

# Participant Corner

## Are You Reducing Your Debt?

### The Month in Brief

August brought an overwhelming natural disaster, a threat of war from a foreign dictator, and violence in the streets – so it is little wonder stocks went sideways. The S&P 500 eked out an advance of 0.05% for the month. Economically speaking, there were some positives: improvements in consumer confidence and consumer spending, continued strength in manufacturing, and a comeback for retail sales. The economies of the eurozone and the Asia-Pacific region showed more upside. In the commodities market, gold and gasoline grew more valuable, while the price of oil fell. A seller's market seemed firmly in place in residential real estate. Investors hung on through the turbulence.<sup>1</sup>

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+11.06	+19.28	+13.53	+6.43
NASDAQ	+19.42	+23.31	+21.92	+14.76
S&P 500	+10.40	+13.85	+15.14	+6.77
REAL YIELD	8/31 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.36%	0.11%	-0.68%	2.34%

Sources: barchart.com, bigcharts.com, treasury.gov – 8/31/17<sup>1,15,16,17</sup>  
 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

“I will love the light for it shows me the way, yet I will endure the darkness for it shows me the stars.”

- Og Mandino

### MONTHLY TIP

Credit card debt is an ongoing financial drain too many people accept. Paying off a credit card with a 12-20% APR is a win akin to getting a 12-20% return on your money.

### MONTHLY RIDDLE

It has the scent of green paint, it pours like black paint, and it is the same color as a yellow bus. What is it?

### Last month's riddle:

It always arrives consistently, and its appearance makes us nearsighted. What is it?

### Last month's answer:

Night.

We are excited to present a seven-part series on financial wellness that will cover several financial struggles Americans are facing and ways to overcome them.

## Are You Reducing Your Debt?

If debt is a leading contributor to your overall stress, you are not alone. The national mean for household credit card debt is \$16,000. The average total household debt, including mortgages, is \$132,500.<sup>1</sup> That volume of debt can be a real burden on your wallet, relationships and ability to achieve other important goals like saving for retirement.

Millions of people attempt to juggle these goals all at once, but your method does not need to be mentally and emotionally taxing. Start small, and then continue to roll the money you were paying on that debt into the next smallest balance.

### **Try the Debt Snowball Method:**

**Step 1:** List your debts from smallest to largest.

**Step 2:** Make minimum payments on all your debts except the smallest.

**Step 3:** Pay as much as possible on your smallest debt.

**Step 4:** Repeat until each debt is paid in full.

Ditching the small debt first, and gaining momentum as each balance is paid off is the key to becoming debt-free! Soon the second debt will follow, then the next. Stick to the plan and begin leading a healthy progression toward reducing your debt.

For more information on financial wellness, contact Capstone Retirement Group at 703-291-8200 or [twall@capstonerg.com](mailto:twall@capstonerg.com).



## 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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