

What is market volatility?

When a drop in the stock market occurs, it's easy to get discouraged or nervous about your retirement savings — but don't panic

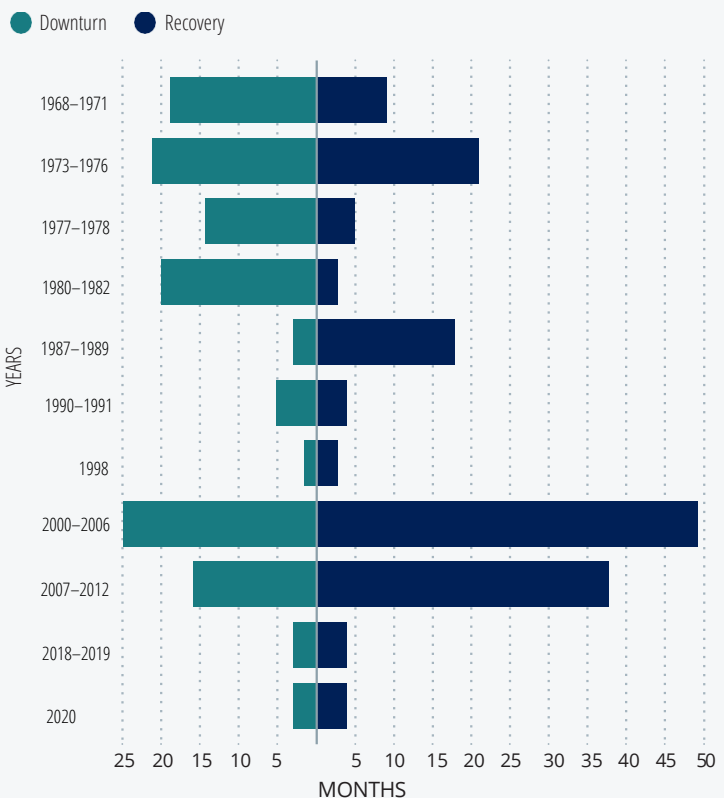
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Market volatility is a normal and inevitable part of the stock market cycle and should be factored into your long-term investment strategy. Understanding and sticking to your strategy through a volatile period may ease your worries and help you reach your retirement goals.

Familiarizing yourself with the history of the stock market could also give you peace of mind — this graph shows historical stock market drops that were followed by periods of recovery.

Past performance is not a guarantee of future results.

Market downturns and recovery periods 1968–2020



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How can I best manage risk?

Understand your risk tolerance

When determining an investment strategy that will help you meet your retirement goals, consider factors like your current age, your desired retirement age, and your current savings to determine how much risk or volatility you are comfortable with. If you have plenty of time before retirement, you might feel comfortable creating an aggressive portfolio that, while typically characterized by high growth potential, could be subject to greater short-term fluctuations.

However, if you are nearing retirement and will need to access your money soon, you may want to consider a more conservative portfolio that shields you from short-term fluctuations.

Diversify your portfolio

Spreading your assets across different classes in more than one market segment is one step you can take to reduce the impact of market volatility on your investment portfolio. This approach is called diversification.

During times of market volatility, diversified portfolios may perform better. When you purchase a variety of stocks and bonds across various industries, gains in one segment can offset losses in another, which may result in a more stable overall performance.

Don't try timing the market

It's tempting to try, but taking your money out of the market in order to avoid the worst days could end up setting you back. The market's unpredictable nature means it might improve drastically on any given day, and missing out on the best days may result in significant losses compared to simply riding out market volatility.



Missing the market's best days can affect your return on investment

(2003–2022)

5.59% ... VS ... **9.80%**
return **WITHOUT** return **WITH**
10 best days 10 best days

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An index is not actively managed, does not have a defined investment objective, and does not incur fees or expenses. Performance of an index fund will generally be less than its benchmark index. You cannot invest directly in an index.

► Have questions? Call 844-465-4455 and we'll help you understand your options.

As with any financial decision, we encourage you to discuss your options with a financial advisor and consider costs, risks, investment options, and limitations prior to investing. You should choose the option that is right for you and your specific situation.

Diversification does not ensure a profit or protect against loss.

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¿Qué es la volatilidad del mercado?

Cuando ocurre una caída en el mercado de valores, es fácil desanimarse o ponerse nervioso acerca de sus ahorros para la jubilación, pero no entre en pánico.

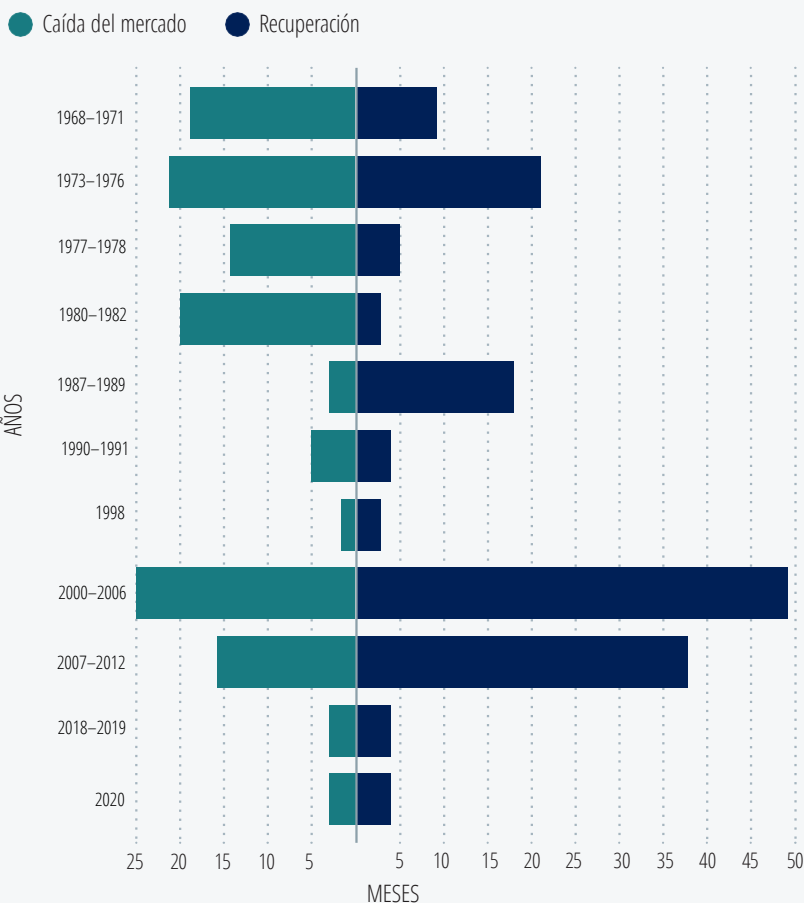
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La volatilidad del mercado es una parte normal e inevitable del ciclo del mercado de valores y debe tenerse en cuenta en su estrategia de inversión a largo plazo. Comprender y no desviarse de su estrategia durante un período volátil puede aliviar sus preocupaciones y ayudarle a alcanzar sus objetivos para la jubilación.

Familiarizarse con la historia del mercado de valores también podría brindarle tranquilidad: este gráfico muestra caídas históricas del mercado de valores que fueron seguidas por períodos de recuperación.

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Caídas del mercado y períodos de recuperación, 1968–2020



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¿Cómo puedo controlar mejor el riesgo?

Conozca su tolerancia al riesgo

Al determinar una estrategia de inversión que le ayudará a alcanzar sus objetivos para la jubilación, considere factores como su edad actual, la edad a la que desea jubilarse y sus ahorros actuales, para determinar con cuánto riesgo o volatilidad se siente cómodo. Si tiene mucho tiempo antes de jubilarse, puede que se sienta confortable creando una cartera agresiva que, aunque suele caracterizarse por un alto potencial de crecimiento, podría estar sujeta a mayores fluctuaciones a corto plazo.

Sin embargo, si se está acercando a la jubilación y necesitará acceder a su dinero pronto, puede que le convenga considerar una cartera más conservadora que le proteja de las fluctuaciones a corto plazo.

Diversifique su cartera

Un paso que puede tomar para reducir el impacto de la volatilidad del mercado en su cartera de inversiones, es asignar sus activos a diferentes clases en más de un segmento de mercado. Este enfoque se llama diversificación.

Durante los tiempos de volatilidad del mercado, las carteras diversificadas pueden desempeñarse mejor. Cuando compra una variedad de acciones y bonos de diversas industrias, las ganancias en un segmento pueden compensar las pérdidas en otro, lo que puede resultar en un desempeño general más estable.

No intente adelantarse a los movimientos del mercado

Es tentador intentarlo, pero sacar su dinero del mercado para evitar los peores días podría resultar en pérdidas. La naturaleza impredecible del mercado significa que podría mejorar drásticamente en un día determinado. Perderse los mejores días puede generar pérdidas significativas en comparación con capear simplemente la volatilidad del mercado.



Perderse los mejores días del mercado
puede afectar su retorno sobre la inversión

(2003–2022)

5.59 %	...	VS.	...	9.80 %
retorno SIN				retorno CON
los 10 mejores días				los 10 mejores días

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► ¿Alguna pregunta? Llame al 844-465-4455 y le ayudaremos a comprender sus opciones.

Al igual que con cualquier decisión financiera, le instamos a que analice sus opciones con un asesor financiero y considere los costos, riesgos, opciones de inversión y limitaciones antes de invertir. Debe elegir la opción adecuada para usted y su situación específica.

La diversificación no garantiza ganancias ni protege contra pérdidas.

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