

PLEASE FILE YOUR CHILD'S TAX RETURN! (It is never too late.)

If for some reason you have not yet filed your child's 2014 tax return, please do not wait any longer. Please contact your tax return preparer and file immediately to avoid further interest and penalties. You need a form 1099 from the Nation and tax documents from Fifth Third Bank and Providence First Trust Company.

If you have any questions, please call us directly at 602-952-2300 or toll-free at 1-800-350-0208.

ECONOMIC OVERVIEW

Leading economic indicators have continued to point in a positive direction in 2015 while actual monthly data has come in mixed. Employment trends are strong, but company profits have been lower than expected. International economies have been supported by stimulus programs.

Financial markets have been mostly sideways so far this year. Rising interest rates have left bond investments with slightly negative returns. U.S. stocks are up only slightly year to date, with international stock markets a couple of percentage points ahead of domestic markets.

The 4th quarter had positive returns in bonds (Barclays Aggregate) and U.S. domestic stocks (Russell 3000) with international stocks (MSCI ACWI ex-U.S) showing a negative return. For the year 2014, the bond index was up 5.95%, U.S. domestic stocks up 12.56% and international stocks down -3.87%.

As we start 2015, our emphasis will be stocks of U.S. large companies and bonds of U.S. intermediate maturity.

FINANCIAL EDUCATION

How can fixed income (bond) investments produce negative returns if they are supposed to be low risk?

Bonds pay a fixed amount of interest each year once they are issued. If interest rates on new bonds go up at a later date, the market price of older bonds that pay less interest will go down to make their returns equal with newer bonds. If the drop in price is greater than the interest received during the period, the total return on the old bond can be negative during that time. While bond prices can move, they rarely move up or down as much as stock prices, which makes stocks the more risky investment.

Do you have goals and a plan in place for when you receive your trust money?

Before you receive your trust money, you should make a plan of how you will use your trust money wisely. The first step that will help you is to set goals. Your goals are what you want to accomplish or achieve in your life. Setting goals gives you vision of what you are working towards and motivation to work for it. Setting goals helps you focus your limited resources, such as money and time, on accomplishing those goals.

Some examples of goals may be to graduate college or obtain a certification in a trade, serve in the military, have a family, own a home, live comfortably, give back to your community, send your children to college, travel, etc.

If you have a plan of how to use your money to accomplish your goals, your money will last longer and work for you to help you accomplish your goals.

When to use your money and how much money to use to accomplish your goals is what is called a "financial plan." Choose one of your goals and identify the amount of money it will cost to achieve that goal and be sure to set that money aside to help you accomplish that goal.