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PARTICIPANT INSIGHTS

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The Return of Market Volatility

By David Ott, Partner & CIO

For the last couple of years, stocks had been rolling along and picking up steam, when all of the sudden...POW! Stocks hit a wall in early February. While the stock market drop was a surprise, it wasn't really all that surprising. It just feels like it because it's been so long since we've seen market volatility like this.

At the time this issue went to print, the catalyst for the stock market correction appeared to be the ongoing losses in the bond market this year, which were the result of higher inflation expectation due to stronger expected economic growth—the same thing that was sending stocks higher.

At this point, I think it's useful to remember a few things to help deal with lower stock & bond prices and higher volatility:

- Remember your time horizon. If you own stocks, it's probably because you have a long-term time horizon, measured in years or even decades. These day-to-day moves take up more attention than they deserve. Will you remember five years from now that the losses in the first few days of February basically offset what happened in January? Did you remember the spike in volatility from 2015?

- Put the losses in context. In 2017, the S&P 500 was up 21.8 percent. The ten year S&P 500 return through mid-February 2018, which includes this correction as well as the 2008 decline, was still **9.4%** annualized.

- You don't know what's going to happen next. It's easy to extrapolate all kinds of bad things that can happen, but you could have done that with two back-to-back 10 percent corrections in 2015 and 2016. Each reversed themselves before the quarter was over. I'm not saying that history will repeat itself, but I am saying that you never know.

The main thing to remember is that this is all completely normal. The 16 months of low-volatility gains prior to the correction are the exception, not the rule. This volatility should not change your long-term investing strategy.

If you would like review your investment allocation to see how it aligns with your retirement goals and timeframe, or if you just want to talk through your options, feel free to call Acropolis!

Time for Spring Cleaning

By Amy Crews, QKA

Spring makes many of us think about cleaning, whether it's inside or outside your home. From painting to planting, we want to tackle it all when spring arrives!

Try thinking of "Spring Cleaning" in terms of your finances this year too. Here's a checklist of items that may be helpful for you to review:

1. Do you have a budget? January is usually when people set their annual budgets, but it is never too late! Try www.mint.com for a free, easy way to track and monitor your spending with very little ongoing effort.
2. Are you paying for too many monthly subscriptions? Simplify your finances by checking your recent bank or credit card statement to identify recurring charges, then cut the cord on the ones you aren't using.
3. Are you making the most out of your workplace benefits? From retirement plans to wellness, maximize the benefits provided by your employer.
4. Are you carrying credit card debt? Make a plan to pay it off with the "Debt Snowball" method, for example. This is where you pay off your cards in order of smallest to largest balance. Then apply your payment from the paid off card(s) to the next card in line, which "snowballs" the effect to pay those cards off faster!
5. Are you taking advantage of savings tools like Groupon, store coupons, and email discounts? Set up a dedicated email address and sign up for emails from merchants you plan to purchase from, and you'll probably get a discount email, or at least free shipping!
6. Do you have a "rainy day" fund? If not, now is a great time to set a little money aside for when an unexpected expense occurs. Most employers can automatically send a set dollar amount from your paycheck directly to a savings account at your bank or credit union.
7. Get outside! Now is an ideal time to visit places like public parks and outdoor concerts. Make it a game, take a picnic, and you'll be surprised how much you can find to do for little to no money!

Ask Acropolis

By Debra Moran, QPA, QKA

Q: What options are there for college loans?

A: Taking out a student loan means paying interest. You can save money by choosing a loan with a low interest rate. A subsidized loan is your best option. With a subsidized loan, the federal government pays the interest charges while you are in college (at least half time). Here are the types of student loans (with interest rates for loans disbursed on or after 7/1/17 and before 7/1/18):

1) Federal Perkins Loans (Subsidized)

If your college participates, it may award these loans to undergraduate, graduate and professional students with the highest financial need, using federal government money. Your college is the lender. The interest rate is currently 5% and you don't make any loan payments while in college. If you are an undergraduate student, you may be able to receive up to $5,500 a year with a maximum of $27,500. You should apply for federal student aid *as early as possible* to make sure that you are considered for a Perkins Loan. Due to limited funds, not everyone who qualifies will receive one.

2) Federal Direct Subsidized Loans

These need-based loans are available to undergraduate students with financial need. The Department of Education is the lender. They have a fixed current interest rate of 4.45%, and the government pays the interest charges while you're in college. If the student is a dependent, they can borrow up to $3,500 their freshman year, and this limit increases to $4,500 for their sophomore year, and $5,500 for each their junior and senior year. Independent students have different limits.

3) Federal Direct Unsubsidized Loans

These non-need-based government loans also have a current fixed interest rate of 4.45% for undergraduate students and 6% for graduate and professional degree students. The Department of Education is the lender. These loans allow you to borrow more money than a Direct Subsidized Loan alone. You can pay the interest while you're in college or add it to the amount of your loan. The second option means you'll end up paying more money over time.

4) Federal Direct PLUS (Unsubsidized)

These non-need-based government loans allow graduate or professional degree students and parents of dependent undergraduate students to borrow the total cost of attending college, minus any other aid received. They currently have a 7% percent fixed interest rate. The Department of Education is the lender. The borrower must not have adverse credit.

5) Private and State Loans (Unsubsidized)

These loans from banks, colleges, private organizations and state government agencies usually are not need-based or subsidized. They may require good credit, which might mean an adult with good credit must cosign the loan. Interest rates on these loans are often higher than on federal loans, and the rates may rise over time. These loans may also have terms that are not as favorable as those of federal loans.

Keep in mind that to qualify for any Federal loan, you must first fill out a FAFSA. It is wise to start early, as taking on government and private student loans is a very serious consideration. Keep in mind that most debtors won't be able to discharge (wipe out) student loan debt even in Chapter 7 or Chapter 13 bankruptcy. To begin your research, check out **studentaid.ed.gov.** Also don't forget about lower cost options, such as community colleges, to minimize the amount of debt incurred.

Acropolis was born from a *simple* idea:

In an industry where high quality, objective advice is hard to come by, we can make a difference by putting the client's interests above our own.