CORONAVIRUS

WHAT YOU NEED TO KNOW

As coronavirus fears take the market for a bumpy ride, the uncertainty can feel scary. But it's important not to panic. Before reacting to market turbulence, keep the following in mind.

WHAT WE KNOW

Coronavirus-based risks are much lower in the U.S. than they are globally. While the unknowns surrounding the containment of the virus will likely cause more short-term market swings, there's no current indication that these effects will be long term.

REMEMBER, THE MARKET IS RESILIENT

If past public health scares — like SARS, Ebola, and Zika — are any indication, the impact to the stock market will likely be short-lived.

Keep in mind, two-thirds of U.S. economic growth is driven by consumers, not corporations. The strong U.S. labor market, combined with rising wages, steady consumer spending, and improving trade relations with China, all favor a strong rebound.

MAINTAIN LONG-TERM PERSPECTIVE

While passion and emotion can be valuable character traits, they can work against you when investing. That's because the average investor tends to sell when markets are low and buy when markets are high — the exact opposite of a successful strategy.

By transferring out of lower performing funds when the market is down, not only are you potentially locking in losses, you're also missing out on any upswing that follows.

REMAIN CALM AND STAY THE COURSE

Reacting emotionally during a market decline can ultimately do more harm than good. Remember that investing for retirement is a long-term prospect. The best approach to volatile markets is to determine your long-term investing strategy — and then stay the course.

DOLLAR COST AVERAGING

It may be tempting to reduce or suspend contributions to your retirement plan, but this could hurt in the long run. Contributing equal amounts on a regular basis — regardless of which way the investment markets move — can help reduce your overall average purchase price over time. However, dollar cost averaging does not guarantee a profit or protect against a loss in a declining market, so you should consider your ability to continue investing through periods of adverse market conditions.

fiducia GROUP