



*"From Where I Sit ..."*

## **How's my money doing?**

When participants in our Retirement Plan see me, they often ask, "How is my money doing?" And I usually respond saying, "What have you seen on television? What affects the [US] markets affects our money." Over the past 15+ years, we experienced three major hits to the US investments markets. At the turn of the century the bursting of the Tech Bubble (*or Dot.com crashes*) cost investors nearly \$5 trillion. In 2008, it was the Economic Collapse (*or the Financial Crisis*) of the banking industry that preceded the Obama presidency. In recent months it has been several compelling events that have had a negative impact on financial markets.

Events such as the Tech Bubble bursting which was impacted by 9/11 in 2001. Or the Financial Crisis of 2007-8 that was impacted by the overvaluing of the real estate Market coupled with inadequate documentation and insufficient verifications that resulted in the significant decline in overall US property values. So much for history.

In more recent months we have again been challenged with a decline in the markets albeit to a lesser degree than experienced during the preceding more serious downturns. Watching the past seven-month movement of the Dow Jones Industrials as an example of US market activity, there were several notable points of market variation. Beginning with July 16<sup>th</sup> the Dow Jones closed at a high during this seven-month period of 18,120. However just over a month later on August 25<sup>th</sup>, it closed at 15,666 and slowly began a growing return to its next high on November 2<sup>nd</sup> of 17,918 which was within 200 points of the previous high on July 16<sup>th</sup>. After subsequent fluctuations into the month of December, a decline begins that later bottoms out on January 15<sup>th</sup> at 15,988 and January 20<sup>th</sup> at 15,767. Subsequently the Dow Jones Industrials rebounds slightly to close at the end of January at 16,466 at the time of this writing.



However just as the previous declines occurred in the context of current events, we should note the corresponding happenings that coincided with these market variations. It was in the July-August period when echoes from the Federal Reserve indicated a more serious effort to raise prime interest rates sometime in the late Fall of 2015. Although the markets began to precipitously absorb this potential increase in interest rates, the actual reality of the Fed's final decision on December 15<sup>th</sup> drops the Dow Jones Industrials from recent closings that ranged in the high 17,000's to subsequent closings in the low 17,000's. Another low of 15,988 was reached on January 15<sup>th</sup> with China's market crash. On January 20<sup>th</sup> (*the day of the President's State of the Union message to Congress*) signaled another low of 15,767 which occurred in the midst of the return of the captured US sailors from Iran. When the context of market variations are considered it becomes clear that nothing happens in a vacuum. In other words, there are always other circumstances and they, too, affect "our money." It also confirms that no one can "time" the market.



And finally it again proves the importance of timely individual retirement planning that allows CME participants to take full advantage of the options available to them. Most importantly, for those participants 65 and older, is the option of the Safe Harbor (explained in earlier issues) which is designed for participants who are nearing retirement. The design includes allowing eligible participants to identify the most appropriate time for the Plan to move their account into fixed funds that can better endure the varying fluctuations of erratic investment markets.

It is also very important that participants consider such decisions with appropriate financial advice. Only then can the best of financial decisions be made ... or at least that's the way it looks to me ...

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*Personnel Services Webpage of the CME Website at [www.thecmechurch.org](http://www.thecmechurch.org))*