

SURVIVING A VOLATILE STOCK MARKET MEANS MASTERING YOUR EMOTIONS

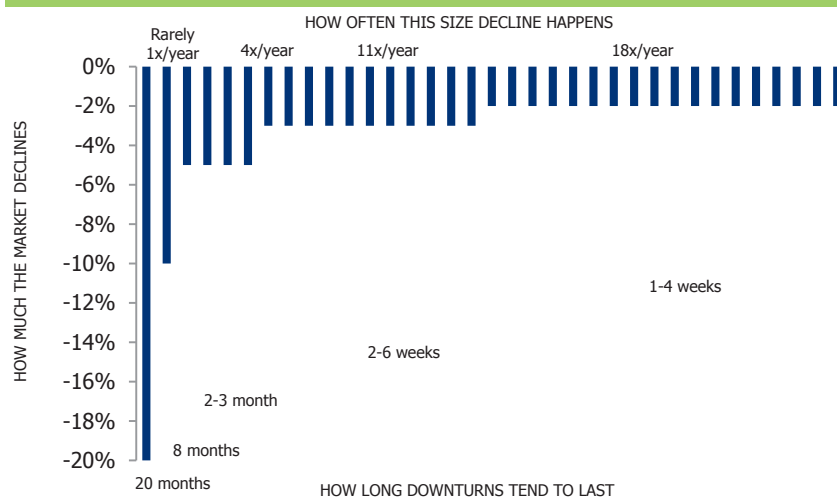
Some retirement plan investors are their own worst enemies when dealing with a volatile stock market. That's because people tend to make investment choices based on how they feel rather than what they know.

There's a whole psychology on the subject called Behavioral Finance. Some scientists in this field suggest that people may be hard-wired to make irrational investment decisions. Knowing this can be a first step toward taking better control of your retirement future. Consider these facts:

Market downturns are normal.

With very few exceptions, the stock market has gone down by 5%, or more, at least once, every year since 1995. Pullbacks of 2% to 3% are even more common. For these, the market usually fully recovers within a few weeks. The bigger declines are much more rare, but people remember them because they last longer when they happen.¹ The key is to also remember that adjustments are a normal part of market activity. It's important to make decisions based on an investment strategy rather than a short-term event.

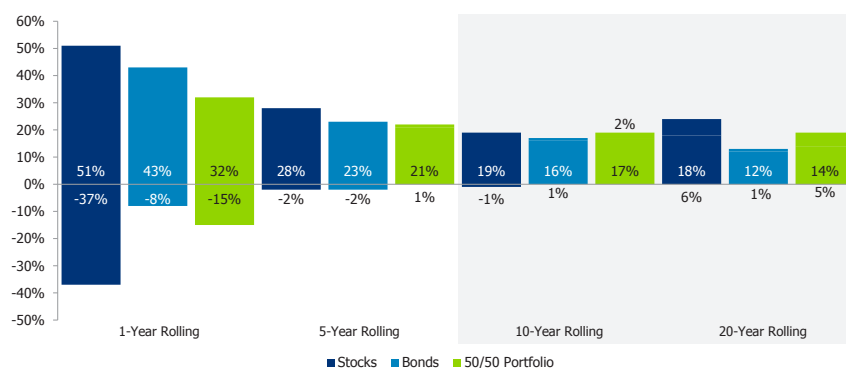
FREQUENCY OF STOCK MARKET DOWNTURNS¹



For long-term investors, markets usually trend upward.

When markets fall, they tend to do it far and fast. When they go up, they do it more slowly and in smaller increments. Fortunately, in the past, markets tended to go up more often than they went down. Over time, that tendency lead to more positive long-term results.² The chart shows the range of historic market returns over several time periods and for three different investing styles. For 10- and 20-year periods, markets had more positive results than negative. That's good news for long-term investors, like those in retirement plans.

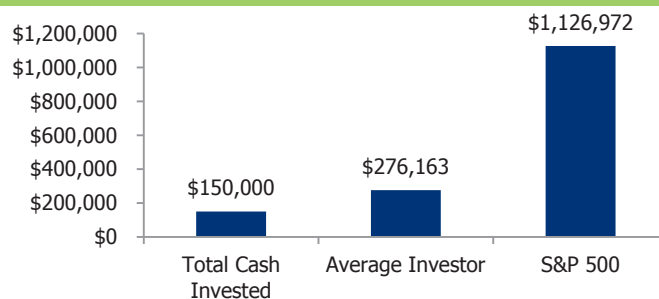
RANGE OF RETURNS²



Trying to time the market can be costly.

Over the past decade, the typical mutual fund investor's returns were almost 30% less than the market's.³ That loss came from decisions people made trying to time the market rather than managing to a strategy. Multiply that difference by the 20- or 30-year timeframe of a typical retirement account, and it can add up to significant dollars.

\$5,000 PER YEAR INVESTED³



When the stock market does well, it's easy to think about long-term investing and riding out the occasional downturn. In fact, 76% of investors claim they would stick to their investment strategy in a volatile market.⁴ In reality, though, most people still tend to make the mistake of buying high and selling low.³

There are steps you can take to avoid those mistakes. Remembering the facts may help you manage through stock market ups and downs. Consider this common approach:

1. Have a strategy.

Assess your tolerance for risk, your personal goals, and your time horizon. Use that insight to create a plan and try to stick to that plan even when the market makes big moves, up or down.

2. Diversify.

Different kinds of investments react differently to market changes. Choosing a mix of options can help smooth the ride. The "ups" may not go as high, but the "downs" may not fall as low, either.

3. Get help.

Most retirement plans offer ready-made solutions to help you diversify your investments. Target Date Funds, model portfolios or risk-based investments can be easy ways to choose a single option that still gives you a mix of funds. Your retirement website likely has tools, too, that can help you measure how you feel about risk, research investments or set up a rebalancing plan.

Contact your retirement plan service provider to find out more.

When the market does well, it's easy to think about long-term investing.

Footnotes

1 Standard & Poor's, FactSet, J.P. Morgan Asset Management. Returns based on price index and do not include dividends. For illustrative purposes only. Data are as of 01/31/15.

2 Barclay's Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, J.P. Morgan Asset Management. Data are as of 01/31/15.

3 DALBAR, Investment Company Institute (ICI), Standard & Poor's and Barclay Capital Index Products, 2014.

4 Wells Fargo/Gallup Investor and Retirement Optimism Index Survey, 2014.

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