



A Plan to Address Volatility

In recent years, market volatility has not been a major issue. Over the past year, however, the volatility has begun to concern some investors. Is there cause for concern? No, stock market corrections are an inevitable part of investing.

One of the problems in dealing with a decline is that you don't know at first whether it's just a slight dip or a longer, more serious correction. A look back at stock market history since 1900 shows declines have varied widely in intensity, length and frequency. The study below shows how frequently declines in the Dow Jones Industrial AverageSM have occurred since 1900. As you can see, they have been regular events:

Type of Decline	Average Frequency	Average Duration*
Routine (-5% or more)	About 3 times per year	47 days
Moderate (-10% or more)	About once per year	114 days
Severe (-15% or more)	About once every 2 years	216 days
Bear Market (-20% or more)	About once every 3.5 years	332 days

Source: Capital Research and Management Company, as measured by the unmanaged Dow Jones Industrial Average - a popular indicator of the stock market based on the average closing prices of 30 active U.S. stocks representative of the overall economy. Assumes 50% recovery rate of lost value. *Measures market high to market low.

Living with a market decline isn't easy. No one can predict consistently when market declines will happen. It's easy to look back today and say with hindsight that the stock market was overvalued at a particular time and due for a decline. The first thing you should do during any market upheaval is to examine your investment goals, time horizon, risk tolerance and financial circumstances. Have any of these changed since the last time you made your investment elections? Market declines may prompt you to re-examine your strategy, even though you might not want to make any changes.

There is only one strategy to ensure capturing the best days: **remain invested for the entire period**. Stay on track, continue your strategy. Stock market cycles often cause investors to do the wrong thing at the wrong time. Historically, during periods when equity returns have been low, many have left – at a time when stock values have been most attractive. Avoid the classic error of selling low and buying high; be patient and remain invested. We stand ready to answer questions about your portfolio and strategy at any time. Please do not hesitate to contact us at 1-800-880-401k.

The Dow Jones Industrial Average is a popular indicator of the stock market based on the average closing prices of 30 active U.S. stocks representative of the overall economy. Past performance is no guarantee of future results.

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