

# MAY YOU LIVE IN INTEREST- ING TIMES

*There is an old Chinese proverb that states “may you live in interesting times.” Depending on your particular circumstances, this may or may not be a curse. With the recent economic situation you may be thinking it’s a curse; however, there is hope.*

The Christian Brothers Retirement Savings 403(b) Plan added over 1,500 new participants in the last year, and for most of these individuals it was their first experience with retirement plans. These new participants enjoyed the opportunity to invest at share prices much lower than a year earlier, while there were some current participants who wondered if they should be taking money out and investing elsewhere.

Whether you are a first time participant or confused by the current financial market, dollar cost averaging is a retirement investment account benefit that can be used to your advantage. To illustrate this point, let’s assume two employees, Jack and Jill, both invested \$300.00 in the Vanguard 500 Stock Index Fund\* at different times. Jack invested on June 2, 2008 when the share price on that date was \$127.96. Jack was able to purchase 2.34 shares. Jill, on the other hand, purchased her shares one year later, on June 1, 2009 when the share price was \$87.17. Jill’s \$300.00 investment allowed her to purchase 3.44 shares. On November 17, 2009, the value of Jack’s account was \$236.14, a curse for Jack with a loss of 21%. However, Jill’s account balance was \$347.13, a plus for Jill and a gain of 16%.

While we may feel sorry for Jack, things could have been much worse. If he had sold his shares in the fund on March 9, 2009, he would have received only \$153.00, a 49% loss. By staying invested, he actually recouped some of his previous losses. In fact, if Jack continued to invest periodically in the 403(b), he would be buying shares at a lower price just like Jill. This periodic investing creates dollar cost averaging which provides some protection to investors in volatile markets.

It has been an interesting time; a time of uncertainty in the economy, but a time to hold steadfast and realize that this too shall pass. Those that panicked realized their losses,

while those that held steadfast have seen improvement.

One last piece of advice on retirement investing, we should not make investment changes based on yesterday’s news, but as our life changes. The closer we are to retirement, the more conservative we need to be in our investment approach. The younger we are, the more aggressive we can be since time is on our side – even when those times may be interesting.

\* Christian Brothers Retirement Planning Services uses the Vanguard 500 Stock Index Fund for retirement investments.

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