Investing For The Long Term In A Volatile Market

When investing, you need to be aware of market risk, which is the potential for investments to lose value due to market fluctuation or volatility. Market risk is always there. You can't avoid it.

History shows that investment markets have grown over time despite short-term ups and downs. In fact, these fluctuations can actually create buying opportunities that may lead to greater earnings over time. Investing is all about striking a balance between market risk and return. Rather than trying to avoid market swings, understanding some key principles for long-term investing can help you navigate a sometimes volatile market.

When investing for your retirement, it's important to have a plan, understand your investment style and contribute regularly. Keep in mind investing involves risk, including possible loss of principal.

3 Key Principles when Investing for the Long Term

1. **Have a plan.**
   It's easier to take a long-term view if you understand where you want to go. When do you think you may want to retire? How much income will you need in retirement? Nationwide's **My Interactive Retirement Planner**SM (available upon log-in) allows you to set your personal retirement goals and model different scenarios to see how you can achieve them. And of course, Nationwide Retirement Specialists are available by phone or even at your workplace to help you create a comprehensive plan for your retirement.
2. **Know your investment style and determine the asset allocation that is right for you.**
   How comfortable are you with seeing your portfolio go up and down? Investing for retirement is all about finding an asset allocation that takes into account both your risk tolerance and timeline for when you expect to need your money. If you're younger, a more aggressive investment mix may help you gain value over time even if you lose value in the short term. But as you get older, your savings have less time to recover. Using asset allocation as part of an overall investment strategy does not assure a profit or guarantee against loss in a declining market.
   Another factor to consider when making investment choices is whether you prefer to be more hands on or hands off in your investment style as explained in this video.

- If you prefer to be more hands off, you may want to consider a Target Date Fund which will automatically adjust the investment mix based on your time to retirement. And if your plan offers it, a managed account option like Nationwide ProAccount® can give you the benefit of professional investment management. There is an additional fee for the ProAccount managed account service.
- If you prefer to be hands on, you can use My Investment Planner to help you understand your investment style and choose the asset allocation that is right for you. Nationwide recommends that you rebalance your asset allocation at least once a year.

3. **Contribute regularly and stay cool when markets become volatile.**
   It can be tempting to change your investment choices or contribution amount based on what you hear in the news, but making investment decisions based on hunches or trying to time the market often leads to dollar losses and missed opportunities. Your Nationwide Retirement Plan allows you to contribute regularly from your paycheck, so you never "miss out" – you'll be buying when the market is low, as well as when the market is climbing. This is called dollar cost averaging and it helps reduce the effects of market volatility over time although it does not assure a profit or guarantee against loss in a declining market.

Investing for the long term means knowing that you have a plan and monitoring that plan periodically. While there is always potential for investments to lose value due to market fluctuation or volatility, it's important to avoid making decisions based on short-term fluctuations or emotion. When you have a plan, you can invest with confidence and avoid emotional investing.

Nationwide is here to help. Talk with a Retirement Specialist for more information. They can help you establish your plan or answer questions about your investment options.

Nationwide ProAccount is offered through Nationwide Investment Advisors, LLC, an SEC registered investment adviser.

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