

# Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

March 2019

## Bad Money Habits to Break

*Behaviors worth changing.*

### THE MONTH IN BRIEF

You could say that Wall Street breathed a collective sigh of relief in February. Investors were encouraged by new developments in U.S.-China trade negotiations and by the minutes from the Federal Reserve's most recent policy meeting. On Main Street, consumer confidence improved, while consumer spending kept pace. Home sales declined once more, but so did mortgage rates. Optimism about the potential of the markets seemed to outweigh pessimism about possible economic deceleration. The S&P 500 gained 2.97% for the month.<sup>1</sup>

MARKET INDEX	Y-T-D CHANGE	1-MO CHANGE	2018
DJIA	+11.10	+3.67	-5.63
NASDAQ	+13.52	+3.44	-3.88
S&P 500	+11.08	+2.97	-6.24
YIELD	12/31 RATE	1 MO AGO	1 YR AGO
10 YR NOTE	2.73	2.63	2.87

Sources: wsj.com, bigcharts.com, treasury.gov – 2/28/19<sup>1,18,19</sup>

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

### MONTHLY QUOTE

*“Always listen to experts. They’ll tell you what can’t be done and why. Then do it.”*

- Robert Heinlein

### MONTHLY TIP

If you have a parent or relative who has given you legal **power of attorney** over their finances, **be transparent** about those finances with your siblings. This candor may prevent family squabbles.

### MONTHLY RIDDLE

What has four **legs**, **bears weight** without complaint, and **never makes a peep** when food is brought its way?

### Last month's riddle:

Many things can make one, it can be of any shape or size, it is created for various reasons, and it can shrink or grow with time. What is it?

### Last month's answer:

A hole in the ground.

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## Bad Money Habits to Break

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**Do bad money habits constrain your financial progress?** Many people fall into the same financial behavior patterns, year after year. If you sometimes succumb to these financial tendencies, now is as good a time as any to alter your behavior.

**#1: Lending money to family & friends.** You may know someone who has lent a few thousand to a sister or brother, a few hundred to an old buddy, and so on. Generosity is a virtue, but personal loans can easily transform into personal financial losses for the lender. If you must loan money to a friend or family member, mention that you will charge interest and set a repayment plan with deadlines. Better yet, don't do it at all. If your friends or relatives can't learn to budget, why should you bail them out?

**#2: Spending more than you make.** Living beyond your means, living on margin, or whatever you wish to call it – it is a path toward significant debt. Wealth is seldom made by buying possessions; today's flashy material items may become the garage sale junk of the future.

**#3: Saving little or nothing.** Good savers build emergency funds, have money to invest and compound, and leave the stress of living paycheck to paycheck behind. If you are not able to put extra money away, there is another way to get some: a second job. Even working 15-20 hours more per week could make a big difference.

**#4: Living without a budget.** You may make enough money that you don't feel you need to budget. In truth, few of us are really that wealthy. In calculating a budget, you may find opportunities for savings and detect wasteful spending.

**#5: Frivolous spending.** Advertisers can make us feel as if we have sudden needs; needs we must respond to, or ones that can only be met via the purchase of a product. See their ploys for what they are. Think twice before spending impulsively.

**#6: Not using cash often enough.** No one can deny that the world runs on credit, but that doesn't mean your household should. Pay with cash as often as your budget allows.

**#7: Thinking you'll win the lottery.** When the headlines are filled with news of big lottery jackpots, you might be tempted to throw a few bucks at a lottery ticket. It's important, though, to be fully aware that the odds in the lottery and other games of chance are against you. A few bucks once in a while is one thing, but a few bucks (or more) every week could possibly lead to financial and personal issues.

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**#8: Inadequate financial literacy.** Is the financial world boring? To many people, it can seem that way. The *Wall Street Journal* is not exactly *Rolling Stone*, and *The Economist* is hardly light reading. You don't have to start there, however. There are great, readable, and even, entertaining websites filled with useful financial information. Reading an article per day on these websites could help you greatly increase your financial understanding.

**#9: Not contributing to retirement plans.** The earlier you contribute to them, the better; the more you contribute to them, the more compounding of those invested assets you may potentially realize.

**#10: DIY retirement strategy.** Those who save for retirement without the help of professionals may leave themselves open to abrupt, emotional investing mistakes and other oversights. Another common tendency is to vastly underestimate the amount of money needed for the future. Few people have the time to amass the knowledge and skill set possessed by a financial services professional with years of experience. Instead of flirting with trial and error, see a professional for insight.



For more information on investment choices for your retirement plan, please call our plan's advisor at 703-595-4444 or email at [info@pointoak.com](mailto:info@pointoak.com)

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Citations.

#### CITATIONS ECONOMIC SECTION:

1 - [markets.wsj.com/us](https://markets.wsj.com/us) [2/28/19]

18 - [markets.wsj.com/us](https://markets.wsj.com/us) [12/31/18]

19 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll](https://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll) [2/28/19].