Riding the Market Roller Coaster

Almost everyone has taken a roller coaster ride. The ride is exciting for its exhilarating ascents and gut-wrenching drops. But because of the sudden turns, you can't tell how steep each climb or fall will be—or when they will occur.

Investing in stocks and bonds can sometimes be like a roller coaster ride, whether you are a first-time investor or an old hand. Like a roller coaster, stock and bond prices move up and down, sometimes suddenly and sharply. Yet there is little you or anyone can do to predict with accuracy when, how fast, and how much prices will decline or bounce back.

Believe it or not, the "mix" of your investments has as much of an impact on your savings' performance as the markets' ups and downs. So, if you have found a mix of stocks and fixed-income investments that suits your personal investment goals, time horizon, and risk tolerance, stick with it. In the long run, you won't have to worry about the sharp turns ahead—and any sudden drops will be easier to ride out.

Easier said than done, right? Here are a few tips to help you stay on track during the bumpy times...Investment Guidelines for Uncertain Times

- Don't panic. It's human nature to be nervous, but remember, whether you are close to retirement or have long-term investment goals, staying the course and focusing on your strategy can help you manage market fluctuations and navigate different cycles effectively.
- Don't let the markets dictate your investment mix. Use your investment goals, time horizon, and risk tolerance—rather than market direction—to help you build a sound investment program.
- Don't abandon stocks and bonds. Over time, stocks have offered capital growth and protection against inflation. Bonds typically offer higher potential returns than less risky money market funds or investment contracts.
- Don't make quick changes; do it gradually. Most experts will tell you that moving your savings around quickly in hopes of again or to avoid a loss is seldom successful. Make necessary changes over time, rather than moving a large sum all at once. (As a plan participant, your first step might be to change how your future contributions are invested.)
- Be diversified. When you balance your investments—that is, spread your savings among stocks and fixed income investments—the rewards of one type (for instance, income from fixed-income investments) can help offset the risks from another (such as a decline in the price of stocks).

Remember, investing is a personal journey. Find a strategy that works for you and stick with it, even during challenging times. While the ride may have its ups and downs, maintaining your course can help you achieve your financial goals, regardless of your investment horizon.

In Stormy Weather…Could a Pre-Arranged Portfolio Be the Answer?

The Pre-Arranged Portfolios have got you covered, even if you're within five years of retirement.

With life expectancy increasing, even at retirement you may still have 20 years or more to live on your retirement savings. These savings need to be able to continue to grow in real terms, net of inflation, as long as you are likely to last. The Pre-Arranged Portfolio mixes are designed to do just that.

In these times of economic uncertainty, many are asking the question, "What should I do to deal with market volatility?" In order to arrive at the correct answer, there are several key factors that you should consider. How is your portfolio currently allocated? When was the last time you rebalanced your portfolio? Has your time horizon changed? Are you now much closer to retirement than you were when you chose your investment options?

Perhaps now, more than ever, is the time for you to choose one of the Pre-Arranged Portfolios. Pick the Pre-Arranged Portfolio that best suits you. The portfolios will be professionally managed for you from then on.

The 12 Pre-Arranged Portfolios are made up of varying percentages of the Plan's fixed income and equity investments. Each Portfolio's name contains a date that corresponds to the year in which you may expect to retire. For example, the 2045 Fund is designed for employees who expect to retire on or around the year 2045. As you age, the underlying mix of investments within the portfolio automatically shifts to become more conservative. For more information on the Pre-Arranged Portfolios please visit our website.

Closing Comments

Dollar Cost Averaging Certainly Helps in Uncertain Times

A key benefit for Deferred Compensation participants is the built-in advantage of dollar cost averaging through automatic payroll deductions. Dollar cost averaging is regularly investing a set dollar amount. It allows you to purchase more shares when stock prices are low and fewer shares when stock prices are high. This strategy helps you reduce your average cost per share over time and may increase overall returns. Dollar cost averaging does not eliminate risk but it does lessen the amount of loss in declining markets and increases the opportunities for gains in rising markets.