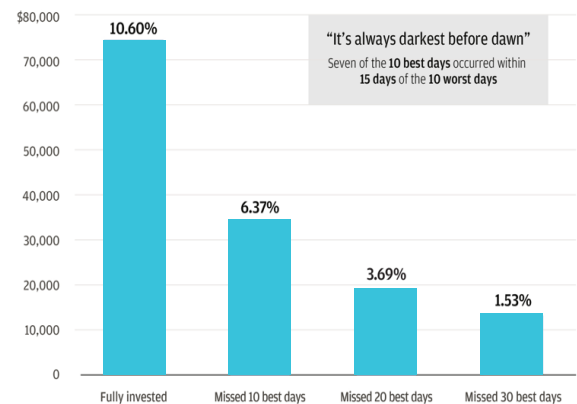


# INVESTOR BEHAVIOR



Investing in the market is an emotional experience. Studies show that the average investor tends to buy into the market at its peak and sell at a downturn. The fact that individual investors are trying to time the market leads to lower investment returns; these buy high and sell low mindsets can be summarized in one word... *emotion*. Panic, exuberance, anxiety, confidence, and other emotional responses are common motivators for buying in or selling out of the market at the wrong time.

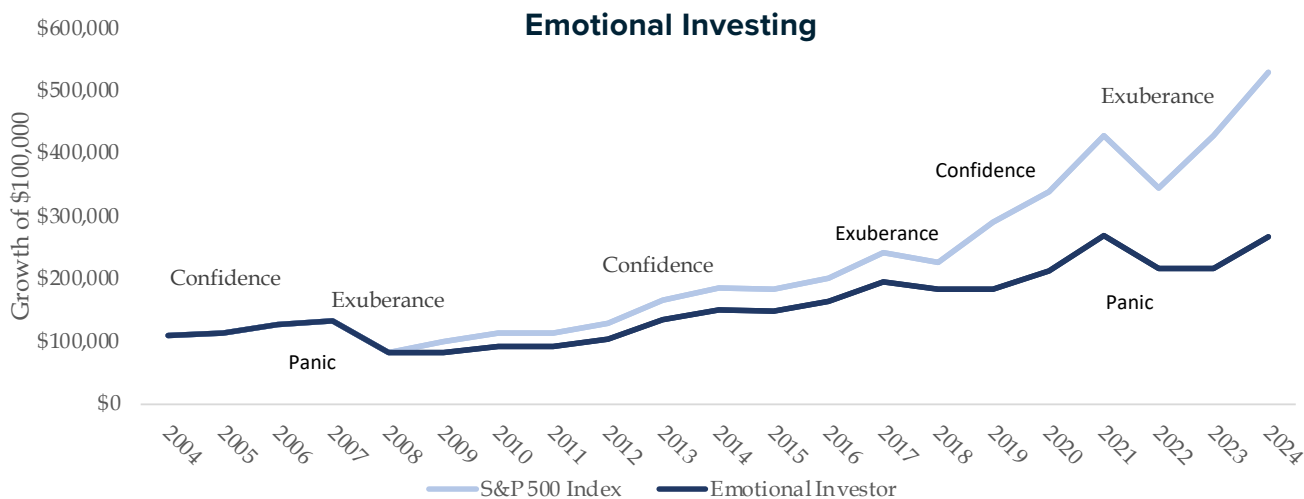
The study on the right, conducted by J.P. Morgan, illustrates how missing just a handful of days over the last 20 years can have an adverse effect on portfolio returns as compared to staying invested. By not participating in the S&P 500's 10 best days over the past 20 years meant a 4.2% lower return compared to staying fully invested.



SOURCE: J.P.Morgan | Ways to Strengthen a Portfolio – Especially for Unpredictable Markets

The chart below shows what happens when an emotional investor sells at the bottom of each market downturn and is not invested during the next year's partial recovery. By making an emotional decision to get out of the market, the investor is left with a significantly smaller portfolio after 20 years compared to passive long-term investing.

## Investor Behavior Remedy



To avoid feelings of panic or anxiety when nearing retirement, consider protecting a portion of your portfolio during feelings of confidence or exuberance. One way to lock in gains and mitigate negative emotions is to purchase a guaranteed lifetime income stream. An optimal time to purchase a guaranteed lifetime income stream is at or within a few years of retirement, preferably at a market peak, maximizing the potential income that can be guaranteed throughout retirement. Guarantees can also provide the confidence to increase exposure to asset classes that tend to be more volatile but provide higher long-term results.

The Standard & Poor's (S&P) 500 Index is an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. It is not possible to invest directly in an index. Performance figures represent past performance & do not guarantee future results.