BUILDING BLOCKS FOR RETIREMENT

Investment Strategy

Stay the Course in Uncertain and Volatile Times

With the market's volatile start to the year, it's understandable why retirement plan participants may be concerned. It's often the fear of the unknown that causes individuals to act on emotion and make investment decisions they may later regret. Right now, we are facing continued market volatility primarily due to increased inflationary pressures, higher interest rate expectations, and uncertainty stemming from the Russia and Ukraine conflict.

Although the current geopolitical conflict will likely contribute to increased short-term market volatility and higher energy prices, historically, geopolitical crises do not generally have sustained, long-term market consequences. To demonstrate this point, consider a review of twelve historical events that included, the 2003 Iraq War, 1979 Iranian hostage crisis and the 1962 Cuban missile crisis, among others. In nine of the twelve events, the market as defined by the S&P 500 Index, was higher a year after the conflict ended, with an average gain of 8.6%.[1]

Below are **three strategies** to consider that may help protect retirement plan accounts during unavoidable market volatility:

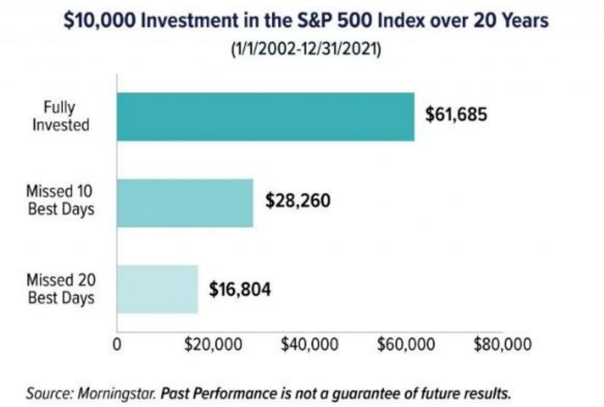
The Importance of a Diversified Portfolio

Times of increased market volatility come as an important reminder to maintain a diversified portfolio that is not concentrated in any specific geographic region or asset class. This may decrease risk while simultaneously increasing the potential for investment returns. Diversification may reduce the severity of market fluctuations since different assets classes have varying degrees of correlation with each other and, therefore, experience different returns. Holding a variety of asset classes may reduce the likelihood that any one asset class may have a disproportionate adverse effect upon your retirement portfolio.

[1] Truist Advisory Services - https://www.reuters.com/markets/europe/markets-churn-over-russia-ukraine-conflict-history-shows-fleeting-impact-2022-02-14/

Staying in the Market Can Be More Important Than Timing the Market

Often an appropriate strategy is to stay invested during periods of volatility and not try to time the market. Take a look at the chart below. Over the past 20 years, $10,000 invested in the S&P 500 Index has grown to over $60,000. However, if an investor missed the 10 best days of market performance over that time frame, their investment would be less than half that amount. And if they missed the 20 best days, their investment return would have been 72% lower.



The Power of Rebalancing

Rebalancing can be a powerful tool for your retirement account. It provides a way to stay aligned with your risk profile and alter your asset allocation, as appropriate, to help stay on track with your long-term goals.

Market volatility is a normal occurrence when investing in the financial markets. It is important to remember that having a disciplined approach and staying the course are often the best tactics for long-term success.

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