Tips for Surviving Market Swings During COVID-19 Virus Uncertainty

When thinking about COVID-19, the future can feel uncertain. If you're worried or anxious, you're not alone. Many people are concerned.

While you can't control what happens, when it comes to saving for your retirement, you can choose how to react. These tips can help you decide.

Don't Panic

On March 16, the S&P 500 suffered its worst decline since the 1987 stock market crash. It's tempting to think about getting out of the stock market. But selling because the stock market suffered a big loss over a short time may be the worst thing to do.

History shows us that the stock market has recovered over time, despite economic problems, terrorism or the 2008 housing bubble burst. It's important to keep this in mind.

What feels like a catastrophe in the markets during a difficult period of time may be a distant memory a few years later. After all, when was the last time you thought about the market impact of 1987's Black Monday? Or the Great Recession?

Think Long Term

For many people, retirement savings is their largest investment and the one they're most concerned about. If you're saving for a long-term goal like retirement, you should have plenty of time to ride this out.

Staying Invested in the Stock Market: A Recent History Lesson

On March 9, 2009, the S&P 500 Index hit a months-long financial low. Fast forward to 10 years later, the index's return over that decade was 400.1% or 17.5% per year. Pulling money out of the market – even for a few weeks – can cost you.

Annualized Total Returns Excluding Total Number of Top % Gain Days: March 9, 2009 – March 8, 2019	
Stayed invested the whole time	17.5%
Missed the 10 days with the biggest gains	12.1%
Missed the 20 days with the biggest gains	8.6%
Missed the 30 days with the biggest gains	5.6%

Source: Standard & Poor's; Kmotion Research. This information is for illustrative purposes only and not indicative of the performance of any investment. It does not reflect the impact of taxes, management fees, or sales charges. The Standard and Poor's 500 Index (S&P 500) is a weighted, unmanaged index composed of 500 stocks believed to be a broad indicator of stock price movements. Investors cannot buy or invest directly in market indexes or averages. Past performance is no guarantee of future results.

Mix It Up (Diversification)

Diversification means having your portfolio spread among stocks, bonds and cash equivalents, which can lower your risk. That's because not all parts of the market move in the same direction at the same time. Losses in one category, such as stocks, may be offset by gains in another, such as bonds and cash equivalents[1].

The Big Picture: Jan. 1, 2000 – Dec. 31, 2019

S&P 500 delivered an average annual return of 7.68%.

BONDS delivered an average annual return of 5.08%.

STABLE ASSETS delivered an average annual return of 1.79%.

INFLATION has averaged 2.17% a year.

Source: Kmotion Research; Callan Institute, https://www.callan.com/periodic-table/. Past performance does not guarantee future results.

Keep Dollar Cost Averaging in Mind

Dollar cost averaging means you commit to investing the same dollar amount regularly, just like you're doing with your retirement plan. When stock prices or an investment portfolio drops, you're actually buying more shares. And when the price goes back up, you'll be buying fewer shares. Over the long term, this gives you an opportunity to lower your average cost per share[2].

Be Real About Your Risk Comfort

When you started saving for retirement, you may have taken a risk comfort quiz so you could pick your investments. If you're not able to sleep at night because of market swings, you might need to think about having more conservative investments in the future. You can find a risk comfort quiz on standard.com/retirement/education, under Calculators, What Kind of Investor Am I?

Be Thoughtful – A Financial Professional Can Help

If you do make changes to your investments, try and do it thoughtfully. Talk to friends and family. Read articles from a trusted source. And if you haven't already, consider talking with a financial advisor to get their perspective and guidance.

1 There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

2 Dollar cost averaging involves continuous investment in securities regardless of fluctuation in price levels of such securities. An investor should consider their ability to continue purchasing through fluctuating price levels. Such a plan does not assure a profit and does not protect against loss in declining markets.

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