

Q2 22 Retirement Plan Services



Investment Reaction to a Volatile Stock Market

The stock market just dropped and so did your stomach! You feel like you're on a roller coaster. Should you sell or change investments? Making changes in your retirement plan, especially moving to cash, based on world-wide political and economic events rather than staying the course can come at a high cost. Do you worry about the war in Ukraine and its potential ramifications? Is your stomach churning with recent market volatility? If you answered yes, you're not alone.

However...

1. If you change your current investment choices when the market is low, you lock in the losses.
2. And most likely you'll miss out on longer-term gains as it's difficult to determine the best time to get back into the market.

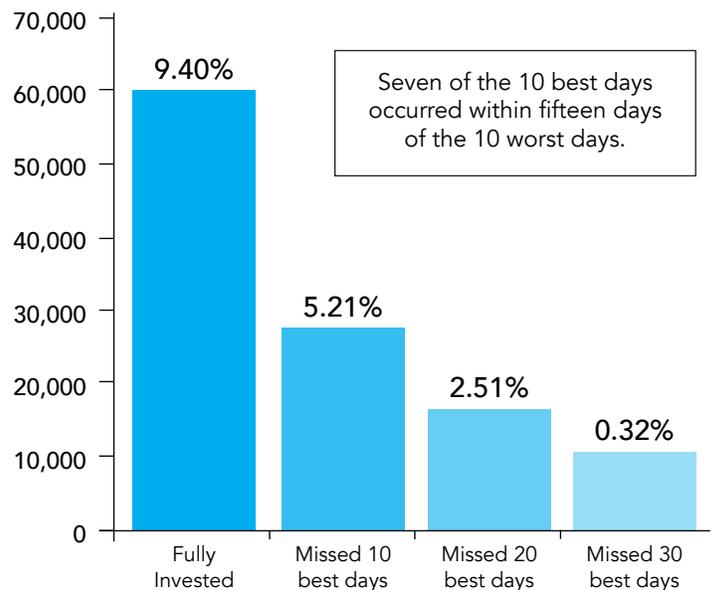
Think instead:

SHORT TERM PAIN = LONG TERM GAIN

Staying in your current investment choices allows you to take part in the market's growth story. Steady investors take advantage of lower prices and are rewarded as the market recovers. Timing the market is tough. Anxious investors aren't always sure when to make a move or they jump back in when prices are high, missing an opportunity to buy on sale.

Note the callout in the chart below: Seven of the 10 best days occurred within about two weeks of the 10 worst days. Don't let emotions impact your investment decisions. If you respond emotionally to market fluctuations, rather than strategically, there could be a 70% chance you'll miss one of the best days. Investing for the long term in a diversified portfolio can result in a better retirement outcome.

Annualized performance of a \$10,000 investment between January 2002 and January 2022 (\$)



Source: Factset. Returns are based on the S&P 500 Total Return Index. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data is as of January 31, 2022.



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