INVESTMENT STRATEGIES FOR TURBULENT MARKETS

Ten effective steps to lower your stress in a stock market decline

1. Don't Panic

Service members are trained to deal with fear by preparing for dangerous situations. The better prepared they are, the more effectively they perform. So, be prepared. Understand that investing in stocks involves risk. Accept that they will decline in value at some point. The market does not advance without periodic pullbacks.

2. Seek Advice

Your preparation for stock market volatility should include working with investment and tax professionals who can provide objective guidance. It's hard to be dispassionate about your own money.

3. Study History

Part of your preparation for the inevitable pullback is to consider those that came before. They are all gone. Declines are typically short-lived. Advances have tended to be longer.

4. Look to the Future

While past performance does not guarantee future returns, it does inform them. Long-term stock market returns are predictable within known parameters. Look at the average risk and return on stocks over time to see how they might impact your future financial goals.

5. Do the Math

Most people don't need to "beat the market" to achieve their financial goals. Calculate the return you need to fund yours. Then, make sure your portfolio is structured appropriately to achieve it. Our investment specialists can help with this.

6. Revisit Your Financial Plan

If your overall plan leaves you short, you may need to adjust it. That might mean saving more, postponing retirement or adjusting your financial goals lower.

7. Adjust Your Asset Allocation

Reviewing your plan may show that your portfolio's expected return (as Goldilocks might say) is too high, too low, or just right (relative to your risk tolerance). Adjusting your asset allocation may help modify your portfolio's expected risk and return. Fine-tuning the proportion of stocks and bonds may help raise or lower both.

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8. Manage Cap Gains

Work with a tax professional to help optimize adjustments to your portfolio. A market downturn may provide opportunities to sell some holdings at a loss to offset taxable gains you may have taken.

9. Consider Growth and Income Funds

If you end up adding stocks to your asset allocation, consider those that pay a dividend. Growth and income (i.e., balanced) funds may provide a source of income without sacrificing capital appreciation opportunities. Broad stock market declines often translate into higher dividend yields and may help improve your total return.

10. Automate Your Investments

Consider adding or increasing an Automated Investment Plan (AIP) to the mutual funds you own. An AIP enables you to invest a set amount every month and avoid timing the market. It also helps you take advantage of the power of compounding...the return generated on your returns.[1]

If you have any questions, please call us at 800.235.8396 or visit our website or mobile app for more information.

[1] Automatic investment plans do not assure a profit or loss of investment in a declining market.

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