

Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

September 2018

Build Your Rainy Day Fund

Like an emergency fund, it can come in handy

THE MONTH IN BRIEF

Wall Street had much to celebrate in August. The S&P 500 and Nasdaq Composite both reached historic heights, with the Nasdaq crossing two 1,000-point milestones in a calendar year for the first time since 1999. The current bull market became the longest on record. U.S. stock exchanges outperformed many others around the world, as imposed tariffs and currency troubles in the emerging markets gave overseas investors pause. Major commodities largely lost ground. U.S. economic indicators were again strong for the most part, aside from those in the housing sector.¹

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	5.04	18.30	15.06	12.54
NASDAQ	17.47	26.15	25.18	24.52
S&P 500	8.52	17.39	15.54	12.71
REAL YIELD	8/31 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.78	0.36	0.68	1.68

Sources: barchart.com, bigcharts.com, treasury.gov - 8/31/18,19,20,21

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

"He who limps still walks."

- Stanislaw Lec

MONTHLY TIP

New parents? You may not have to spend as much to clothe and entertain your child as you think. Financially speaking, pre-owned clothes and toys are a thrifty choice, as babies and toddlers grow fast and change interests quickly.

MONTHLY RIDDLE

Two parents have four girls, and each girl has one brother. Given this, how many people are in this family?

Last month's riddle:

The 22nd and 24th Presidents had the same biological mother and father, yet were not brothers. How was this possible?

Last month's answer:

Grover Cleveland was both the 22nd and the 24th President.

September 2018

Build Your Rainy Day Fund

Like an emergency fund, it can come in handy

Sometimes, life gets expensive. A little bad luck or a twist of fate can hit us right in the checkbook and challenge us to live within our budget.

An emergency fund may help us handle major financial disruptions. For the minor ones, a rainy day fund may suffice.

A rainy day fund and an emergency fund differ in scale, but not purpose. Both funds are designed to fully or partly absorb sudden costs. An emergency fund contains enough cash to help a household through a sudden financial crisis: a serious illness, a job loss. A rainy day fund is built in anticipation of certain expenses, rather than as a response to unforeseen emergencies. It may be created just to deal with one probable future expense.

As an example, think of a couple living in a desert community not far from a normally shallow or dry creek. Most years, the creek is no bother – but in two of the past 12 years, summer monsoons have caused the creek to swell, with a little water creeping into their backyard, patio, and kitchen on both occasions. Wisely, they start a rainy day fund to deal with the potential expenses that could arise from that impending rainy day.

Rainy day funds can address all kinds of financial inconveniences. Cars need service and repair; a rainy day fund dedicated to auto maintenance may help allay costs. Dental work can become expensive. So can veterinary bills. College textbooks seem to be pricier each year.

A rainy day fund can be built gradually, if preferred. Think \$20 or \$50 a month. Or, you can devote a lump sum to one. The cash can go into a savings account, a money market account that gives you the ability to write checks, or an interest-bearing checking account.

How about an investment account or a certificate of deposit? That idea could have more downside than upside. A rainy day fund is not only about saving money, but easily accessing it. A CD gives you the chance to grow your invested assets, but if you want to quickly withdraw those assets, you may end up with a loss stemming from an early withdrawal penalty. Similarly, you could end up withdrawing less from a brokerage account than you put into it, due to investment underperformance.¹

September 2018

Newly revised data from the Bureau of Economic Analysis shows that Americans saved 6.7% of their incomes during 2016-17. This is encouraging. It suggests that consumers are being prudent, building cash reserves for both financially sunny and rainy days.²



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

September 2018

DISCLOSURES

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations.

- 1 - studentloanhero.com/featured/times-cd-work-for-your-savings/ [7/10/18]
- 2 - bloomberg.com/news/articles/2018-07-27/americans-have-been-saving-much-more-than-thought-new-data-show [7/27/18]

CITATIONS ECONOMIC SECTION:

- 1 - seattletimes.com/business/what-to-do-with-the-market-back-at-record-highs/ [9/1/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=8%2F31%2F17&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=8%2F31%2F17&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=8%2F31%2F17&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=8%2F30%2F13&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=8%2F30%2F13&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=8%2F30%2F13&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=9%2F2%2F08&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=9%2F2%2F08&x=0&y=0 [8/31/18]
- 19 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=9%2F2%2F08&x=0&y=0 [8/31/18]
- 20 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [8/31/18]
- 21 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [8/31/18]