

Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

June 2019

Keep Calm, Stay Invested

Expect volatility, but avoid letting the headlines alter your plans.

THE MONTH IN BRIEF

Hopes for a quick resolution to the U.S.-China trade dispute faded in May as discussions broke down and rhetoric from both sides turned tough again. The disappointment lingered on Wall Street: the month saw losses for stocks. On Main Street, consumer confidence was strong and inflation tame. Mortgage rates reached year-to-date lows, but the latest data on home sales showed weak spring buying. The price of crude oil fell significantly, and so did the yield on the 10-year Treasury.¹

| MARKET INDEX | Y-T-D CHANGE | 1-MO CHANGE | 2018 |
|--------------|--------------|-------------|----------|
| DJIA | +6.38 | -6.69 | -5.63 |
| NASDAQ | +12.33 | -8.07 | -3.88 |
| S&P 500 | +9.78 | -6.58 | -6.24 |
| YIELD | 12/31 RATE | 1 MO AGO | 1 YR AGO |
| 10 YR NOTE | 2.14 | 2.51 | 2.83 |

Sources: barchart.com, wsj.com, treasury.gov - 5/31/19¹,19,20,21

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year Treasury real yield = projected return on investment, expressed as a percentage, on the U.S. government's 10-year bond.

Monthly Quote

"There is no chance, no destiny, no fate, that can hinder or control the firm resolve of a determined soul."

Ella Wheeler Wilcox

Monthly Tip

If your teen or young adult children perform "odd jobs" to make extra cash, they are self-employed, and the money they earn from this work is taxable. Your children may be responsible for paying income taxes on such earnings, possibly through estimated tax payments.

Monthly Riddle

What has several dozen keys, but cannot open one door?

Last month's riddle:

Small, soft, and cuddly, I'll pull on your heart. I share only my last name with a real-live animal who might tear you apart. What am I?

Last month's answer:

A teddy bear

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Recent headlines have added volatility to the markets. There will always be new headlines, and any of them could mean turbulence for Wall Street.

As an investor and retirement saver, how much will this turmoil matter to you in the long run? Not as much as you may expect. There are many good reasons to remain in the market rather than attempting to intuit or guess when and where big shifts in fortune may arrive.

What is market timing? Michael Tanney, one of the directors at Magnus Financial Group, puts it plainly: "Market timing doesn't work [...] Every bear market has historically given way to a bull market [...] No one can predict the timing of these moments." Market timing is the use of predictive tools and techniques to predict how the market may move and make investments accordingly.^{1,2}

When you work with your trusted financial professional and cultivate a financial strategy, your need to factor in market timing diminishes. You also don't need to sit still if you have concerns. Instead, you have a strategy that is based on your goals, risk aversion, and time horizon. This balanced approach means that you won't need to make hurried decisions when volatility arises.

There may well be a situation in which you may need to adjust your strategy, but it's also possible that snap judgements might cause you to undercut yourself. The market reacts to headlines, but it's just as common that quick dips might see fast relief.

Remember that many investors come to regret emotional decisions. The average recovery time for bear markets (meaning a downward swing of 20% or more), where equities return to bull market levels? About 3.2 years (measuring each recovery since 1900). For that reason, investing with the longer term in mind, with periodic and carefully considered rebalancing (alongside your trusted financial professional), may allow you to better weather headline-induced peaks and valleys.³

Breaking news should not dissuade you from pursuing your long-term objectives. The stock market is always dynamic. Episodes of upward and downward volatility come and go. A wise investor acknowledges that downturns are expected and has patience when they do. Decisions made during market turbulence can backfire. While some of these ups and downs may be significant enough to signal a change in your asset allocation, they need not change the fundamentals of your investment policy.

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For more information on investment choices for your retirement plan, please call our plan's advisor at 202-618-3977 or email at dmakim@pointoak.com

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CITATIONS ECONOMIC SECTION:

- 1 - barchart.com/stocks/indices?viewName=performance [5/31/19]
- 19 - markets.wsj.com/us [12/31/18]
- 20 - money.cnn.com/data/markets/nasdaq/ [5/31/19]
- 21 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [5/31/19]

CITATIONS FINANCIAL ARTICLE SECTION:

- 1 - money.usnews.com/investing/stock-market-news/articles/2019-05-10/how-investors-can-mark-the-markets-seasons [5/10/18]
- 2 - investopedia.com/terms/m/markettiming.asp [4/10/19]
- 3 - marketwatch.com/story/why-retirees-shouldnt-fear-a-bear-market-2019-01-16 [1/29/19]