Weathering storms

Reacting to fluctuating financial markets

Stay calm in the face of an emergency. That is the rule of thumb in pretty much every situation in life, and it applies just as well to retirement planning in a shifting economy.

Keep an eye to the horizon

It is important to stay focused. Identify your goals and keep in mind you are investing for the long term. No investor can consistently predict when, or by how much, securities markets will rise and fall. Account values will, of course, fluctuate with market conditions and are subject to change.

So, trying to "time the market" can easily backfire for investors, who may end up buying "high" and selling "low," which is the opposite of what anyone wants to do.

Reacting to market downturns by abandoning your long term strategy can have a significant impact. As the following chart illustrates, had you invested $10,000 in the securities included in the S&P 500 Index on May 20th 2004, your investment would have grown to $17,307 by May 19th 2014 – an average annual total return of 5.64%. In contrast, had you pulled your money out of the market during one of the low points of that 30 year period, you could have missed out on most (or even all) of the investment gains in the S&P during the period. If you missed the market's 10 best months of that period, your 5.64% average annual total return would have decreased to -1.33%. What's more, had you missed the market's 20 best months, your average total return would have decreased to -5.44%.

Missing the market's best days

(5/20/2004 - 5/19/2014)

Investment Period	Average Annual Total Return	Growth of $10,000
Fully invested	5.64%	$17,307
Missing the 5 best months	1.39%	$11,486
Missing the 10 best months	-1.33%	$8,746
Missing the 15 best months	-3.47%	$7,022
Missing the 20 best months	-5.44%	$5,717

Past performance is no guarantee of future results. Performance shown is historical index performance and not illustrative of any specific funds Performance. This is a hypothetical example used for illustrative purposes only. The return figures are based on a hypothetical $10,000 investment in the S&P 500 Index from May 20th 2004 through May 19th 2014. The lump sum investment in common stocks would have reflected the same stocks/weightings as represented in the S&P 500 Index. The example does not represent or project the actual performance of any security, or other investment product. The hypothetical figures do not reflect the impact of any commissions, fees or taxes applicable to an actual investment. The S&P 500®Index is an unmanaged, market capitalization-weighted index of 500 widely held U.S. stocks recognized by investors to be representative of the stock market in general. It is provided to represent the investment environment existing for the time period shown. The returns shown do not reflect the actual cost of investing in the instruments that comprise it. You cannot invest in an index. Standard & Poor's and S&P 500 are trademarks of the McGraw-Hill Companies, Inc. Source: GE Asset Management

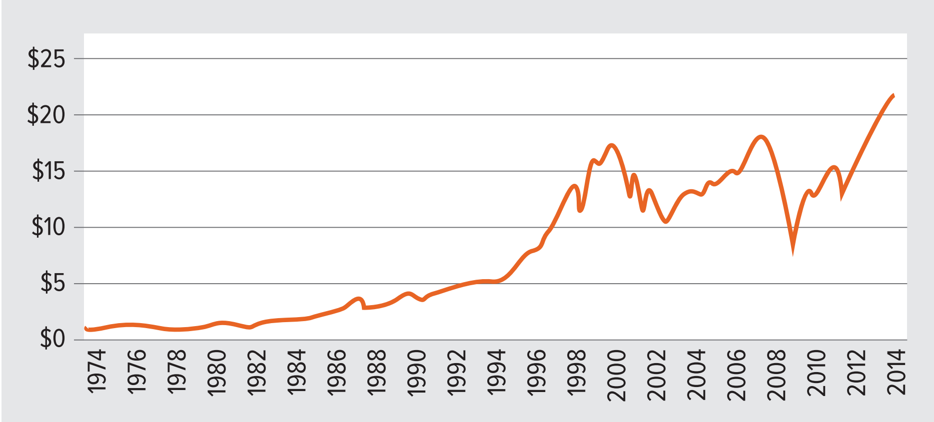
Stay the course

When it comes to investing keep in mind risk is part of the equation. You should consider reducing that risk by ensuring your portfolio is diversified at two levels: **between** and **within** asset categories. Additionally, a disciplined asset allocation strategy, focused on long-term risk and return tradeoffs that are appropriate based on an investor's investment time horizon and risk tolerance, can help enhance an investor's likelihood of meeting his or her investment goals. However, using diversification/asset allocation as part of your investment strategy neither assures nor guarantees better performance and cannot protect against loss in declining markets.

For those with a sufficiently long investment horizon, and a tolerance for market risk, riding out the storm may pay off.

The following chart shows how one dollar invested in the S&P 500 Index in May of 1974 and left alone until May of 2014 (an expanse of time that witnessed the financial panic of 1987, the September 11 terrorist attack in 2001, and the financial crisis of 2008) would have grown to $21.28* during those years. This illustrates historically the potential of remaining in the market for the long term.

* Only includes market growth; does not take inflation into account.



This chart is for illustration purposes only and represents a hypothetical investment in the S&P 500® Index. Such a performance does not represent the performance of any VoyaTM fund. Index performance assumes reinvestment of all income. The S&P 500 is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance on the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. An investor cannot directly invest in an index. However, this index accurately reflects the historical performance of the represented assets. Investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investment. Source: Commodity Systems, Inc. (CSI) via Yahoo Finance. *Only includes market growth.

Don't go overboard

Keeping an eye on your horizon also means avoiding withdrawals and loans on your retirement savings, and it's important to understand the long-term effects of these short-term solutions. Hardship withdrawals can only be taken under certain circumstances, incur tax liability and often require fees. With a loan, you take a portion of your retirement money out of your account for some period of time, and thus miss out on the potential return on the amount borrowed. Loans also may impact your withdrawal value and limit participation in future growth potential. Plus, if you default on repayment, the money will be treated as a distribution, subject to income tax and possibly an IRS 10% premature distribution penalty tax.

At Voya, we are here to help you develop a long-term investment strategy that is suited to you. Contact your Voya representative today to review your personal situation.

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