"From Where I Sit …"

"The Markets – Up and Down"

(What should we do?)

First let me say that I am not a licensed investment advisor or trader so by law I cannot give specific advice to anyone about their investments or their portfolios. That being said I can speak [again] to the purposes and intents of the CME Retirement Plan for which I have some responsibility.

Since August 25th, I cannot tell you how many calls I have received about the impact of the stock markets on our Retirement Plan. Questions have ranged from "How are we doing?" to "Is it too late for me to move into the Safe Harbor Plan?" Naturally, these questions arise from the concern felt as we continue to observe the sporadic movement of the various markets.

USA TODAY
06.30.15
A GANNETT COMPANY

IN SPORTS
NANCY ARMOUR
Germans No. 1, but beatable
SEMIFINAL
USA vs. Germany
Tuesday, 7 p.m. ET (Fox)

NEWSLINE
IN NEWS
Iran talks may go beyond deadline
IN MONEY
REM RIEDER

UNITED STATES ▼2.0% | GERMANY ▼3.6% | STOXX 50 INDEX ▼4.2% | JAPAN ▼2.9% | CHINA ▼3.3%

Greece jars global markets; Dow drop worst in 2 years

Over the past 2½ months we have observed that the Dow Jones closed at 18,144 on Tuesday, June 23rd after a high of 18,312 on Tuesday, May 19th and then sink to 17,596 close on Monday June 29th. USA Today noted the drop as the "… worst in 2 years" even though it was only a decline of 2.0%

By July 16th the Dow Jones had risen to a closing of 18,120, but 10 days later on Monday, July 27th it closed down at 17,440. After a slight rise of some 300 points with various fluctuations during the next month, the Dow experienced a serious drop to 15,666 on Tuesday August 25th causing investors to question whether such a drop was indicative of a downturn or a market correction. Another news headline noted the loss as the worst in 4 years. However, after rising to a high of 16,655 two days later on August 27th and then falling to 16,058 on September 1st, at the writing of this article on September 3rd, the Dow Jones had closed at 16,374. In other words, during this season of fluctuations, the markets are quite volatile.

Before I address the question of "What should we do?" let me first note that this decline and this struggle at market stability is not a surprise. I have referenced the potential of a decline in several of my writings (i.e. articles, General Board reports and General Conference report) and we should note that the worst may not be over. Without a crystal ball, no one really knows for sure!

Now to the question of "What should we do?" I will limit my answer to the CME Retirement Plan. I will say again that the CME Retirement Plan has been designed with the primary intent of "long-term" investment. The goal of the Plan is to generate as much income as possible for our participants. Looking over the history of the investment markets, one statistic always stands out: Over time the markets recover losses and then eventually continue to grow.

Regarding the funds held in your CME Retirement account, if you are a participant and below the age to exercise "Safe Harbor", all that can be done is to ride out this season recognizing that the markets eventually recover and a decision by our Plan Trustees to make significant adjustments in a short term period would position the Plan to miss growth opportunities as the markets recover.

However, participants who are at or above the age to exercise "Safe Harbor" should seek counsel from their investment advisors as to the best time to enter the "Safe Harbor" bearing in mind that it is a one-time decision and cannot be undone. The protection of the “Safe Harbor” option is a decision that should be made as a part of a participant’s long-term investment and retirement plan and should not be made solely in response to the volatility of the investment markets. In truth, market volatility is much like a storm; it eventually ends and the sun shines again.

What we should do regarding our investments for our retirement should always be decided by reasoned thought and careful counsel …Or at least that’s the way it looks to me …

“From Where I Sit”

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(Copies of earlier articles may be found on the
Personnel Services Webpage of the CME Website at www.thecmechurch.org)