Understand market volatility

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Invest with a long-term focus

Tune out the noise – Staying focused on your retirement goals in a volatile market can be a challenge. But if you can maintain a long-term perspective, investing can be an effective way to financially prepare yourself for retirement.

Investing for the long term in a short-term-focused world

During times of market volatility, it's easy to get caught up in the buzz of the here and now. Newspaper headlines and TV programs can make it feel like current market trends are here to stay.

You may sometimes wonder if it would be easier to keep your money out of the market entirely to avoid the ups and downs.

Short-term market fluctuations can be unnerving for anyone. But a disciplined, long-term approach to investing has the potential to generate earnings that compound over time, helping you pursue your retirement goals.

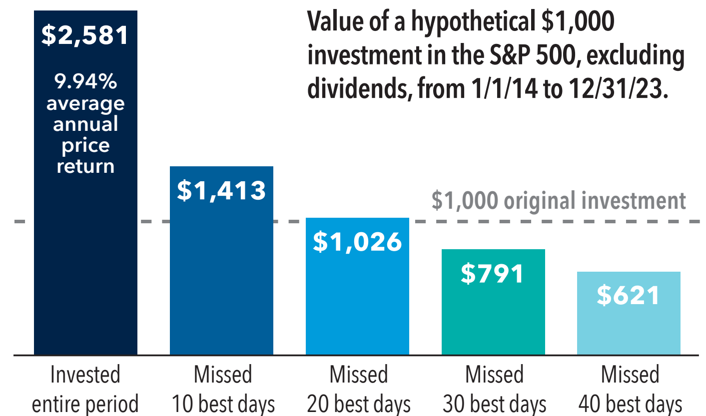
Focus on time *in* the market

When investing for retirement, it's important to have a long-term focus. History has shown that trying to "time" the market actually can hurt your results.

During downturns, it's not uncommon for investors who fear further declines to want to move their money out of the market. Unfortunately, these investors sometimes do so at the very worst times, such as near a market low.

To improve your chances for success, it's better to focus on maximizing how much you're saving *and* how long you're invested in the market.

The power of staying invested



Sources: RIMES, Standard & Poor's. Values in USD. Past results are not predictive of future results. Past results shown exclude dividends because market highs and lows are determined using the capital return of the market, exclusive of dividends. The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

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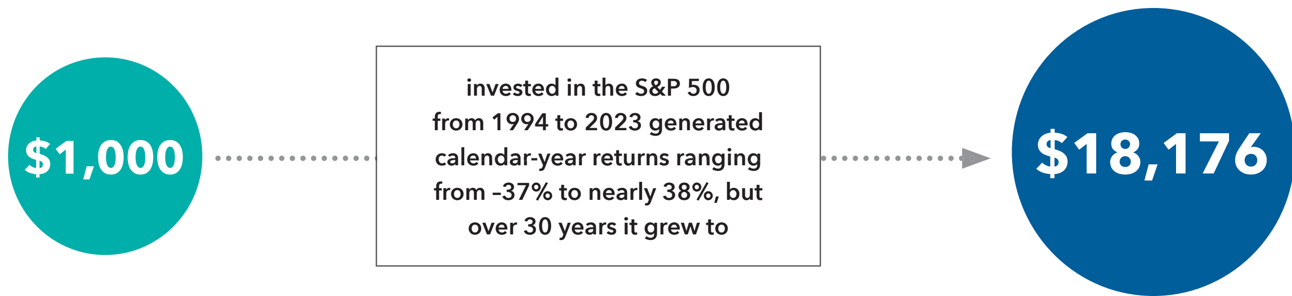
Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

A long-term approach can pay off



Returns in this hypothetical example are based on an investment of $1,000 in the S&P 500 Index from 1/1/94 to 12/31/23 and reflect dividends reinvested. The S&P 500 is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index. Past results are not predictive of future results.

Let your earnings compound

Some who grow weary of short-term market volatility choose instead to try to "save" their way to retirement without investing. But without good investment returns, it can be difficult to accumulate enough money for retirement.

By learning to invest with a long-term perspective, you can benefit from growth potential and compounded earnings, which is when the earnings on your investments produce additional earnings. Although your investment is subject to the volatility of the stock market, this process can help you reach your long-term goals.

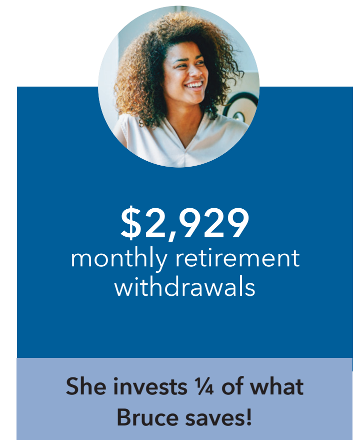
The value of a return

Bruce keeps his money out of the market and does not earn a return.

He saves **$1,000/month.**

Allison invests in a hypothetical investment earning an 8% annual return.

She invests **$250/month.**



She invests ¼ of what Bruce saves!

These hypothetical examples assume a 40-year accumulation period, an 8% average annual return compounded monthly and a 4% annual withdrawal rate after the accumulation period. These examples are point-in-time views and as such do not take into account any growth or loss during retirement. Without investment growth/loss during retirement, a 4% annual withdrawal rate would deplete retirement savings in 25 years. The examples are for illustrative purposes only and do not reflect the results of any particular investment, which may differ, or taxes that may be owed on tax-deferred contributions, including a potential 10% penalty for withdrawals taken before age 59½. Regular investing does not ensure a profit or protect against loss in a declining market.

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- Since 1931, we have invested with a long-term focus and attention to risk.
- More than half of the nearly 67 million investor accounts are retirement accounts.*

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* As of December 31, 2023.

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