



PLAN SPONSOR NEWSLETTER



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THIRD QUARTER 2016 PLAN SPONSOR NEWSLETTER

Multi-article newsletter on current topics for Plan Sponsors

IN THIS ISSUE...

[An Election of Extremes - But a Government of Moderation](#)

[Market Insight Q3 2016](#)

[Plan Sponsors Ask](#)

[Plan Sponsor's Quarterly Calendar](#)

[When Employees Leave, but Plan Accounts Stay](#)

Elections elicit strong emotions. High disapproval ratings for both candidates, as well as Donald Trump's unconventional candidacy, have taken these emotions to another level this cycle. Politics is one of many emotional biases that can work against investors trying to achieve their long-term financial goals. Candidates in office may influence how investors feel about the economy and markets and can get them off track. Separating political views from investment decisions is difficult, and while presidents can set an overall tone for the economy and markets, over the long term the underlying fundamentals of the economy and corporate profits matter more. To read the full letter, click [here](#).



An Election of Extremes - But a Government of Moderation

How Long-Term Investors Should View the 2016 Election

- We are in the midst of a very unusual U.S. election campaign. But for markets, the impact of the election is likely to be more muted than the campaign hype might suggest.
- While imperfect, our system of divided government helps to ensure that no leader can implement his or her policy ideas unfettered. With our base case one of de facto divided government, markets may well be facing a largely status quo outcome.
- Historical analysis suggests that markets tend to favor incumbent candidates in the months leading up to presidential elections, likely because they represent less uncertainty to investors. However, political considerations have proven to be less of a driver for markets over longer periods.
- Regardless of who wins the election, investors should expect a recession at some point during the next four years. While long-term investors should continue to capitalize on the ongoing expansion for now, it will also be important to establish a plan for the next downturn as the cycle matures.



Market Insight 3Q 2016 Review

Stocks Ride Strong July to Solid Q3 Return



U.S. economy accelerated in Q3, but growth remains restrained. Based on data received through early October 2016, third quarter 2016 real gross domestic product (GDP) growth is tracking to 2-3%, following 1.4% growth in the second quarter of 2016 and 0.8% growth in the first quarter. Uncertainty around the United Kingdom's (U.K.) impending exit from the European Union (EU), tepid international growth, and an unusual U.S. election cycle may all be contributing to a more cautious

attitude among consumers and businesses. Manufacturing has been stabilizing but continues to experience only a slow recovery from the impact of falling oil prices and a strengthening dollar. Even at a 2-3% pace, GDP growth may be enough for the Federal Reserve (Fed) to hike rates in late 2016 or early 2017, supported by a labor market that has created, on average, over 225,000 jobs per month over the last three months of data, and rising inflation.

Plan Sponsors Ask...

Questions by Plan Sponsors like you and answers from the experts.

Plan Sponsor's Quarterly Calendar

October, November and December compliance calendar.

When Employees Leave, but Plan Accounts Stay

Work force reductions may leave some employers with low-balance plan accounts owned by

former employees. These accounts can be expensive to maintain and burdensome to administer. In this article, you will find answers to commonly asked questions about handling these small accounts.

[IRS, Retirement Plans](#) | [DOL, EBSA](#) | [401\(k\) Help Center](#) | [PLANSPONSOR Magazine](#)

Please feel free to contact us with any questions or concerns regarding your plan or this newsletter!

Heffernan Retirement Services | 180 Howard Street #200 | San Francisco, CA
www.heffgroupfs.com | 800-437-0045

Rebecca Tapia
Financial Consultant
Education & Communication Specialist
direct: (415) 808-1369
fax: (415) 778-0301
rebeccat@heffgroup.com
www.heffgroupfs.com

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