

Participant Corner

Retirement Readiness: Planning for the first day of the rest of your life

The Month in Brief

September brought an economic event that was widely expected: a quarter-point cut in short-term interest rates by the Federal Reserve. It also brought an attack on two of the world's largest oil fields that threatened to dent global crude output. A resumption of U.S.-China trade talks was scheduled for October, and White House officials decided to delay some planned tariff increases. Clear signals of an economic slowdown emerged from both the eurozone and China; some of the key U.S. economic indicators looked much better by comparison. While all these events transpired, the S&P 500 gained 1.72% for the month.¹

% CHANGE	Y-T-D	1-MO Change	2018
DJIA	15.39	1.95	-5.63
NASDAQ	20.56	0.46	-3.88
S&P 500	18.74	1.72	-6.24
Bond YIELD	9/30 RATE	1 MO AGO	1 YR AGO
10 YR Treasury	1.68	1.50	3.09

Sources: barchart.com, bigcharts.com, treasury.gov – 9/30/19^{16,18,19}
 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:

“Success is that old ABC – ability, breaks, and courage.”
 CHARLES LUCKMAN

Monthly Tip:

One school of household money management says that you should strive to **pay down** your **smallest-balance debt first**. Doing that **frees up money** to pay off larger balances.

Monthly Riddle:

I am the beginning of the end, the end of every place. I am the beginning of eternity, the end of time and space. What am I?

Last Month's Riddle:

During what month do people sleep the least, on average?

Last Month's Answer:

February; after all, it is the shortest month.



**Retirement
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first day of the
rest of your life**

Much has been made of the current state of the American worker as it pertains to their retirement savings. According to a recent study by the General Accountability Office, 29% of Americans 55 and older do not have any retirement savings or pension plan and those who have saved are woefully behind with 55-64 year olds averaging \$104,000 in retirement assets.¹

The bleak outlook can largely be attributed to a lack of education when it comes to retirement planning - and more specifically investment allocation. With a growing number of millennials feeling ill equipped to make investment related decisions - even within their own retirement plans, the numbers prove that ignorance is not bliss. 61% of millennials say they want to invest but are deterred because they don't know how.²

These numbers alone should serve as a call to action for younger workers who are increasingly finding themselves behind the eight ball when it comes to saving for retirement. A sound, long term, roadmap to retirement can be centered on three key areas.

Develop healthy financial habits.

In a society that has become increasingly driven by social media it is very easy to fall prey to a “keeping up with the Jones¹” philosophy toward spending. Do you have “friends” that tweet and share every purchase and activity in their lives? Believe it or not, this subconsciously drives the temptation to spend on things we do not need or want, to impress people we don't even like! Finding a balance and delaying gratification on purchases can single handedly make or break your financial wellbeing and it starts with making tough budgeting decisions.

Live below your means.

Try contributing an extra one or two percent to your company's retirement plan, or open up an IRA. You won't miss the contribution and your standard of living will adjust accordingly. Seek to live below your means today to ensure a strong financial future tomorrow.

Reduce your debt.

The average American household carries a whopping \$15,762 in credit card debt. According to a study this year, the average household is paying a total of \$6,658 in interest per year³ - translating to lost dollars that could be pumped in to retirement savings and wealth accumulation. In some situations debt, such as a mortgage or a student loan, can improve one's financial position long term - however, credit card debt in particular carries the highest interest rates and should be paid off as quickly as possible. Try working with an independent financial planner if necessary to consolidate debt and come up with a game plan to attack it head on.

At the end of the day there's no magic bullet that can singlehandedly solve the retirement shortfall for millions of Americans. Only you can take steps to educate yourself and make prudent, financially savvy choices in your day to day life which will translate in a significantly healthier financial standing. Don't just hope that the retirement picture in your life becomes clearer as the day gets closer, because the opposite is true. Take measured steps to build confident savings and investment solutions for your household by starting today!

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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Citations Economic Section:

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ACR#327981 09/19

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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