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Market volatility

Stock market volatility can leave you feeling unsettled. These periods of uncertainty may be uncomfortable, even for the most seasoned investors, but it's important to keep perspective while pursuing your long-term financial goals.

At Equitable, we're here to help you navigate through volatility so you can make smart choices based on your needs, not on the market's ups and downs.

Things to remember when it comes to market volatility

- Maintain a long-term perspective rather than reacting to daily events.
- Remain focused on the big picture and make sure your risk tolerance is in line with your portfolio.
- Remember that trying to time the market is extremely difficult to do and market lows often result in emotional decision-making.
- Keep in mind long-term investors have historically seen less volatility. The longer an investor stays invested, the greater the potential for an overall positive return.

What is market volatility?

When investments move up and down (and back again), that's volatility. More specifically, it's a measure of how consistently or inconsistently an investment or index has performed compared with either a benchmark or its own historical average.

We can talk about volatility of a single investment, like a stock, or an entire market. One important thing to know about volatility is that it's a totally normal part of investing.

Staying invested with dollar-cost averaging*

Investments that are bought and sold daily, like those traded on the New York Stock Exchange for example, fluctuate in price in response to market activity. This is the nature of investment markets and there is no way to avoid these price fluctuations. However, the market ups and downs create the opportunity for potential gains, as well as losses, so your goal may be to help smooth out returns.

Dollar-cost averaging is an investing principle that allows you to do just that. It can help even out the impact of market volatility on your retirement plan portfolio.

There are three steps to dollar-cost averaging:

1 | **Invest the same amount of money.**

2 | **Invest on a regular (consistent) basis.**

3 | **Stay invested for a long period of time.**

When market performance is impossible to predict, it is unlikely that an investor can consistently make purchases when prices are at their lowest. So, dollar-cost averaging is an effective way to take advantage of the growth opportunities when prices are higher, and the ability to purchase more shares when prices are lower.

* Dollar-cost averaging does not assure a profit, nor does it protect against loss in declining markets. To be effective, there must be a continuous investment regardless of price fluctuations. Investors should consider their financial ability to continue to make purchases through periods of low-price levels.

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Retirement plan investments may be subject to risk, including loss of principal. Withdrawals from retirement plans are subject to ordinary income tax treatment and, if taken prior to age 59½, may be subject to an additional 10% income tax penalty.

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