

Your Hartford Financial Services Group

Financial News



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Weathering Market Downturns

No matter how much you've invested in your retirement plan, keeping your eye on the financial markets makes sense. But markets fluctuate daily, and market downturns can test your confidence. Predicting the duration and lasting effect of any downturn is extremely difficult. So when you think market changes are serious enough for you to take action, it's best not to go it alone.

If possible, talk with a financial professional to see how market declines may affect your portfolio. By keeping your focus on your long-term interests, you may avoid making decisions based on emotions alone. Here are some ways to handle market fluctuations with more confidence.

Keep it in perspective.

Market performance changes daily—and so does news coverage of market events. While a slow news day can change the way market moves are reported, it's important to see the market in the context of long-term trends. Keeping these investment basics in mind can also help you maintain a more balanced outlook:

- know your goals
- take your time
- diversify your portfolio
- stick to your plan

Review your goals, time line and risk tolerance.

A market downturn gives you a chance to review your savings goals and the time frame you had in mind when you started investing. If the goals—say, college bills or retirement—are still several years off, you may want to do nothing and ride out the downturn. You may also want to think about your personal comfort level with investment risk. Just remember that all investments possess some element of risk, including the possible loss of principal.

If some of your investment time frames are approaching, you may want to speak with a financial professional about adjusting your portfolio to help insulate against future losses. But keep in mind that even if you have a shorter time frame, abandoning the stock market during a downturn may not be the best idea, as you may miss the opportunity to make up for any losses you've incurred.

Time is on your side.

Time is one of an investor's greatest allies, so knowing when you need your money is almost as important as

knowing why you need it. Over nearly all long-term periods—five, 10, 20 years and more—stock returns, as represented by the Standard & Poor's 500 Index (S&P 500), have outpaced inflation.*

So, while a market downturn may result in some short- to intermediate-term losses, your long-term returns might still be in line with your retirement goals. Lower prices during a market downturn can also be a buying opportunity. The key is knowing the value of time—and using it to your advantage.

Historically, there's been no better way to reduce the risk of stocks and enhance potential returns than through long-term investing. However, remember that investments in stocks can fluctuate in value and, when redeemed, may be worth more or less than the original cost. Past performance is no guarantee of future results.

Keep your portfolio in balance.

Smart investors also know that diversification—investing in different types of investments and markets—allows them to pursue opportunity while providing a level of protection against heavy losses in any one investment. Take a look at your portfolio with a financial professional, if possible, to make sure you've got an appropriate investment mix for your goals and risk tolerance. Keep in mind that diversification does not guarantee a profit or protect against a loss.

Stick to your plan.

If you're properly prepared with a long-term plan, the best response in a down market may be to do nothing.

Whatever you do, stay informed. A stock market downturn can test your confidence, but it's no time for hasty actions. A disciplined, long-term program is your best strategy for weathering short-term changes in any investment climate.

**Source: Lipper. Common stocks generally have provided an opportunity for more capital appreciation than fixed income investments but have also been subject to greater market fluctuations. The S&P 500 is an unmanaged, commonly used measure of common stock total return performance. It is not possible to invest directly in an index. Hypothetical results are for illustrative purposes only and are not intended to represent the future performance of any investment option. ●*

A little old lady was sitting on a park bench in Trailer Estates, a Florida mobile home park. A man walked over and sits down on the other end of the bench.

After a few moments, the woman asks, "Are you a stranger here?"

He replies, "I lived here years ago."

"So, where were you all these years?"

"In prison," he says.

"Why did they put you in prison?"

He looked at her, and very quietly said, "I killed my wife."

"Oh!" said the woman.

"So you're single..."

Career Survival

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