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MyFRS Florida Retirement System

A Crazy Day on Wall Street—What's It Really Mean?

If the current headlines about daily market swings has you questioning what this means for your retirement, you're not alone. It's always a good idea to monitor your retirement account and be aware of what's happening in the financial markets. However, don't make an impulsive move that you'll regret later, simply based on a news article or talk around the water cooler. Instead, arm yourself with the facts and determine what, if anything, the financial news means for your retirement investments and long-term investment strategy. If you have questions or want to be sure your current allocation for contributions and holdings meet your long-term retirement goals, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711), and speak with an EY financial planner.

Fact #1: By their nature, stocks experience volatility. You need to expect some ups and downs when investing. While there are no guarantees on what will happen in the future, the best advice may be the same advice you've heard for years: Keep a long-term focus and don't panic.

Remember, if you sell when the market is down, the only thing you guarantee is a loss.

Fact #2: A diversified portfolio is most likely your best bet to weather volatility in the market. Why? Because a diversified portfolio provides some protection when the market goes down, but still lets you win a bit when the market goes up. A diversified portfolio also means you invest in a variety of stocks (often through an investment or mutual fund) so that, if one stock hits hard times, your entire portfolio won't. It also means you invest in different types of assets, such as stocks and bonds so that if one segment of the marketplace experiences a downturn, there may be another segment that doesn't.

Fact #3: A retirement savings plan is still one of your best opportunities for long-term savings. The Investment Plan allows you to save on an automatic basis.

While watching your overall balance shrink may be hard—it may be a really smart move in the long run. When the market recovers, the people that win most are often those that bought when the price was low. An automated savings plan—like a retirement plan—helps you make those purchases.

While uncertainty is part of investing, and there are no guarantees, by arming yourself with the facts, you will be better prepared to make smart decisions for your future. So, before you make an impulsive move regarding your long-term savings, be sure to pause, think, and whatever you do, don't panic.