

LIVING IN A GLOBAL WORLD

This is the first of three articles designed to give you some context on and more information about our Western Metal Industry Pension Plan.

If you're old enough, you might remember a television commercial that used the tagline, "Reach out and touch someone." Imagine the notion of having to encourage people to use the telephone. How things have changed. Not only can you reach out and immediately connect with nearly any one at any place, what you say and do can influence and "touch" many around the world via the internet. As a recent example, the death of a young Seattle girl in a car accident moved people (through media coverage) to contribute millions to her charity effort – far surpassing the initial, modest goal.

We are more connected than ever and the connections span across the globe (and have widespread ramifications). This means what happens in the United States affects other countries and what happens in other countries affects us here – sometimes in significant ways. Take our economic situation here in the States; just as the US began to recover, the European financial foundation shook and threatened their stability. Short term, it boomeranged back to the US and has had a noticeable and negative effect on our recovery. These connections are more direct than many of us realize.

Consider Greece as an example – news of its economic woes rippled through the world's financial system and greatly affected the US marketplace and investments – affecting US investments in 401(k) plans and pension plans. Greece is so small, it might seem remarkable that this tiny economy could "reach out and touch us" in the US. Here's how we're connected: Your pension plan is invested in the financial markets, like every other pension and 401(k) plan. So when Greece's debt crisis threatens to affect its European neighbors, it impacts adjacent countries and banks around the world that have invested in them – US banks included. Many have loaned significant money that is now at risk. With all the connections, everyone feels the ripple effect.

Financial markets are complex and sometimes tenuous. It's one of the few places where just a thought or idea of something can have an actual, measurable effect. This means mere perceptions can move markets. Just talk of deals made to ease the Greece debt crisis in late October last year moved the US markets up by 3%, according to USA Today.

While we can't change the world markets, it's important to recognize the value of a longer-term perspective, which is how the pension plan has invested. To get a much better idea of how the pension plan has fared over the years, visit next month to read the second of the three articles, 40 Years and Counting.