

SECURITY BENEFIT

# STAYING THE COURSE

WITH INVESTING

## Don't Let Market Turmoil Overwhelm You

When you're invested in the markets, ups and downs in prices are common. Still, many investors get the urge to "jump ship" when prices fall. Does it make sense for the long-term investor to sell during short-term declines in price? Let's look at an example.



### John and Linda's Beginning Scenario

John and Linda are both investing \$200 per month in an investment. Here are the first four years of their investments:



### Unit Prices of the Investment

Year	Unit Price	Units Purchased	Total Units Owned	Total Value
1	\$15.00	160.00	160.00	\$2,400.00
2	\$16.20	148.15	308.15	\$4,992.00
3	\$17.50	137.14	445.29	\$7,792.59
4	\$16.10	149.07	594.36	\$9,569.18

The unit price dropped 8% during year three. As a result:

#### John is Worried ...

about more losses. He stops contributing to his 403(b) account and moves his allocation to a money market account earning 1%. He plans to resume contributions and move the allocation back after seeing a positive return.

#### Linda is Confident ...

that her long-term focus will provide a better return, so she continues contributions in the original investment.

Year	Unit Price	JOHN			LINDA		
		Units Purchased	Total Units Owned	Total Value	Units Purchased	Total Units Owned	Total Value
5	\$14.81	0	0.00	\$9,664.88	162.05	756.41	\$11,202.46
6	\$13.62	0	0.00	\$9,761.53	176.21	932.62	\$12,702.33
7	\$14.71	0	0.00	\$9,859.14	163.15	1095.78	\$16,118.89

After three more years, John has seen the price rise and decides to buy into the investment plan again.

The examples shown on these two pages are hypothetical only and do not represent the actual returns of any individual investment. A hypothetical average annualized rate of return of 8% is used in this example. Your financial representative can assist you to determine what particular investments may be right for you.

## Security Benefit *Staying the Course*

### Who Comes Out Ahead?

Year	Unit Price	JOHN Left the investment			LINDA Remained in the investment		
		Units Purchased	Total Units Owned	Total Value	Units Purchased	Total Units Owned	Total Value
8	\$15.89	151.04	771.50	\$12,259.14	151.04	1246.82	\$19,811.91
9	\$17.16	139.86	911.36	\$15,638.95	139.86	1386.68	\$23,795.37
10	\$18.54	129.45	1040.81	\$19,296.62	129.45	1516.13	\$28,108.98
11	\$20.02	119.88	1160.69	\$23,237.02	119.88	1636.01	\$32,752.84
12	\$21.62	111.01	1271.70	\$27,494.13	111.01	1747.01	\$37,770.45
13	\$23.35	102.78	1374.48	\$32,094.16	102.78	1849.80	\$43,192.79
14	\$25.22	95.16	1469.64	\$37,064.45	95.16	1944.96	\$49,051.91
15	\$27.23	88.14	1557.78	<b>\$42,418.43</b>	88.14	2033.10	<b>\$55,361.28</b>

The hypothetical average annualized rate of return for this hypothetical example is 2.30% for John and 5.88% for Linda over the 15-year period.

**After just eight more years, the value of Linda's investment is more than 30% higher than John's investment.**

- ▶ Even though the unit price declined, Linda maintained her long-term focus to stay in the market.
- ▶ When the market rebounded, Linda's larger holdings in the investment were more valuable than John's.
- ▶ As a result, Linda was able to make up ground more quickly, and grow her investment value faster.

Everyone's situation is unique and, of course, it's impossible to predict what market-based investments will do in the future. Talk to your financial representative today about your long-term plans and what makes sense for you.

**When markets seem volatile, just remember to stay the course toward your long-term destination.**

Looking for guidance? Talk to your Financial Representative  
**or contact Security Benefit at**  
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