

# The Value of Staying Invested



By Christina A. Nash, CFP® & Jodi M. Viaud, CFP® | Knox Grove Financial, LLC

When it comes investing in markets, there is a natural fear of potential loss. The first step in overcoming that fear is accepting that you can't control when we have a bear or a bull market. Current events, the political climate, interest rates and natural disasters are just a few of the factors that affect the rise and fall of the stock market. But with a well-defined plan to manage risk, a long-term investment strategy can give you a better chance to create wealth and achieve your financial goals. Staying invested, even during times of volatility can create opportunities for you to benefit from a market rebound.

There are circumstances when short-term investing makes sense for immediate goals. This may include saving for a down payment on a home or another major purchase in the next 3-5 years. But for the purpose of this article, let's look at some of the advantages of staying invested over the long term.

**Growth** – the longer you are invested, the more potential for higher returns. Through the benefit of compound interest your money can grow at a faster rate. Over time you are earning interest on your initial investment and the interest you've already earned. This strategy also applies to reinvesting your dividends. The dividends you earn are based on your initial investment plus the reinvested dividends thus compounding the growth.

**Affordability and Convenience** – you can build wealth by investing small amounts over a period of time. By setting up an automated investment schedule you don't have to worry about trying to time the

market to invest on the right day or at the right time. This strategy, known as dollar cost averaging, can help manage your risk, lower your investment costs, and increase your returns.

**Less Stress** – providing your investments are based on your risk profile and time horizon, and your portfolio is well diversified, you can relax and avoid making knee-jerk financial decisions during periods of market volatility. You don't have to worry about jumping in and out of the market which is never a good strategy. Just by missing the market's 10 best days over the last 20 years, the return on a portfolio would have been 50% less than a portfolio that remained invested. History suggests that you are less likely to incur losses over longer periods of investing.

All this is *not* to say that long-term investing is a complete set-it-and-forget-it strategy. Your financial plan and investment portfolio should be reviewed periodically to determine if any adjustments need to be made. Are your allocations still on target, does any rebalancing need to be done? Has your personal or financial situation changed?

While we recommend speaking with a financial professional before committing to any long-term investment strategy, there are some things you can do to get started.

- Get a clear vision of what your financial goals are.
- Understand your time horizon; how many years before you'll need the money?



## Are You Serious About Managing Your Money?



The Knox Grove Financial Team  
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**Comprehensive Financial Living Plans**  
**Investment Portfolio Management**  
**Financial Consulting**  
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- Understand your risk tolerance; how much risk can you afford and how much risk are you willing to take?
- Clean up your debt so you have more to invest and feel confident about your finances.

When it comes to long-term investing, good things come to those who wait. Our team is ready to help you identify an investment strategy that will help you meet your long-term goals, navigate fluctuating markets, and grow your wealth.

LET US KNOW: We want to provide you with information on the financial topics that matter most to you. Please visit our website and leave us a message at the bottom of the home page. We'd love to hear from you!

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