Navigating a market downturn can be scary. ADP can help.

1 Large stocks are represented by the Ibbotson® Large Company Stock Index. Downturns in this example are defined by a time period when the stock market declined by 10% or more from its peak, while the recovery period indicates the number of months from the trough of the downturn to the market's previous peak. An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs.

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ADP RETIREMENT SERVICES

The stock market just dropped... now what?

STAYING FOCUSED AND STAYING INVESTED FOR THE LONG-TERM, YOU MAY BENEFIT AS A DOWNTURN BEGINS TO RECOVER.

There is no need to panic or make rash emotional decisions.

It may seem scary to see the stock market dip and for that to reflect a loss in your retirement account balance. The ups and downs of the stock market are very natural and can happen for a number of reasons (i.e. economic downturns, political upheaval, health news regarding the coronavirus COVID-19, and even negative company or industry-specific news).

The chart[1] below shows the periods of downturn and recovery time since 1980.

Downturn	% Loss			Recovery
20 months	-16.5	Dec. 1980-July 1982	Aug. 1982-Oct. 1982	3 months
3 months	-29.6	Sept. 1987-Nov 1987	Dec 1987-May 1989	18 months
5 months	-14.7	June 1990-Oct 1990	Nov 1990-Feb 1991	4 months
2 months	-15.4	July 1998-Aug 1998	Sept 1998-Nov 1998	3 months
25 months	-44.7	Sept 2000-Sept 2002	Oct 2002-Oct 2006	49 months
16 months	-50.9	Nov 2007-Feb 2009	March 2009-March 2012	37 months

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Four strategies to navigate a stock market downturn

Stay focused – take a deep breath and know that ups and downs are a natural part of investing. Remember as shown in the chart above, historically after periods of downturns, there will be a recovery.

Stay invested – as you see your investments decline, it's natural to want to cash out and "cut your losses." Panicking would lock in your investment loss.

Investing for retirement is a long-term commitment. By maintaining your contribution to the Plan, you can benefit from lower investment prices as it allows you to buy more shares, in periods of downturn.

Stay prepared – asset allocation is one of the most important decisions you can make in your retirement planning. It's important to review your investments to ensure they are in line with your risk tolerance.

Stay diversified – be sure to monitor your investments against your desired asset allocation. As a result of stock market changes, your investment holdings may increase or decrease at different rates, causing your original allocation to change over time.

Remember, diversification among different kinds of investments can be one of your best defenses against market volatility. However, diversification does not assure a profit or protect against market loss.

To assist you in keeping your asset allocation on track, your Plan offers an account rebalancing tool.

To sign up, log into your account at [insert variable URL]
go to Investments > Automatically Rebalance My Account

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