America and the American Investment Markets learned of and were heavily influenced and impacted by a foreign election in Britain regarding the EU (European Union) and whether Britain would leave the 28-member country organization. History has recorded the decision that shocked Britain, the EU and the world. The world went to bed on Thursday, June 23rd with the expectation that the vote for Britain’s exit (Brexit) would fail only to awaken the next morning with the shocking news that the vote to exit prevailed with serious economic and political implications. Overnight the Prime Minister resigned and Britain went from the 5th largest economy to the 6th.

Without further addressing the political implications, several participants in the CME Church Retirement Plan contacted me with concerns about the effect of the British election and the potential effect of the downturn of the investment markets on our Plan. Although I calmly received their concerns, I too was somewhat concerned about such a downturn occurring so close to the end of our mid-year reporting period. Naturally I responded not to be overly concerned because (as I indicated in last month’s article) the market always rebounds. This was true and especially fortunate for us since the timing was right.

The Brexit vote occurred on Thursday, June 23rd and the Dow Jones Industrials closed that day at 18,011 which was up 230 points from the previous day’s close. However, on Friday, June 24th the Dow dropped over 600 points on the news of the outcome of the vote. Still under the influence of the Thursday vote, the Dow continued to drop the following Monday by another 260 points. One commentator noted that the two-day drop was the 8th worst decline of the market in recent times. But things changed over the remaining three days of June and the Dow recovered 780 of the 871 points that had been lost immediately after the vote. In other words, what the Dow lost in two days resulting from the outcome of the Brexit vote, it recovered over the next three days.

Our strategy of focusing on the “long term” knowing that those participants planning to retire soon had already received the option to move their account into Safe Harbor and the remaining participants, who were in for the long haul, would have the opportunity to see the market recover. On this occasion, our strategy was doubly borne true because of the timing. Had the election been three days later, the immediate effect would have shown in our mid-year reports of June 30th with a significant loss and the subsequent three-day gain would have occurred in the next period.

It is important to understand that we, as Plan Administrators, do not try to time the Market with our allocations or adjustments. Just as we encourage our Participants to calmly develop a strategy for their retirement plans, so we also calmly plan the long-term strategy for the overall Retirement Plan and develop special options for those who are eligible and in need of short-term strategies. We are confident that this is the best strategic approach and it doesn’t hurt at all when the timing is also on our side. Or at least that’s the way it looks to me …”