

Just starting to save?

Don't fret over market volatility — focus on these big opportunities



Seeing an investment account balance drop is a bummer, to say the least. While no one wants to see their investment lose value, it is important to take a deep breath, step back and put your situation into perspective.

The stock market has been fluctuating since day one, so a drop in value is nothing new. It's critical that you avoid making rash moves in response to market ups and downs.

Consider the opportunities in front of you:

Discount shopping

When is the best time to shop? When there's a sale. That's how you may want to view market volatility: A drop in stock prices means stocks are on sale, so even though your account value drops, you can now buy stocks at a discount. This is a compelling opportunity, especially for those with decades before they need the money. By contributing a consistent amount to a stock-based investment account when markets are lower, you buy more shares. As stock prices rise, you buy fewer shares with that money. If you continue investing consistently, you potentially benefit from fluctuating markets. This is called dollar-cost averaging.

Of course dollar-cost averaging does not assure a profit and does not protect against market loss. This type of plan involves continuous investment in securities regardless of fluctuating price levels, so you should consider your financial ability to continue purchasing through periods of both high and low price levels.

Advantage: youth

Many people who entered the workforce in the past decade or so may feel like their veteran colleagues have it made: more vacation, more pay, better offices, etc. But for the so-called Millennial Generation, you have something that your elders likely crave: Time. Taking full advantage of it can be a move in the right direction.

Lighten the load

If you want a comfortable life when you someday stop working for a living, you'll need to set aside some of your own money to be prepared.

It's unlikely Social Security will cover all of your future needs. Waiting a few years to start saving just means needing to save more later. By starting earlier, saving may be easier because you can make smaller contributions over a longer time period. More time also means more opportunity to potentially benefit from compounding growth.

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Time and money

Compounding is growing your returns by reinvesting any gains your money earns. Say Ralph invests \$10,000 at an annual 5% interest rate. If he had the interest paid to him, Ralph would earn \$5,000 after 10 years. But if he reinvested it back into the account, it would compound to \$6,289 by year 10 — an additional \$1,289, an increase of almost 26%.*

End year	Interest paid out		Interest compounded	
	Investment amount	Interest paid out	Investment amount	Plus interest reinvested
1	\$10,000	\$500	\$10,000	\$500
2	\$10,000	\$500	\$10,500	\$525
3	\$10,000	\$500	\$11,025	\$551
4	\$10,000	\$500	\$11,576	\$579
5	\$10,000	\$500	\$12,155	\$608
6	\$10,000	\$500	\$12,763	\$638
7	\$10,000	\$500	\$13,401	\$670
8	\$10,000	\$500	\$14,071	\$704
9	\$10,000	\$500	\$14,775	\$739
10	\$10,000	\$500	\$15,513	\$776
Total interest earned		\$5,000		\$6,289

*This information is hypothetical and for illustrative purposes only. It does not reflect the return of any specific investment and is not a guarantee of a specific rate of return.

Help when you want it

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.

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