

# Keeping calm in choppy waters

Most people will encounter a stormy 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 water gets choppy and avoid making potentially costly moves out of panic.

## Riding out a storm

Although it may be tempting to get out of stocks when the market turns volatile, such efforts tend to backfire. Fidelity looked at 401(k) investors who completely moved out of stocks during the financial crisis of 2008-2009. Their accounts have since grown 157%, largely because they continued to contribute. Those who stayed invested, on the other hand, saw their account balances rise by 240%, driven by both market growth and their own contributions.

AVERAGE BALANCE: INVESTORS WHO GOT OUT OF STOCKS\*

2008

\$89,000

2017

\$223,000

AVERAGE BALANCE: THOSE WHO STAYED INVESTED\*

2008

\$79,000

2017

\$267,000

## 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 choppy waters?

- ★ Determine your investment strategy. Factors to consider include your time horizon, financial situation, and tolerance for risk.
- ★ 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.

All data is based on Fidelity analysis of 22,200 corporate DC plans (including advisor-sold DC) and 15.0 million participants as of 06/30/2017.

\* Investors who got out of stocks refers to 401(k) participants who went to a 0% equity allocation between Q1'08 – Q1'09; those who stayed invested refers to 401(k) participants who maintained some equity exposure between Q1'08-Q1'09. 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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