

Investing Through Good Times and Bad

Sticking with it for long-term returns

provided by Jude Wilson RFC, MBA

Your long-term investment plan is a commitment to your future, and not something to abandon based on downturns in the economy or financial markets. Saving for your retirement and other long-term goals is a practice to stick with through good times and bad, until and even after you've reached retirement or other goals. In fact, even those who have reached retirement age need to continue to manage their investment plan, as most of us won't withdraw all our money as soon as we've hit retirement age.

While many individuals have sought the safety of fixed income markets during the economy's recent downturn, the down market has actually created an ideal time to start a long-term investment plan, or to continue to contribute to an existing one. While no one can safely predict the market bottom, a down market is full of opportunities to purchase equities at lower costs. Yet many investors have fled equity markets for what they consider "safer" returns. Consider that if you moved your money into a "safe" money market account earning 2% when inflation is 3%, then \$1,000 of your money today would be worth only \$543.79 (in today's dollars) in 20 years. And, consider that if you stayed invested in equities, even if were to take as many as 10 years for the Dow

to work its way back to its previous highs, at an annual rate of 7 percent, your portfolio still would have done significantly better than had you moved your money into Treasury-bills. Pulling your money out of equities means missed opportunities for growth.

Investing regularly is a way to hedge against uncertainty. In fact, what's important is not when you invest, but how much you invest regularly over the long-term. Adding in factors such as putting your investments into a balanced asset allocation mix designed for your situation and taking full advantage of tax-advantage savings will help you capitalize on opportunities, minimize risk and ideally maximize return over the long term. Not panicking and pulling money out of equity markets, which results in locking in losses, and continuing to invest in your long-term investment plan when prices are low is part of your commitment to reaching your long-term goals.

By investing slowly and staying invested over the course of many years, your investment portfolio is bound to suffer periods of ups and downs. Yet you'll also be sure not to miss the market's best days and windows of opportunity. Consider that if you invested \$1,000

in the stocks of an S&P 500 Index Fund, if you stayed invested for 20 years, your money would grow to \$4,940. Yet if you had pulled your money out of the market and missed even just the best 25 days, your money would have grown to only \$1,332.

Your financial future is too important to gamble on trying to time the market. Staying invested and riding out short term waves to achieve your long-term goals, while sometimes unsettling, is a commitment you owe to your future. Please call my office today if you have questions about your account or investing for the long-term. My goal is to help you plan for retirement.

**Hypothetical \$1,000 Investment
over a 20-Year Time Period
(1988-2008)¹**

If you...

Stayed Invested	\$4,940
Missed the Top 5 Days	\$3,000
Missed the Top 15 Days	\$2,002
Missed the Top 25 Days	\$1,332

Jude Wilson RFC, MBA is a Representative with First Allied Securities and may be reached at 407-377-6622 or jude@wilsongroup-fm.com. Securities and advisory services offered through First Allied Securities, Inc., a registered broker dealer, Member FINRA/SIPC.

These are the views of Peter Montoya Inc., not the named Representative nor Broker/Dealer, and should not be construed as investment advice. Neither the named Representative nor Broker/Dealer gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The publisher is not engaged in rendering legal, accounting or other professional services. If other expert assistance is needed, the reader is advised to engage the services of a competent professional. Please consult your Financial Advisor for further information.

Citations.

1 Source of table: Ned Davis Research, 12/31/08. This chart shows the results of a \$1,000 hypothetical investment in the stocks of the S&P 500 Index on 12/31/88 held through 12/31/08 compared to similar hypothetical investments in stocks that were not invested on the days that were the market highs during the period. The S&P 500 is a broad-based measure of domestic stock market performance that includes the reinvestment of dividends. The index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Due to ongoing market volatility, current performance may be more or less than the results shown in this chart. The performance information does not show the effects of income taxes on an individual's investment. Taxes may reduce actual investment returns on any gains realized if the investment is sold. An investor's shares, when redeemed, may be worth more or less than the original cost. Past performance does not guarantee future results.