The South Florida Resource for Qualified Retirement Plans

FASTEN YOUR SEATBELT

Surviving Market Turbulence

The current economic downturn and the turbulent investment markets can make people nervous. Recognize these events as a normal, although undesirable, part of the economic and investment cycles. With that in mind, following are some tips for investors in a turbulent time.

Don't panic. Some people may be tempted to bail out of their stock investments if markets are having a particularly rough ride. Selling solely because the stock market tumbles may be the worst thing to do.

Stay invested. If you're investing for a long-term goal —such as a retirement that begins in another decade or more and could last two or three decades—you'll have plenty of time to ride out market cycles. As the table below shows, missing some of the best days in the market can significantly reduce your gains over the years. An investor who missed the market's best 15 days for the 24-year period ending December 31, 2015, earned an average of 4.06% less per year than an investor who never left the market through all of the ups and downs.

Missing the Best Days in the Market Substantially Reduced Returns

January 1, 1991 – December 31, 2015	S&P 500 Annualized Total Returns	Growth of $10,000
All trading days	9.82%	$103,951
Minus 1 best day	9.34%	$93,163
Minus 5 best days	8.03%	$68,691
Minus 15 best days	5.76%	$40,591
Minus 25 best days	3.92%	$26,137

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As of 12/31/2015. Source: Standard and Poor's and Kmotion Research. This example is for illustrative purposes only and is not indicative of the performance of any investment. It does not reflect the impact of taxes, management fees, or sales charges. The Standard and Poor's 500 Index (S&P 500) is a weighted, unmanaged index composed of 500 stocks believed to be a broad indicator of stock price movements. Investors cannot buy or invest directly in market indexes or averages. Past performance is no guarantee of future results.

If the stock market posted gains and losses every other year, imagine what you would lose by selling after a dip. Where would you put your money? A money market account might earn a steady 1.5%, but, that won't even keep up with the average long-term inflation rate of 3.1%.

Keep a long-term perspective. It's easiest to stay the course if you focus on your major life goals and not on the market's day-to-day or month-to-month movements. Look at your quarterly account statements, stay on top of major current financial events, and plan to do a thorough review of your investments—asset allocation, investment performance and progress towards your goals—once a year.

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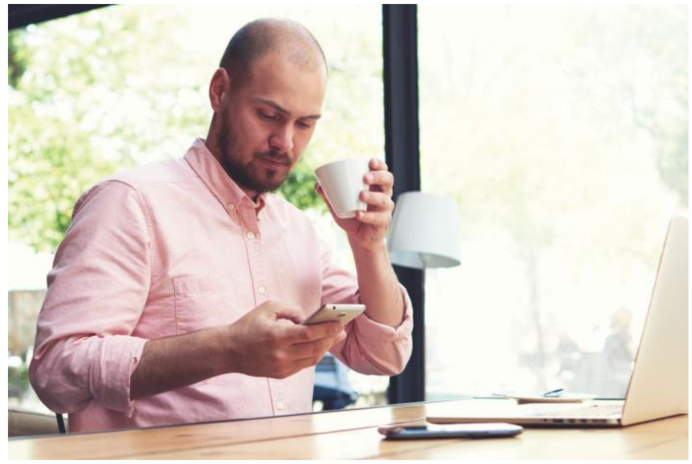

Dollar cost average. One of the most effective approaches to investing is dollar cost averaging. You simply commit to investing the same dollar amount on a regular basis. When the price of shares in a stock or investment portfolio rises, you'll buy fewer shares, and when the price dips, you'll buy more.[1]

Maintain a diversified portfolio. Diversification lowers your risk because historically not all parts of the market move in the same direction at the same time. Losses in one area may be balanced out by gains elsewhere.[2]

Know your risk tolerance. If you find stock investments to be too risky for your taste—for example, if you can't sleep at night because you're worrying about your stocks,—maybe you should consider a safer, steadier ride.

Make thoughtful moves. If you make changes to your investments, do so in a thoughtful way, and after careful consideration. Talking with a financial advisor could be a good first move.

[1] Dollar cost averaging involves continuous investment in securities regardless of fluctuation in price levels of such securities. An investor should consider their ability to continue purchasing through fluctuating price levels. Such a plan does not assure a profit and does not protect against loss in declining markets.

[2] There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.