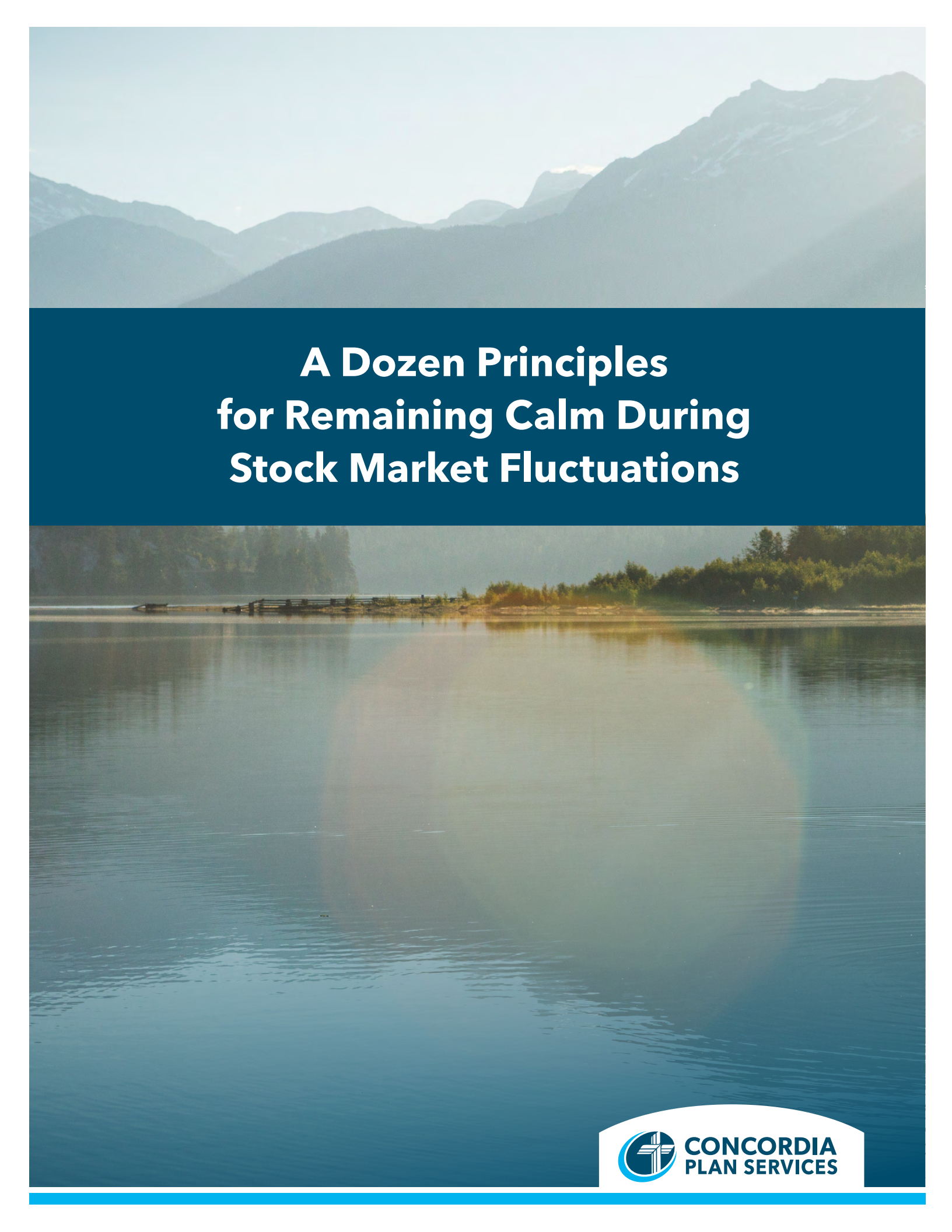




A Dozen Principles for Remaining Calm During Stock Market Fluctuations

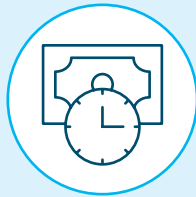


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As a participant in the Concordia Retirement Savings Plan 403(b), you might keep a close eye on your account balance as you plan for your financial future. You may occasionally notice a decrease in your 403(b) balance due to a fall in stock and bond markets. Don't panic! Stock market fluctuations that impact your account tend to toy with your emotions. But allowing emotional reactions to dictate your investment decisions is a sure path to investment heartbreak. As Warren Buffett says, "the stock market is a manic depressive" and his advice is to "stay calm as an investor."¹

Staying calm and maintaining disciplined habits are the keys to long-term investment success, but that is often easier said than done. Remembering basic principles can help you stay cool and collected during periods of turmoil. Below is a review of twelve principles to keep in mind as a participant in the 403(b) or other similar investment vehicles.

1. You're a long-term investor.



If you're contributing to a 403(b), 401(k) or IRA you're investing for retirement and therefore you're a long-term investor. This may be clear early in your career, but it's also true if you're nearing retirement. Generally, one does not "cash in" their 403(b) balance on the first day of retirement but, instead, maintains a portion of those assets in the market for another 10, 15, 20 or more years. Your investment portfolio should adjust over time as you approach retirement, but the portion of your assets allocated to stocks has a long-term objective.

2. Maintain a well-diversified portfolio.

A well-diversified portfolio is technical jargon for "don't put all your eggs in one basket" and is a key element to long-term investment success. You don't want to invest all your money in one area of the market but instead spread it around. ProManage, our partner in the 403(b), designs a diversified portfolio for you and maintains that diversification over the course of your working career. Unless you have elected out of this feature, they're helping you maintain proper diversification.



3. Stock market declines are normal.

The market always has and always will go up and down. A decline in the stock market of 5% or more has happened, on average, twice per year since 1954. A decline of 10% or more has happened about once every 18 months. A decline of more than 15% happens about once every three years, and a decline of more than 20% has occurred about once every six years.² Aside from these periods of decline, the market generally goes up.

¹ <https://www.fool.com/investing/2020/06/30/7-investing-lessons-you-can-learn-from-warren-buff.aspx#>

² <https://www.capitalgroup.com/retirement/participant/basics/volatile-market/market-declines.html>



4. Stock market declines are necessary.

Without the risk of a decline, there is no reward from the increases. Like many things in life there is a correlation between risk and reward. We often take risks hoping for a reward on the other end. Significant life decisions like taking a new job or moving to a new town all come with risk, and usually it pays off. Without taking the risk, the reward would never be realized. Without stock market risk (the potential for decline) there is no stock market reward.

5. Stock market declines are relatively short-lived.

Since World War II, market corrections, which are declines of at least 10%, have lasted 133 days on average. Bear markets are typically defined as declines of greater than 20%. Since World War II, there have been 11 periods of 20%-or-greater declines in the S&P 500, lasting roughly 12 months on average. Smaller declines of less than 10% occur frequently and may last only days or weeks. These environments can be difficult; however, they are shorter than the average bull market, which lasts 67 months on average.³

6. The stock market always achieves new highs.

The stock market's long-term trend is up. It doesn't go up in a straight line, but it does go up over time and has always reached new highs. You can simply look at an S&P 500 Index or Dow Jones Industrial Average chart on a source like Yahoo! Finance to see this trend.



7. The stock market makes money.

In fact, it makes money most years. For the period 1980 through 2025, the S&P 500 (one measurement of the stock market) had a positive annual return 35 of those 46 years⁴ – that's 76% of the time.

8. But it doesn't make money every day.

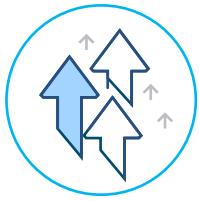
There was a decline at some point during each of those 46 years mentioned above (1980-2025). The market does not make money every quarter, every month or every day. But it does make money.

9. No one can predict it. Period.

No one has consistently predicted the market. That includes your relative, neighbor or the talking heads on TV. In fact, about the only "prediction" that holds true is – the stock market goes up and down, but it mostly goes up.

³ <https://www.capitalgroup.com/advisor/insights/articles/5-charts-market-volatility-perspective.html>

⁴ <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/principles-for-investing/>



10. After a decline, the market generally recovers quickly.

The average 12-month return after a 15% or greater market decline is 52%.⁵ Stay invested so you don't miss out on quick recoveries.

11. Time in the market, not timing the market.

"Timing the market" is the practice of getting out of the market right before a decline and getting in right before it goes back up. It is extremely difficult (if not impossible) to achieve long-term success with this approach. One factor is that market gains often come in short spurts and often the best days come on the heels of the worst days.⁶ Missing these best days can have a lasting impact.

For example, being fully invested in the S&P 500 the last 30 years (1995-2025) would have yielded you a 10.3% annualized return. But if you were to miss the 10 best days your annualized return would have dropped to 7.4%. If you missed the best 20 days your return dropped to 5.4%.⁷ "Time in the market" (staying invested over a long period) is the more likely path to success.

12. The value reflected on your statement is valid for one day.

The balance of your 403(b) on any given day is simply the value of your investments on that specific day. It's the price you would receive if you sold your entire portfolio on that day. In other words, your statement acts as an offer letter. It reads "If you had sold your portfolio on this particular day, this is what I would have paid you for it." If you don't like the offer, then don't sell. The offer will be different tomorrow, next month, next year and many years from now.



Ultimately, the key is keeping your eye on the long term and not losing sight of your goals. Overreacting to market fluctuations is not in your best interest. Don't let the emotions you feel when you see a loss overshadow your long-term investment strategy. Remember the principles above, and although it may be tough – stay calm and remain disciplined in your saving and investment habits.

Our Financial Education Team is here to help

If you have questions about saving in the Concordia Retirement Savings Plan 403(b), the ProManage PROgram™ or investing in general, the Financial Education Team is available to help. Our compassionate Financial Educators are experts in their fields, each holding professional certifications and designations. They are ready to help you take the next step and their financial services are absolutely free.

Contact us with your questions or set up a one-on-one by emailing MoneyMatters@ConcordiaPlans.org or calling 314-885-6865.

⁵ <https://www.capitalgroup.com/advisor/insights/articles/5-charts-market-volatility-perspective.html>

⁶ <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/principles-for-investing/>

⁷ <https://www.invesco.com/us-rest/contentdetail?contentId=a9b2a3dd-29a7-4302-ab86-814c4886a73c>

Questions?

CALL 888-927-7526

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