Retirement Savings Education, Simplified | Second Quarter 2022

SIMPLYPUT

Rolling with the Volatility Punches

Mike Tyson once said, "*everyone has a plan, until they get hit in the mouth.*" This holds true to how many investors respond once they are faced with a volatile market.

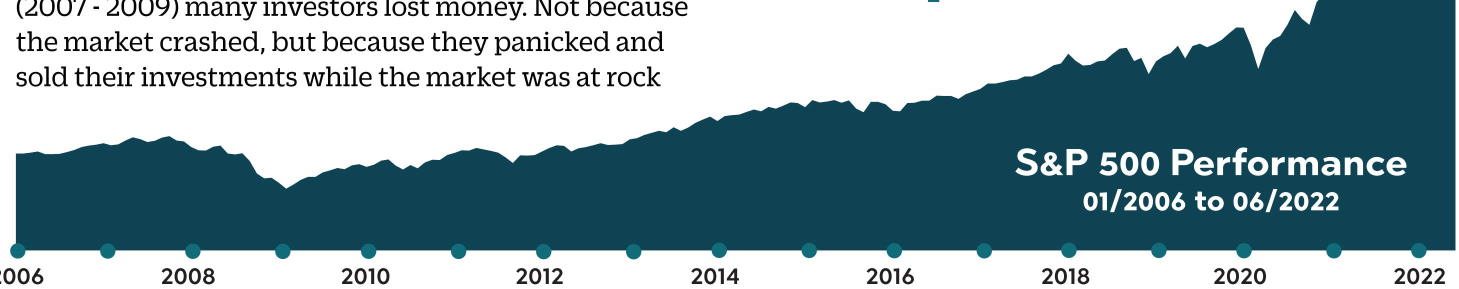
No matter how much planning you put into your investment strategy or how much research you've done on past market performance, when that first (or second or third) bout of market volatility hits your account, you will panic – like the majority of investors are doing now. In the heat of a down market, it's normal to want to escape the situation and flee the pain of losing money. **Before you make any life-changing financial decisions based on panic-induced fear, ask yourself: "*Am I willing to sacrifice my long-term goals for immediate relief from a temporary situation?*"** If your answer is "no", it's time to put your chin down, gloves up, and fight your way through these low blow stock market movements.

Staying disciplined can help you save more over time.

Despite past crashes, recessions, and financial crises, the stock market has continued to climb upward over time; reinforcing the importance of a long-term investment strategy. **Remember, market volatility is completely normal, and you will be hit with financial victories and losses throughout your investing career.** How you respond to setbacks is what really matters.

For example, during the global financial crisis (2007 - 2009) many investors lost money. Not because the market crashed, but because they panicked and sold their investments while the market was at rock bottom. If they would have continued investing throughout the financial crisis, they would have more than made up their losses.

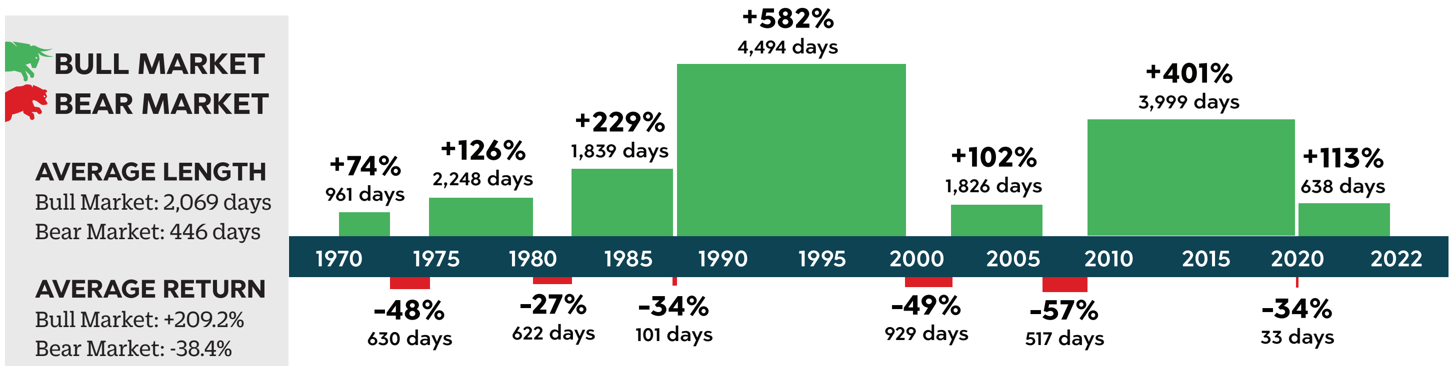
"Despite past crashes, recessions, and financial crisis, the stock market has continued to climb upward over time."



Past performance is no guarantee of future results

Bear markets tend to be shorter than bull markets.

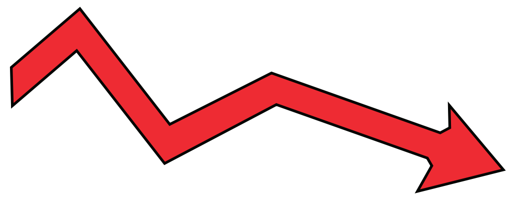
Market downturns happen and they are more common than you think. The good news is that they don't last or at least they haven't in the past. The average bear market – when securities fall for a sustained period of time – has historically lasted roughly 15 months and resulted in an average loss of 38.4%. The longest bear market lasted a little over two years and the shortest occurred in 2020 for a mere 33 days. While no one can predict future performance, its reassuring to know positive markets have historically been more frequent and longer than negative markets.



Source: Schwab Center for Financial Research with data provided by Bloomberg. Data as of 12/31/2021.

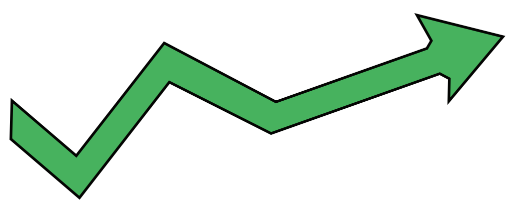
Diversification can help you go toe-to-toe with market volatility.

Diversification is an investment strategy that aims to help you manage risk. Rather than investing in a single or select few asset classes, spreading your investments across a variety of assets classes avoids having *all your eggs in one basket*. Diversification is one of the best tools you can have in your corner as an investor during periods of market volatility.

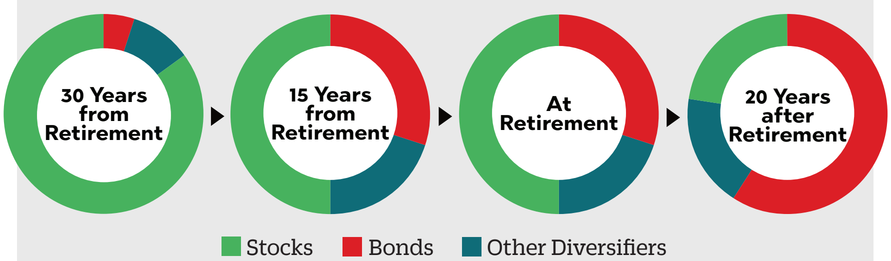


ASK YOURSELF:

"Am I willing to sacrifice my long-term goals for immediate relief from a temporary situation?"



Target Date Funds automatically shift from higher risk to more conservative over time.



For illustrative purposes only.

Going the distance with target date funds.

To take the guesswork out of diversifying your investments, the MO Deferred Comp Plan has designed 13 target date funds; each containing a mix of stocks, bonds, and other investments best suited for you and your career stage. The further away the target date is – i.e. Missouri 2060 Fund – the more risky and potentially lucrative the fund may be. Each fund automatically rebalances over time to become more conservative up to – and through – its target retirement date.