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INVESTMENT OPTIONS FOR POSTAL EMPLOYEES

By Derrick Lee, Records Secretary Oakland Local APWU #78

I hear postal employees talking about how they can invest with a limited amount of money and get a good return. My immediate response would be to participate in the Thrift Savings Plan (TSP) at work. This is an excellent way to build money over a long period of time. Another option, in addition to the TSP, is to open a Standard & Poor 500 index (S&P 500 index) or Exchange Traded Fund (ETF) at a brokerage such as Charles Schwab or TD Ameritrade. You can open an account with Charles Schwab with no money and have money deposited directly into your brokerage account from your checking or savings account. You can deposit as little as $100 monthly into your account. As your account grows, when the index goes up, the return is larger. For example, a 10% return on $1,000, would be $100. When your account is worth $10,000, a 10% return would be $1,000! It gets better as your account grows. The rest of this article reviews the past performance of the S&P 500 index.

The S&P 500 Index is a diversified group of 500 large stocks on the New York Stock Exchange (NYSE). It is a bellwether of the U.S. economy. Many investors have a S&P 500 index or ETF in their investment portfolio. It is considered a solid long-term investment. However, there may be bad years when the S&P 500 Index suffers a significant decline. If you believe in the strength and future of the U.S. economy, the S&P 500 index would be a good investment. I wanted you to see the past performance of the S&P 500 index since 2007. That way, you can get a solid view of this index. Keep in mind, past performance doesn't guarantee similar results in the future. Many factors affect the stock market like economic, political, environmental, social, and technological events and developments occurring in the world. Any one or a combination of these factors can have a significant impact on the stock market, positive or negative.

Notice the 2008-09 performance when the S&P 500 index dropped -37% due to the mortgage crises. However, within 2 years, the S&P 500 index rebounded over 40%!

2007 - 5.49%	2013 - 32.39%
2008 - (-37%)	2014 - 13.69%

2009 - 26.40%	2015 - 1.38%
2010 - 15.06%	2016 - 11.96%
2011 - 2.11%	2017 - 21.83%
2012 - 16.00%	2018 - 5.76% (to date)

Some economists predict the stock market may drop 10-20% due to rising interest rates and the tariff war with China. It is recommended you use dollar cost averaging to minimize your risk. Invest a set amount of money every month into your index or ETF. If the market drops for one or more months, you will be buying more shares at lower prices. When the shares begin going back up, you'll make more money because you bought more shares at lower prices!!

May all your investments be fruitful!!! 💵💵💰💰💲💲💲

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