required to act as a fiduciary and in the capacity of a fiduciary, meaning that all recommendations must be in the best interest of the investor. Brokers, however, adhere to what is called a suitability standard, which means that as long as the recommendation is suitable, it doesn't have to be what the broker believes is best for the investor. Because of the new rules, the future of managing and advising assets will change over the course of the next couple of years. Advisors that sell products with a commission will be severely limited effective January 2018 for all retirement related accounts. The government is essentially saying that products and commissions are not good for retirement investors, and advisors need to modify their skills to that of a registered investment advisor (RIA). A registered investment advisor (RIA) is not a typical advisor. A typical advisor, or broker, is considered more of a sales person that sells investment products and earns a commission. A registered investment advisor acts in a fiduciary capacity, meaning that all investment recommendations must be in the best interest of the client while taking into consideration all of their short-term and long-term needs. The view has been that commissions are a short-term incentive for advisors to "sell" an investor on, while the role and process of a registered investment advisor (RIA) is long term and perceived as more beneficial to investors.

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ESTIMATED VALUE OF ALL BITCOIN WORLDWIDE IS ABOUT $9.5 BILLION

The Evolution of Bitcoin – Market Fact

A new form of digital currency has received tremendous media coverage this past year, Bitcoin, which is essentially virtual money that is traded digitally by exchanges. Bitcoins can only be purchased and sold with legitimate currency, such as dollars or euros making it available worldwide. The total estimated value of Bitcoins worldwide is about 9 ½ billion dollars.

Bitcoins exist as software, not physical currency, and are not regulated by any country or banking authority. Even though U.S. Senate hearings disclosed that Bitcoin could be a means of exchange, it gave no assurance that it would actually become an accepted medium of exchange. Government regulations would need to be created and then enforced in order for Bitcoin to become accepted by other government entities. The currency can be traded without being tracked, thus raising the potential for illicit activity, such as involving weapons, drugs, and prostitution. Bitcoins are not illegal, but it is also not legally recognized by governments as a currency.

In late December, the price of Bitcoins fell more than 50% from recent highs as the world's biggest bit coin exchange, BTC China, said it would stop allowing its customers to use the Chinese currency to buy the virtual currency. This in turn removed a big source of cash that had been fueling Bitcoin prices. At one point in November 2013, the price of one Bitcoin was almost identical to the price of one ounce of gold, both being valued at approximately $1200. The price appreciation of Bitcoin has been a result of speculation, and hasn't been used as a store of value or as a medium of exchange to any extent. Some compare Bitcoin to the tulip craze in Holland of 1637, when speculators pushed the price of tulip bulbs to incredible levels, followed then by a collapse in the tulip bulb market. Bitcoin has surged on speculation that perhaps one day digital money will eventually become a legitimate global currency, and even replacing currencies from certain countries. Bitcoins are mined by powerful computers that calculate complex, mathematical functions. Total Bitcoin quantity is capped at 21 million, and currently there are about 12 million that exist worldwide. Circulating physical coins only represent Bitcoin, and are not a store of value as is legitimate currency. The growing mobile payment industry could be a big benefactor to the acceptance of Bitcoin, as new and creative applications are being devised to accept digital currency. Bitcoin transactions are very popular among mobile users, where rather than using a credit card or cash to make a purchase, all you'd need is your phone.

Bitcoins emerged in 2008 designed by a programmer or group of programmers under the name of Nakamoto, whose real identity remains unknown. New Bitcoins can only be created by solving complex math problems embedded in the currency keeping total growth limited. The value of Bitcoins fell by about fifty percent in mid December following remarks by China and Norway to not recognize the digital currency as legal tender. The government of Norway ruled that Bitcoin does not qualify as real currency, but rather qualifies as an asset, producing taxable capital gains. Norway said that Bitcoins don't fall under the normal definition of money or currency. More and more nations have been taking an official stance as the popularity of Bitcoins has evolved. The European Banking Authority has warned about the risks of trading digital money and being subject to losses where consumers are not protected by any government entity or authority. As digital currency evolves, some believe that it will eventually be accepted as a legitimate currency. But for the time being, others believe that its time hasn't arrived yet. Various studies have recently emerged with different opinions, such as a Stern School of Business study conducted by David Yermack, which concluded that Bitcoin behaves more like a speculative investment than a currency, and has no currency attributes at all.

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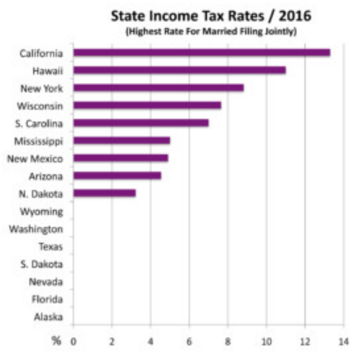
7 STATES HAVE NO STATE INCOME TAX

State Income Tax Rates – Tax Planning

Individual state income taxes are a major source of revenue for states, accounting for nearly 35% of state tax collections nationwide. Forty-three states currently impose a state income tax, in addition to a Federal income tax, with only seven states imposing no state tax at all.



As state and municipal finances have experienced unforeseen fiscal duress, many states have levied and plan to levy higher tax rates on their residents. The non-partisan, non-profit Tax Foundation founded in 1937 provides unbiased research and data on taxes imposed throughout the United States.

Individual state income tax rates not only affect individuals but also affect companies. As companies grow and hire staff for new locations, state tax rates can deter some companies from hiring in higher rate states. Some companies can pay less since an employee's take-home pay might be higher should there be no state income tax.

Retirees also consider state tax rates when planning for retirement and reducing expenses. It's no surprise that the seven states that have no state income tax are also popular living destinations for retirees.

Source: Tax Foundation

What Countries Spend On Healthcare – Market Fact

The cost of healthcare is an important and growing issue internationally, not just in the United States. The health of a nation's citizens is essential to its economic and social well being. The Organization for Economic Cooperation & Development (OECD) is an entity that has been closely monitoring health costs of countries worldwide. The OECD was formed in 1961 with the intent of promoting policies that will improve the economic and social status of people around the world. The OECD currently is made up of 34-member countries whose people and economics contribute to the international community.

In a recent report, the OECD reported that the United States spends 2 ½ times more on public and private healthcare costs than the average member country in the OECD. Healthcare expenses vary from country to country depending on various factors, such as availability of physicians, medical facilities, and diagnostic procedures. The OECD study found that the United States has more physicians, more medical facilities, more specialized procedures, and more drugs available to patients as compared to other OECD member countries.

The OECD also found that wealthier countries, such as the U.S. and the Netherlands, spend more on healthcare than poorer countries such as Turkey or Poland. It is believed that the U.S. spends more because of the ample services that are merely available for patients. Some suggest that more healthcare is not always better healthcare, such procedures as MRIs and CT exams, which may be considered unnecessary, but still performed.

As a percentage of Gross Domestic Product (GDP), the U.S. currently has the highest proportion relative to other OECD member countries. As of 2011 data, total healthcare expenditures in the U.S. were over 17% of GDP, versus 9.6% of the average OECD member country.

Sources: Organization for Economic Cooperation & Development

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100 Dollar Bill Makeover – Historical Note

As currencies worldwide grow in circulation and foreign money is accepted in new markets internationally, the necessity to protect a country's currency from counterfeiters is critical.

In April of this year, the Federal Reserve announced the introduction of a redesigned 100 dollar bill. The bill is due for release and is expected to enter circulation on October 8th 2013.

The new design includes a number of security features that make it extremely difficult to counterfeit. The features include a blue 3D stripe that runs vertically along the bill, as well as a disappearing Liberty Bell on the bottom right front corner.

In addition to the safety features, the colors of the bill will become much more colorful and vibrant, emulating other currencies worldwide. The infamous "greenback" will contain much less green and take on an entirely new color scheme.

Sources: Federal Reserve, U.S. Mint

Rich Are Healthier

Researchers at the Urban Institute and Virginia Commonwealth University released a report in April examining the links between health, wealth, and income.

For years poverty has often been associated with poor health, while the wealthiest have been thought of having fewer illnesses.

To confirm these perceptions, the report analyzed various health problems for which the Centers for Disease Control (CDC) has recorded prevalence by family income. In every case, the wealthy are better off.

How health and money are related is complex. For both rich and poor, the two attributes likely reinforce one another. "Health and income affect each other in both directions: not only does higher income facilitate better health, but poor health and disabilities can make it harder for someone to succeed in school or to secure and retain a high-paying job," the Urban authors write.

Living in poverty often means less access to nutritious food or neighborhoods safe for outdoor exercise. Low-income people are more likely to smoke or be obese. White-collar jobs are less physically demanding, and people who have them can afford to take a day off for a doctor's visit or to get a gym membership. They're also probably not working the night shift, which is linked to cancer and other health problems.

Sources: Centers for Disease Control, Urban Institute & Virginia Commonwealth University