The value of being a long-term investor in a volatile market

It’s only natural to be concerned with the economy and how it affects your personal financial circumstances. Though retirement may be a faraway thought for many of us, the truth is that the volatility of the stock market today may challenge the decisions you’ve made on funding your retirement.

When markets are uncertain, it can be tempting to move all your assets into less risky investments. Economic strains may even lead you to delay investing altogether.

Yet history tell us that downturns are a normal part of the market cycle, and investors who stick to a consistent strategy tend to come out ahead.

This chart illustrates why it may be a good idea to stay the course and keep investing through volatile markets. Panicking and taking your money out of the market may result in missing the days when the market recovers and potentially provides the greatest return on your investment.

The cost of missing the market’s best days

If you had missed the market’s 10 best days over the last 20 years, your total return would have been 3.62% less.

FOR ILLUSTRATIVE PURPOSES ONLY. Source: Morningstar Direct. S&P 500 returns January 1, 2000, through December 31, 2019. Returns expressed as total returns. This chart is intended for illustrative purposes only; it is not investment advice. Past performance is not a guarantee of future results. Calculations relating to lost investment return created by Advised Assets Group LLC, a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company (GWL&A).
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.

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

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