PUTTING MARKET VOLATILITY IN PERSPECTIVE

Four Common Questions

In some ways investing for retirement is similar to the work you do each day. You're required to concentrate on specific goals, and in the process you may become distracted by momentary interruptions that can cause you to shift focus. Often, the key is to apply strategies for staying the course and focusing on your goals.

This also holds true when investing for long-term goals such as retirement. Spurts of short-term market volatility can cause you to lose focus on your long-term objectives, and applying proven strategies rather than impulsive reactions can help you put it all in perspective.

Our goal at ICMA-RC is to assist you in building retirement security, and we have been focused on this goal for more than four decades. Our investment professionals at ICMA-RC are closely monitoring the recent stock market volatility. While no one can control the market's ups and downs, there are a few things that you can do as you invest for generally long-term goals such as having enough money saved to last throughout your retirement.

The answers to the following four common participant questions may help as you think about the current market volatility:

1 What can I do if I'm concerned about market volatility and emerging market risk?

We believe public sector retirement plan participants are best served by focusing on the long-term asset allocation strategies that they have put in place for their personal portfolios. The stock market's retreat since early August has been a mild correction by historical standards, one that many investment professionals contend was overdue.

A drop in the stock market over the course of a few weeks should not be the sole basis for decision-making about a portfolio intended to serve one's long-term retirement needs.

Learning more about what's in your portfolio can help replace uncertainty with understanding and perspective. We encourage you to review the prospectus and portfolio characteristics for each of your mutual funds. In addition, please take advantage of our investing material within our RealizeRetirement® resource at **www.icmarc.org/realize**.

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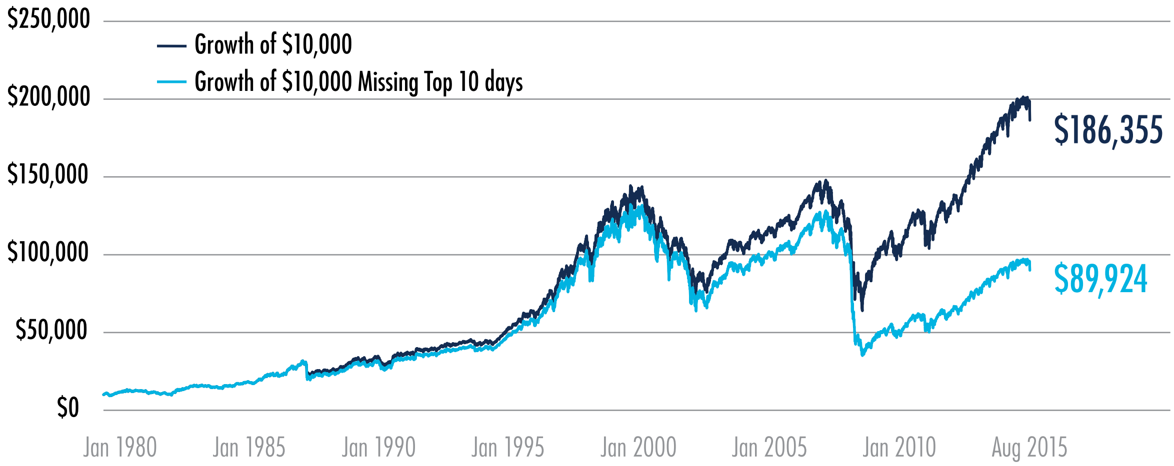
2 How important is it to not overreact to market volatility?

Many investors who historically have tried to time the market end up selling low and buying high rather than invest continually or systematically. Time invested in the market is much more important than timing the market.

The Cost of Losing the 10 Best Days of the S&P 500 Index *Data as of 8/21/15*



Source: Bloomberg
Performance shown represents past performance. Past performance is no guarantee of future results.

Consider the chart above: If $10,000 had been invested in the Standard & Poor's 500 Index on January 1, 1980, it would be worth more than $186,355 as of August 21, 2015. If the same investment missed the 10 best performing days, it would be worth $89,924. Missing the 10 best days would have slashed your total return by about half. Over time, the gap grew wider and has been especially pronounced in the past five years.

3 What is a bear market and a market correction?

When stock or bond prices decline more than 20 percent, it is considered a bear market. Since 1926, based on returns of the Standard & Poor's 500 Index, bear markets in stocks have lasted an average of 3.5 years, the longest one being the Great Depression of the 1930s. A market correction is a decline of at least 10 percent. Prior to August 2015, the U.S. stock market had not had a correction since July 2011.

4 Where can I learn more about ICMA-RC's perspective on the stock and bond markets?

Go to **www.icmarc.org/investments/investment-insights.html**. New Insights are posted monthly.

This information is intended for educational purposes only and is not to be construed or relied upon as investment advice. ICMA-RC does not offer specific tax or legal advice and shall not have any liability for any consequences that arise from reliance on this material. It is recommended that you consult with your personal financial adviser prior to implementing any new financial or retirement planning strategy.