

Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

July 2019

The Fire Movement

A radical new approach to working, saving, and retiring.

THE MONTH IN BRIEF

You could say June was a month of highs. The S&P 500 hit another record peak, oil prices reached year-to-date highs, and gold became more valuable than it had been in six years. (There was also a notable low during the month: the yield of the 10-year Treasury fell below 2%.) Also, a door opened to further trade talks with China, and the latest monetary policy statement from the Federal Reserve hinted at the possibility of easing. For most investors, there was much to appreciate.¹

MARKET INDEX	Y-T-D CHANGE	1-MO CHANGE	2018
DJIA	+14.03	+7.19	-5.63
NASDAQ	+20.66	+7.42	-3.88
S&P 500	+17.35	+6.89	-6.24
YIELD	12/31 RATE	1 MO AGO	1 YR AGO
10 YR NOTE	2.00	2.14	2.84

Sources: cnnbusiness.com, wsj.com, treasury.gov - 6/28/19^{18,19,20,21,22}

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

Monthly Quote

"Be yourself; everyone else is already taken."

OSCAR WILDE

Tip of the Month

If you can reduce some of your fixed, monthly expenses in retirement, you may end up withdrawing thousands of dollars less from your retirement savings per year than you would have otherwise.

The Monthly Riddle

There is a five-letter word that means "nice" in English, and all four letters used within this word are also Roman numerals. What is this word?

Last month's riddle:

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

Last month's answer:

Piano

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Retire before 50 and live your best life. That is the message of the FIRE (Financial Independence, Retire Early) movement, which is drawing interest worldwide.

Adherents of the FIRE movement contend that many young adults can pursue financial freedom and retire in their 40s (or 30s) through sufficient commitment, investment, and resourcefulness. Detractors think this idea is not only radical, but also radically unrealistic for many.

Is it really possible to retire so young? Actually, yes – there are people who have done it, and their stories often appear on financial websites. These early retirees tend to have some things in common.

They lived well below their means in their 20s and 30s. They spent far less than their peers did, and that gave them extra cash, which they could use to pay down their debts and invest.

They invested enthusiastically, with a focus on building their net worth. They started the effort early in life and kept at it.

They retired with purpose. They were motivated to do something extraordinary with their lives; they had a dream to realize, a calling to answer, and a reason why they did what they did.

Those who dream of retiring before age 50 might want to emulate these behaviors.

Of course, some people have more of a head start on realizing the FIRE dream than others. Read enough FIRE stories, and you will probably notice three other common characteristics about these unconventional retirees.

They sold a company or had a career in a “hot” industry. Early entrepreneurial success or “right place, right time” often applies.

They are single and/or child-free individuals. Raising children implies greater household spending for many years to come, and FIRE is about adopting frugality today in exchange for prosperity tomorrow.

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They are in good health. Most people get their health insurance through employer-sponsored plans. Early retirees face the prospect of paying for their own coverage. Anyone with a chronic (or for that matter, suddenly serious) medical condition could face a financial strain in a FIRE scenario; those who lack health coverage need to be prepared to pay for their own medical expenses.¹

Do you think you might be FIRE material? Do you have dreams or life goals that you want to realize within 10 or 20 years, including retiring from your business or employer? Now is the best time to financially strategize for those ambitions. Whether you retire before or after age 50, an early start on your strategy might be instrumental in the pursuit of your objectives.



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

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CITATIONS ECONOMIC SECTION:

- 18 - money.cnn.com/data/markets/sandp [6/29/19]
- 19 - money.cnn.com/data/markets/dow [6/29/19]
- 20 - money.cnn.com/data/markets/nasdaq [6/29/19]
- 21 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll [6/28/19]
- 22 - markets.wsj.com/us [12/31/18]

CITATIONS FINANCIAL ARTICLE SECTION:

- 1 - cnbc.com/2019/05/02/if-near-age-65-what-you-should-know-about-medicare-no-its-not-free.html [5/2/19]