

Participant Corner

Retirement 101

The Month in Brief

October saw the S&P 500 rise 2.22% in response to results from the fall earnings season, encouraging fundamental indicators, and anticipation of tax reforms. An impressive jump in personal spending complemented excellent readings on consumer confidence and purchasing manager indices; although, hiring suffered a setback. As the European Union contended with disunity in Spain, the European Central Bank revealed its exit strategy for its bond-buying campaign. Asian and European stock exchanges witnessed major gains. Home sales numbers improved, and sugar, unleaded gasoline, and oil made major advances in the commodities sector. Investors, traders, and consumers maintained a bullish view.¹

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+18.29	+28.85	+15.70	+6.12
NASDAQ	+24.98	+29.65	+21.69	+14.05
S&P 500	+15.03	+21.12	+14.97	+6.50
REAL YIELD	8/31 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.50%	0.11%	-0.78%	2.14%

Sources: barchart.com, bigcharts.com, treasury.gov – 10/31/17^{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

“Nothing gives one person so much advantage over another as to remain always cool and unruffled under all circumstances.”

- Thomas Jefferson

MONTHLY TIP

Starting a business? Use good accounting software that makes entering expenses and income easy. Become fluent in it, so that you can call up important details quickly at tax time.

MONTHLY RIDDLE

What is black when you buy it, red when you use it, and gray when you throw it away?

Last month's riddle: There are several different types of these devices you can buy, but if you pick one, it may not work. What is this device?

Last month's answer:
 A lock.

Retirement 101

All approach retirement, some sooner than others. To enjoy your retirement years and not be a burden on family members, it is essential that you save sufficient assets to carry you through your retirement. No one knows precisely the amount of assets you will need for a comfortable retirement, but the more you save now, the more comfortable you are likely to be at retirement.

Here are the essentials to know about your retirement plan:

What is it? Your employer's retirement savings plan is a defined contribution plan designed to help you finance your retirement. As a participant in the plan, you own an individual account within the plan that you contribute money to for your retirement.

What are the limits? For the year 2018, you can contribute a total of \$18,500 towards your retirement plan. Individuals age 50 and over can contribute an additional \$6,000.

Salary deferral advantages. Participating in your company's retirement savings plan allows you the benefit of saving via payroll deduction on a tax deferred basis. Every dollar you save goes directly into your retirement savings account. Tax deferral on both savings and asset growth via payroll deduction helps you save more money and pay less tax upon distribution at retirement.

Tax deferred growth. Not being taxed on the growth of your assets helps accumulation during your working years. With your qualified retirement savings plan you not only defer taxes on the amount you save, but earnings on your savings is also tax deferred until distribution.

Employer contributions. Employer contributions, if offered, help you accumulate assets for retirement and can add considerably to your retirement account balance. You are also not taxed on your employer's contributions until distribution. As an example, if your employer contributes 25 percent on your contribution, that is the equivalent of earning a 25 percent return on that portion of your contribution, in addition to whatever return your investment generates.

Portability. If you change employers at some point in your career, you typically can keep your assets in the current plan, roll your assets over to your new employer's plan or roll your assets into an IRA.



Disclosures:

In addition to the options listed here, there may be other options available. You should also consider your other options before rolling over retirement savings. Consider the differences in investment options, services, fees and expenses, withdrawal options, required minimum distributions, other plan features, and tax treatment. This material is not intended to replace the advice of a qualified attorney, tax advisor, investment professional or insurance agent. This is a hypothetical illustration and does not represent an actual investment. There is no guarantee similar results can be achieved. If fees had been reflected, the return would have been less.

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About Capstone Retirement Group

Capstone Retirement Group is a professional retirement plan consulting firm. We partner with plan fiduciaries to identify and implement the optimal retirement plan for their organization.

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