

Market volatility?

Here's what you can still control



If you're waiting for uncertainty in the markets to settle down, you may be in for a long wait. The reality is, the future is unpredictable, and the market will react — sometimes dramatically. And you can't control the market any more than you can control the weather.

So what can you do? Plenty!

First, a little perspective

When news outlets trumpet that stocks have dropped by ½ or 1 or 2 percent, that doesn't necessarily mean your own account value has dropped the same amount. You would have to own the exact same securities, and in the same proportions, that make up the index that the news is quoting. Chances are, your portfolio contains at least some cash and bonds, which typically do not move like stocks.

Also, recognize that volatility is a natural part of the stock market, just as storms are a natural part of the weather, and shouldn't be a big surprise.

So what can you control?

- **Asset allocation.** Figure out what your risk tolerance is — that is, how comfortable you are with seeing stock values rise and fall from market volatility. If you really can't stomach the possibility of a drop, the money in your portfolio should be spread out (allocated) accordingly. A risk tolerance questionnaire, or your advisor, can help. Learn more about this strategy from the asset allocation flyer.
- **Spending.** If you're truly nervous about your financial future, reducing expenses now can have a dual benefit: First, the money you save can be directed to saving or investing; and if you can keep those expenses down in retirement, you won't need as much for living expenses.
- **Debt reduction.** If you have revolving debt like a credit card, paying down that debt can be a great way to stabilize your personal finances. The higher the interest rate on your card or any other debt, the better off you are paying it down. Also consider making extra payments on the principal of your mortgage, if it is within your budget.

Market volatility? Here's what you can still control

- **Saving.** This goes hand in hand with controlling spending. It's especially important to build up some emergency savings so you can handle unexpected financial bumps like a job loss, a sudden illness or major repairs. The accepted rule of thumb is to aim to have six months' living expenses in your emergency savings.
- **Employer retirement account contributions.** This overlaps saving, but with a couple of important differences. One is the tax advantages in an employer-sponsored plan, which can be significant. Another difference is many employers will match some of the money you contribute. You don't want to miss out on that. You should try to contribute at least enough to qualify for all matching contributions.
- **Education.** Take steps to learn more about saving, investing, retirement, long-term trends, financial services and your choices. The more you know, the more comfortable and confident you will feel about making important financial decisions.
- **Planning.** If you don't already have a financial plan, now may be a good time to visit with VALIC Financial Advisors, Inc. (VFA). Having a written plan can offer confidence when markets start feeling shaky.

Don't let market volatility derail your long-term plans. Make a plan and stick to it. Take advantage of the opportunities you have to save more. Don't feel like you have to go it alone. We can help you cope with an uncertain market, and you can always talk things over with a licensed financial professional.

Your Future is Calling. Meet It with Confidence.

CLICK aig.com/RetirementServices **CALL** 1-800-426-3753 **VISIT** your financial advisor

Securities and investment advisory services offered through VALIC Financial Advisors, Inc. (VFA), member FINRA, SIPC and an SEC-registered investment adviser.

Annuities are issued by The Variable Annuity Life Insurance Company (VALIC), Houston, TX. Variable annuities are distributed by its affiliate, AIG Capital Services, Inc. (ACS), member FINRA.

AIG Retirement Services represents AIG member companies — The Variable Annuity Life Insurance Company (VALIC) and its subsidiaries, VALIC Financial Advisors, Inc. (VFA) and VALIC Retirement Services Company (VRSCO). All are members of American International Group, Inc. (AIG).

