Navigating volatile markets

Most people will encounter a rocky market at some point when saving for retirement. But if you have a long-term strategy in place, you can stick with your plan when the trail gets rough and avoid making potentially costly moves out of panic.

Stay the course

Fidelity looked at 401(k) investors who completely moved out of stocks during the financial crisis of 2008–2009. In the 10 years following the downturn (as of December 2019) their accounts grew **210%,** largely because they continued to contribute. Those who stayed invested, on the other hand, saw their account balances rise by **356%,** driven by market growth, their own contributions, and any employer contributions.

Fidelity INVESTMENTS

Plotting your course

When you have decades to plan for retirement, you should consider saving and investing strategies that focus on long-term growth. If you have a plan and stick to it, you can take a lot of the emotion out of your decision-making. So, how do you stay on course when you encounter rough terrain?

- Determine your long-term investment strategy. Don't just plan for today, but consider your overall time horizon, tolerance for risk, and financial situation

- Decide if you want to manage your own investments or get help. If you don't want to do it alone, a target date fund or managed account may be a better choice for you.

- Consider saving at least enough to take full advantage of any company matching contributions, and aim to save at least 15% of your salary in your workplace plan, including company match.

* Based on Fidelity analysis of 23,000 corporate DC plans (including advisor-sold DC) and 17.1 million participants as of 12/31/2019. Investors who got out of stocks refers to 401(k) participants who went to a 0% equity allocation between Q1'08 – Q1'09 and Q1'20; those who stayed invested refers to 401(k) participants who maintained some equity exposure between Q1'08-Q1'09 and Q1'20. In both populations, the majority continued to make new contributions. Withdrawals are not accounted for.

Investing involves risk, including risk of loss.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

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