THE BARNUM REPORT

The Barnum Report September 2017

LIFE IS FOR THE LIVING, AND SO IS LIFE INSURANCE

Life can be busy. The requirements of work and family often leave little time to step back and think about where you've been and where you're heading. But as your responsibilities grow, so does the need to evaluate what would happen if life for you stopped. September is Life Insurance Awareness Month and a good time to reflect on how life insurance can help those you leave behind — the living.

Your spouse or life partner

A successful marriage is often predicated on sharing and providing for one another, and that includes each other's financial obligations. If you were suddenly no longer in the picture, would there be enough money to pay for your final expenses, cover debt, and buy some time to allow your significant other to adjust to a new way of life? Life insurance can provide funds to cover immediate expenses and income to help support your surviving loved one.

Your children

You've worked hard to provide for your kids, to give them the chance to realize their hopes and dreams. Your children are likely your greatest responsibility — a responsibility that doesn't end with your passing. Whether your children are in diapers or about to enter college, if something happened to you or your spouse, or both of you, would there be enough income to continue to provide financially for your children? Life insurance can help provide the resources for their continued growth and maturation.

Your home

Buying a home may be the largest single expenditure of your life. While being a homeowner is exciting, mortgage payments, often lasting 30 years, along with maintenance, utility costs, homeowners insurance, and real estate taxes can add up to a long-term financial commitment. Adequate life insurance protection can provide funds that could be used to cover these expenses, allowing your family to remain in their home.

Your business

Do you own your own business? Life insurance can fit into your business plan in many ways. It can be part of an employee benefit program, with coverage under a group plan. Life insurance purchased on the lives of certain key employees can protect your company from the loss of talented and valuable workers. And life insurance can be used to fund a buy-sell agreement.

Caring for an aging parent or loved one

Are you caring for an aging parent or loved one? Would the people who depend on you be able to afford quality health care and a comfortable place to live without your financial support? Life insurance can become extremely important in these situations, helping to provide for these individuals in the event of your death.

Planning for retirement

Preparing for retirement probably means you're saving as much as you can in your 401(k), IRA, or other savings vehicle. If you die before you get to enjoy your retirement, will your retirement plan die for your surviving loved ones as well? Not only will your salary be unavailable to help pay for current living expenses, but your income won't be there to build the nest egg for the retirement of your spouse or life partner. Life insurance can help provide funds that can be used for your spouse's or life partner's retirement.

Your health has changed

If your health declines, how will it affect your life insurance? A common worry is that your insurer could cancel your coverage should your health change. However, changes to your health will not affect your current insurance coverage, provided you continue to pay your premiums on time. In fact, you should take a closer look at your life insurance policy to find out if it offers any accelerated (living) benefits that you can access in the event of a serious or long-term illness.

Leaving a legacy

Life insurance can be used to increase the size of an estate for your heirs. The death benefit could provide your beneficiaries with a larger legacy than might otherwise be possible. The cost of life insurance may be significantly less than the proceeds of the policy paid to your beneficiaries when you die.

Charitable giving

Donating a life insurance policy to a charity may enable you to make a larger gift than you otherwise could afford. Further, the government encourages charitable giving by providing tax advantages for certain charitable donations (the charity must be a qualified charity). This means that both you and the charity could benefit from your donation (though some charities may not accept a gift of life insurance for various reasons).

FIVE COMMON FINANCIAL AID MYTHS

With some private colleges now crossing the once unthinkable $70,000-per-year mark in the 2017/2018 school year, and higher costs at public colleges, too, financial aid is essential for many families. How much do you know about this important piece of the college financing puzzle? Consider these financial aid myths.

1. My child won't qualify for aid because we make too much money

Not necessarily. While it's true that family income is the main factor in determining aid eligibility, it's not the only factor. The number of children you'll have in college at the same time is a significant factor — for example, having two children in college will cut your expected family contribution (EFC) in half. Your assets, overall family size, and age of the older parent also play into the equation.

Side note: *Even if you think your child won't qualify for aid, you should still consider filing the government's Free Application for Federal Student Aid (FAFSA) for two reasons. First, all students — regardless of income — who attend school at least half-time are eligible for unsubsidized federal Direct Loans, and the FAFSA is a prerequisite for these loans. ("Unsubsidized" means the student pays the interest during college, the grace period, and any loan deferment periods.) So if you want your child to have some "skin in the game" by taking on a small student loan, you'll need to file the FAFSA. Second, the FAFSA is always a prerequisite for college need-based aid and is sometimes a prerequisite for college merit-based aid. Bottom line? It's usually a good idea to file this form.*

2. The form is too hard to fill out

Not really. Years ago, the FAFSA was cumbersome to fill out. But now that it's online at fafsa.ed.gov, it is much easier to complete. The online version has detailed instructions and guides you step by step. There is also a toll-free number you can call with questions: 1-800-4-FED-AID. All advice is free. In addition, a recent change has made the FAFSA even easer to fill out: The FASFA now relies on your tax information from two years prior rather than one year prior (referred to as the "prior-prior year" or the "base year"). For example, the 2017/2018 FAFSA relies on your 2015 tax information, the 2018/2019 FAFSA relies on your 2016 tax information, and so on. This means that your necessary tax numbers will be handy as you answer questions on the FAFSA. The first time you file the FAFSA, you and your child will need to create an FSA ID, which consists of a username and password.

Side note: *The CSS/Financial Aid PROFILE, an additional aid form required by most private colleges, is more detailed than the FAFSA and thus harder to fill out. It essentially takes a financial snapshot of your family's past year, current year, and upcoming year (it asks for estimates for the latter).*

3. If my child applies to a more expensive school, we'll get more aid

Not necessarily. Colleges determine your EFC based on the income and asset information you provide on the FAFSA and, where applicable, the CSS PROFILE. Your EFC stays the same no matter what college your child applies to. The difference between the cost of a particular college and your EFC equals your child's financial need (sometimes referred to as "demonstrated need"). The more expensive a college is, the greater your child's financial need. But a greater financial need doesn't automatically translate into a bigger financial aid package — colleges aren't obligated to meet 100% of your child's financial need.

Side note: *When making a college list, your child can research a particular college's generosity, including whether it meets 100% of demonstrated need and if it replaces federal loan awards with college grants in its aid packages.*

4. We own our home, so my child won't qualify for aid

The FAFSA does not take home equity into account when determining a family's expected family contribution (it also does not consider the value of retirement accounts, cash value life insurance, and annuities).

Side note: *The CSS PROFILE does collect home equity and vacation home information, and some colleges may use it when distributing their own institutional aid.*

5. I lost my job after I submitted aid forms, but there's nothing I can do now

Not true. If your financial circumstances change after you file the FAFSA — and you can support this with documentation — you can politely ask the financial aid officer at your child's school to revisit your aid package; the officer has the authority to make adjustments if there have been material changes to your family's income or assets.

Side note: *A blanket statement of "I can't afford my family contribution" is unlikely to be successful unless it is accompanied by a significant changed circumstance that affects your ability to pay.*

MEDICARE AND YOUR EMPLOYER HEALTH PLAN

If you plan to continue working after you reach age 65, you may be wondering how Medicare coordinates with your employer's group health plan. When you're eligible for both types of coverage, you'll need to consider the benefits and costs, and navigate an array of rules.

How does Medicare work with your group health plan?

You can generally wait to enroll in Medicare if you have group health insurance through your employer or your spouse's employer. Most employers can't require employees or covered spouses to enroll in Medicare to retain eligibility for their group health benefits. However, some small employers can, so contact your plan's benefits administrator to find out if you're required to sign up for Medicare when you reach age 65.

If you have Medicare and group health coverage, both insurers may cover your medical costs, based on "coordination of benefit" rules. The primary insurer pays your claim first, up to the limits of the policy. The secondary insurer pays your claim only if there are costs the primary insurer didn't cover, but may not pay all the uncovered costs.

Who is the primary insurer? If your employer has 20 or more employees, your employer group health plan is primary and your Medicare coverage is secondary. If your employer has fewer than 20 employees, your Medicare coverage is primary and your employer group health plan is secondary.

Your employer can tell you more about how your group health coverage works with Medicare.

Should you wait to enroll in Medicare?

Medicare Part A helps pay for inpatient hospital care as well as skilled nursing facility, hospice, and home health care. Because Medicare hospital insurance is free for most people, you may want to enroll in Part A even if you have employer coverage. It could be helpful to have both types of insurance to fill any coverage gaps. However, if you have to pay for Part A, you'll need to factor the cost of premiums into your decision.

Medicare Part B medical insurance, which helps pay for physician services and outpatient expenses, requires premium payments, so it would be wise to compare the costs and benefits of Medicare to your employer's plan. If you're satisfied with your employer coverage, you may be able to wait to enroll in Part B.

Late-enrollment penalties typically apply if you do not enroll in Medicare Part A and Part B when you are first eligible. However, if you are covered by a group health plan based on current employment, these penalties generally do not apply as long as you follow certain rules. You can sign up for Medicare Part A and/or Part B at any time as long as you are covered by a group health plan through your own employment or your spouse's employment. When you stop working or your coverage ends, you have eight months to sign up without penalty. This eight-month period starts the month after your employment ends or the month after your employer group health coverage ends (whichever occurs first). Visit medicare.gov for more information.

What if you have an HSA?

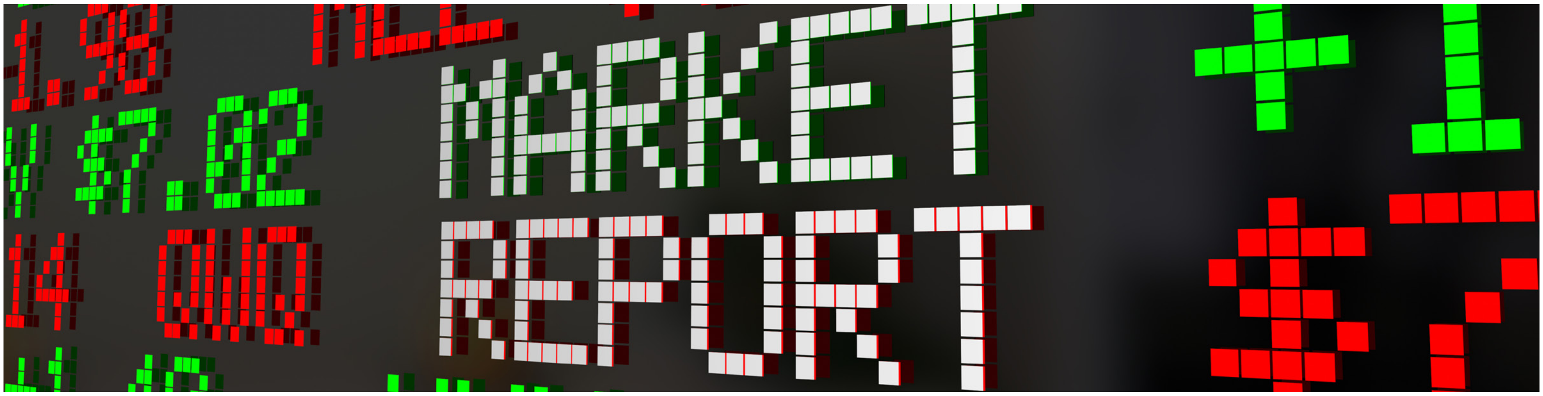
If you have a high-deductible health plan through work, keep in mind that you cannot contribute to a health savings account (HSA) after you enroll in Medicare (A or B). The good news is that the HSA is yours, even if you can no longer contribute to it, and you can use the tax-advantaged funds to pay Medicare premiums and other qualified medical expenses. So it might be helpful to build your HSA balance before enrolling in Medicare.

Whether you should opt out of premium-free Part A in order to contribute to an HSA depends on what you consider to be more valuable: secondary hospital insurance coverage or tax-advantaged contributions to pay future expenses. HSA funds can be withdrawn free of federal income tax and penalties provided the money is spent on qualified health-care expenses. HSA contributions and earnings may or may not be subject to state taxes.

How are Medicare claims handled?

Once you enroll in Medicare, tell your health-care providers that you have coverage in addition to Medicare to help ensure that claims are submitted properly. You can also contact the Medicare Benefits Coordination & Recovery Center (BCRC) at (855) 798-2627 if you have questions about how your claims will be handled.

Medicare rules are complex, and these are only guidelines. Different rules and considerations apply if you have retiree health coverage through your former employer (or your spouse's employer) or other types of health coverage. For more detailed information, visit medicare.gov.



(as of market close August 31, 2017)

Equities in August saw many peaks and valleys throughout the month, finally rallying at the end of the month. Strong second-quarter gross domestic product (GDP) figures, steady job gains, and increased consumer spending sent stocks higher, despite stagnant inflation and heavy personal and financial losses caused by Hurricane Harvey. The large caps of the S&P 500 and Dow posted marginal monthly gains with the tech-heavy Nasdaq leading the way closing August up 1.27%. The small caps of the Russell 2000 continued to lag, falling 1.39% from its July closing value. The Global Dow inched down 0.32% for the month, but is still strong year-to-date, up over 12.50%. The prices of 10-year Treasuries climbed, sending yields lower.

By the close of trading on August 31, the price of crude oil (WTI) was $47.07 per barrel, down from the July 31 price of $50.18 per barrel. The national average retail regular gasoline price was $2.399 per gallon on August 28, up from the July 31 selling price of $2.352 and $0.162 more than a year ago. The price of gold increased by the end of August, closing at $1,327.20 on the last trading day of the month, up $51.60 from its July 31 price of $1,275.60.

Market/Index	2016 Close	Prior Month	As of 8/31	Month Change	YTD
DIJA	19762.60	21891.12	21948.10	0.26%	11.06%
NASDAQ	5383.12	6348.12	6428.66	1.27%	19.42%
S&P 500	2238.83	2470.30	2471.65	0.05%	10.40%
Russell 2000	1357.13	1425.14	1405.28	-1.39%	3.55%
Global Dow	2528.21	2856.10	2846.93	-0.32%	12.61%
Fed. Funds	0.50%-0.75%	1.00%-1.25%	1.00%-1.25%	0 bps	50 bps
10-year Treasuries	2.44%	2.29%	2.12%	-17 bps	-32 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Month's Economic Headlines

Employment: The second half of the year began with a strong showing in the employment sector. In July, job growth expanded by 209,000 and the unemployment rate slid 0.1 percentage point to 4.3%, representing about 7.0 million unemployed persons. Employment growth has averaged 184,000 per month thus far this year, in line with the average monthly gain of 187,000 in 2016. Notable employment gains occurred in health care, professional and business services, and food services and drinking places. The labor participation rate was essentially unchanged at 62.9%. The average workweek for all employees was unchanged from June at 34.5 hours. Average hourly earnings rose by $0.09 to $26.36. Over the year, average hourly earnings have risen by $0.65, or 2.5%.

FOMC/interest rates: The Federal Open Market Committee did not meet in August, so the target federal funds rate range remained at 1.00%-1.25%. If upward price inflation continues to stagger, the Committee may be hard-pressed to raise interest rates when it next meets in mid-September.

GDP/budget: The gross domestic product expanded over the second quarter at an annual rate of 3.0%, according to the second estimate from the Bureau of Economic Analysis. The first-quarter GDP grew at an annualized rate of 1.2%. Consumer and government spending and business investment were positives in the report, offset by deceleration in residential investment and net exports. As to the government's budget, the federal deficit for July was $42.9 billion, $47.3 billion lower than the June deficit. Through the first 10 months of the fiscal year, the deficit sits at $566 billion, which is about 10.6% above the deficit over the same period last year.

Inflation/consumer spending: Upward price inflation continues to be weak. Consumer spending, on the other hand, is increasing. The personal consumption expenditures (PCE) price index (a measure of what consumers pay for goods and services) ticked up only 0.1% in July. The core PCE (excluding energy and food) price index also inched ahead 0.1% for the month. Personal (pre-tax) income climbed 0.4% and disposable personal (after-tax) income increased 0.3% from the prior month. With increased income, consumer expenditures rose, climbing 0.3% in July.

The prices companies receive for goods and services fell 0.1% in July from June, according to the Producer Price Index. Year-over-year, producer prices have increased 1.9%. Over 80% of the July decrease in prices is attributable to services, which fell 0.2%. Prices for goods edged down 0.1%. Prices less food, energy, and trade were unchanged in July from the prior month and are up 1.9% over the last 12 months.

Consumer prices rose a scant 0.1% in July, after recording no change in June. For the 12 months ended in July, consumer prices are up 1.7%, a mark that remains below the Fed's 2.0% target for inflation. Core prices, which exclude food and energy, edged up 0.1% in July, the same increase as June, and are up 1.7% year-over-year.

Housing: Scant inventory and rising prices have slowed sales of new and existing homes in July. Total existing-home sales slipped 1.3% for the month and are up only 2.1% from a year ago. The July median price for existing homes was $258,300, which is 2.1% below June's median price of $263,800 but up 6.2% from the price last July. Housing inventory declined 1.0% for the month and is now 9.0% lower than a year ago. The Census Bureau's latest report reveals sales of new single-family homes fell 9.4% in July to an annual rate of 571,000 — down from June's upwardly revised rate of 630,000. The median sales price of new houses sold in July was $313,700 ($310,800 in June). The average sales price was $371,200 ($379,500 in June). The seasonally adjusted estimate of new houses for sale at the end of July was 276,000. This represents a supply of 5.8 months at the current sales rate, which is an increase in inventory from May and June (5.2 months).

Manufacturing: Industrial production expanded by 0.2% in July following an increase of 0.4% in June, according to the Federal Reserve's monthly report on Industrial Production and Capacity Utilization. Manufacturing output edged down 0.1% after increasing 0.2% in June. Contributing to the recession in manufacturing output was a drop in production of motor vehicles and parts, which decreased 3.5%. Mining output was again strong, posting a gain of 0.5% in July after increasing 1.6% in June. The index for utilities rose 1.6% after remaining stagnant in June. Capacity utilization for the industrial sector was unchanged in July to 76.7%, a rate that is 3.2 percentage points below its long-run average. New orders for durable goods fell in July on the heels of a steep drop in aircraft orders. The Census Bureau reports new orders decreased $16.7 billion, or 6.8%, from June, which saw new orders increase 6.4%. However, excluding the transportation segment, new durable goods orders increased 0.5%. Orders for core capital goods (excluding defense and transportation) jumped 0.4% in July. Over the 12 months ended in July, core capital goods orders are up 3.5%.

Imports and exports: The advance report on international trade in goods revealed that the trade gap widened 1.7% in July over June. The overall trade deficit was $65.1, up $1.1 billion from the prior month. The total volume of exports of goods decreased $1.6 billion to $127.1 billion. Imports of goods fell $0.5 billion to $192.2 billion. Prices for U.S. imports edged up 0.1% in July, led by higher fuel prices, which more than offset lower prices for nonfuel imports. The July increase in import prices followed declines in each of the two previous months. U.S. export prices advanced 0.4% in July, after decreasing 0.2% in June.

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International markets: In anticipation of its departure from the European Union, the United Kingdom's Department for Business, Energy and Industrial Strategy published a set of reforms aimed at strengthening the country's image as a leader in corporate governance. Negotiations between the UK and the EU continued with nothing of substance resolved to date. China's stocks surged on strong corporate earnings reports. Otherwise, world markets were mixed, particularly at the end of August as investors wait for the economic impact of Hurricane Harvey.

Consumer sentiment: The Conference Board Consumer Confidence Index® for August rose to 122.9, up from July's revised 120.0. Consumers expressed growing confidence in current economic conditions, but were reticent about future economic prospects.

Eye on the Month Ahead

Investors will look for stock values to continue to climb in September following a bumpy August. The month kicks off with the jobs report for August, which comes out the first day of September. The FOMC meets in September following a break last month. Slowing inflation has tempered the Committee's push for higher interest rates. The final second-quarter GDP figures come out at month's end.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indices listed are unmanaged and are not available for direct investment.

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