



Retirement, Investments & Insurance

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INVESTMENT INSIGHTS

MAY 2016

Springtime in Texas



There is no season quite like the springtime in Southeast Texas. Although the winter this year was fairly mild, the feeling of newness always seems to be a part of the spring season. Flowers are blooming, grass is growing, fish are biting, and the smell of baseball is in the air. Hopefully, the Astro's pitching will hold up this year. We also pray for the recovery of our oil and gas industry and the welfare of those who lost their jobs in the downturn.

This month's *Investment Insights* begins with with the challenging economic climate we're facing in the coming months — but it's not all doom and gloom. Second, if you think you'll need a little more time to working things out, we'll share the secrets to living to 100-years young. It will come as no surprise the importance of staying active, proper nutrition, and getting a good night's sleep in living to a ripe old age. Finally, we cover four simple investment strategies that could help you succeed in a "scary" market.

As always, your Community Resource Credit Union is committed to supporting its membership in all seasons. We would be pleased to answer any questions you may have on financial planning or investments. Contact **Robert Head, CFP®** at **281.420.4135**, email at **Robert.Head@crcu.org** or come in and see us at one of our branches.

Cordially,

Robert Head, CFP®
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Community Resource Credit Union
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GROWTH CONTINUES, BUT FACES HEADWINDS

Houston's economy continues to grow, although more slowly than in recent years. The economy is presently being influenced by three forces — one negative and two positive. The growth rate depends on the relative power of each of these three factors:

1. Houston is drilling country. As of late, you may have noticed a downturn in the industry — the largest since the 1980s.* Since peaking in December 2014, the number of jobs in energy exploration and oil field services has fallen 18% as of the end of January 2016, a loss of 19,600 jobs overall.**

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100 YEARS YOUNG

THE SECRETS OF CENTENARIANS



How would you like to blow out 100 birthday candles? More than 84,000 people living in the U.S. today have reached that mark, and the number of centenarians (100-year-olds) is expected to increase to 580,000 by 2040.*

You may assume that your parents' or grandparents' longevity determines your own likelihood for reaching an advanced age, but genes are just a small piece of the puzzle. Many scientists estimate that longevity is based 20% on genetics, with 80% determined by your lifestyle choices and environment.

A DAY IN THE LIFE

A poll of 100 people who turned 100 in 2010 provides a snapshot of the healthy habits that keep them going strong:**

- More than 80% communicate with a friend or family member daily.
- Three out of four eat nutritionally balanced meals every day.
- 75% get eight hours or more of sleep.
- 72% laugh or giggle every day.
- 62% pray, meditate or engage in spiritual activity daily.
- Four in 10 stay active by walking or hiking at least once a week; 31% stay active by gardening.
- 32% of centenarians eat organic foods regularly.
- 17% are currently doing some type of volunteer work.

An increasing proportion of centenarians are also staying sharp by using new technologies: 12% have listened to music on an iPod® or similar device, 11% have watched a video on YouTube and 8% have sent a text or instant message.

COMMUNITY IS KEY

Centenarians often live in close-knit communities where stress levels are low and the connection to nature is high, with a clean environment and plenty of fresh air and good water. Researchers are learning that where you live — and how you live — are significant factors in longevity (read “Lessons from the Oldest People on the Planet”).

Some centenarians claim a single habit as the key to long life, such as doing crossword puzzles, drinking a glass of wine a day or singing in the shower. But it's far more likely that the right combination of healthy habits, social connections, brain-boosting activities, good genes — and a little luck — are the secrets to living 100 years or more.

* Source: U.S. Census Bureau.

** Source: Evercare by United Healthcare May 2010 100@100 Survey, www.Evercare100at100.com.



Lessons from the Oldest People on the Planet

The lifespan of people who belong to communities in longevity hot-spots (also called Blue Zones) worldwide is astounding. Researchers are studying various groups of people to uncover the secrets of long life, including why disease rates are so much lower in Blue Zones than the rest of the world. Dan Buettner, an American explorer, researcher and author, has identified the following as Blue Zones: Nicoya Peninsula, Costa Rica; Sardinia, Italy; Icaria, Greece; the islands of Okinawa, Japan and Loma Linda, California. Check out www.bluezones.com to learn more.

Common healthy traits of centenarians in these areas:

- Family is the highest priority in life.
- Nutrition comes from plant-based diets (especially legumes).
- People are constantly in motion and physically active.
- People are socially engaged with their community.
- They don't smoke.

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INVESTMENT BASICS THAT CAN HELP YOU SUCCEED

To a novice, the world of investments can be overwhelming. With a huge variety of ways you can create an investment portfolio, it's not always easy to know if you are on the right track. Here are four basic ways that you can make your money work for you with investing.

1 Set clear goals. One of the first things you should do when investing is to set a goal for your investment. What do you intend to use the money for and when? Typical investment goals include saving for retirement, college or even a home. When you know how long your money will have to grow, you can choose investments that will help you toward your goal. At CRCU, we can help you analyze your needs and prioritize your goals.

2 Allocate assets appropriately. Proper allocation of assets among classes such as stocks, bonds and cash equivalents protects your entire portfolio of investments from the ups and downs of a single type of investment. By allocating your assets in a way that works with your timeline, goals and risk tolerance, you can work toward an attractive return while managing risk. Asset allocation is one of the most important methods for weathering the volatility of the market. As you get closer to when you'll need your funds, you may want to allocate your assets to less risky investments, lowering chances that you'll lose money and not have time to wait for another market upswing.

3 Make portfolio adjustments. Maintaining your portfolio is an important part of investing. As your investments make gains and losses, you will want to rebalance your portfolio quarterly or annually so it continues to match your goals. You may choose to sell

portions of your portfolio that have increased significantly and use those funds to purchase additional units of assets that have declined or increased at a lesser rate. Or you may just direct new money to the underperforming assets. Rebalancing your portfolio is especially important if your investment strategy or risk tolerance has changed.

4 Keep expenses in check. The lower your investment expenses, the more money you have available to compound and earn returns. You can help keep your expenses in check by making sure you understand all fees before investing and seeking ways you may be able to keep them lower. Typically, these fees

come in two types — transaction fees and ongoing fees. If you make many transactions, you'll likely see transaction fees quickly add up. Ongoing fees may include investment advisory fees, annual operating expenses and fees to maintain your account. Be aware of expense ratios when choosing investments, too.

Your money can work as hard as you do. If you want to get started with investing, an investment professional at Community Resource Credit Union can help. Why not arrange a consultation by calling us today at **281.422.3611**, go online at **crcu.org**, or visit one of our branches at Decker Drive or Alexander Drive.



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GROWTH CONTINUES, BUT FACES HEADWINDS

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2. Good news: This drilling slump is not accompanied by a U.S. or global recession, which makes it unlike typical downturns in recent years. Most of Houston's job growth comes from broad national economic trends. This includes growth in the leisure and hospitality, health care, education and retail sectors.*

3. More good news: In our own backyard, in Baytown, the downstream refining and petrochemical industries are experiencing a huge construction boom. More than \$50 billion in projects are underway in Houston, and another 10,000 Houston-based construction workers are expected to be hired this year.*

The slowdown, however, has put the brakes on residential construction. The value of residential building permits in Houston fell 51% from February 2015 to February 2016. But it appears that — so far, at least — the industrial projects you see in Baytown have been more than enough to compensate for the downturn in other construction sectors. Houston saw a net gain of 12,600 construction jobs in 2015.**

WHAT'S AHEAD?

It's difficult to predict when oil prices will increase significantly. When prices started to drop from the June 2014 peak, many people assumed that U.S. production would quickly decline, supply and demand would soon rebalance, and prices would recover. But U.S.

production did not decline as rapidly as anticipated, though it has begun falling off now. And even when global production and consumption rebalance, a significant price increase is far from guaranteed because of large global inventories, estimated at 3 billion barrels by the International Energy Agency.** Those surpluses may have to be drawn down quite a bit before markets tighten and prices rise.

HERE FOR YOU THROUGH THICK AND THIN

Through upswings and downturns, Community Resource Credit Union is a local partner who understands your unique challenges and opportunities. CFS Financial Advisors[®] stand ready to help you work toward your goals in any economic environment. Call a CFS Financial Advisor for an appointment at **281.422.3611, ext. 1135**, or select "Investments" at crcu.org.

* Source: University of Houston, Bauer College of Business, Institute for Regional Forecasting, March 10, 2016.

** Source: Greater Houston Partnership, "Economy at a Glance," March 2016.

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