



INVESTING FOR THE LONG TERM

A dependable retirement plan requires thoughtful planning and the proper mindset. The stock market can be intimidating and volatile, but the way you react to market conditions can determine the long-term success or failure of your portfolio. With life expectancies continuing to increase, even the wealthiest run the risk of exhausting their savings. In building a nest egg capable of supporting a lengthy retirement, it is important to recognize the most common mistakes made by today's investors:

- Mistake #1: Pulling Out of the Market
 - Uneasy feelings during a down market are completely human. However, taking money out of an investment because of a market downturn has shown to hurt long-term performance more than if the investment had been left untouched. In fact, difficult market conditions often create attractively priced opportunities to invest in promising companies.
- Mistake #2: Going with the Herd
 - It can be extremely tempting to jump on the investor bandwagon, entering a position in a stock when sentiment is high and exiting when investors are doubtful. However, this translates to buying high and selling low- which is never a good thing.
- Mistake #3: Anchoring
 - Anchoring, which is basing an investment decision on irrelevant data such as a quick drop in a stock's price, is a naïve strategy used by investors in an attempt to capture value. Attempting to time the market off of uninformed decisions is not a sustainable way to find solid long-term investments.

Key Takeaway

Volatility and market corrections are a natural part of investing. Letting emotion dictate your investment decisions will lead to the mistakes outlined above, and will hurt returns. In order to base your decisions on logic, it is important to design and implement an investment plan that reflects your short-term needs and long-term goals.