# Weather the markets

And come out of the storm on top.

You've probably seen this movie before. Stock market drops of about 20% or more are an unfortunate fact of life for investors. They tend to happen once or twice a decade. These are times when investors are tested.

And since no one knows when the recovery will start or how long it will take for the market to bounce back, staying the course may be the smart move. If you sell when prices are falling, you may miss out on a recovery. Making a rash move—such as putting all your savings in very conservative investments—can also jeopardize a long-term goal such as retirement.

## This too shall pass

While the fall in stock prices can feel long and discouraging, many down markets are relatively brief. After that, prices usually start to recover.

Remember that markets change. How you weather them during stormy times can make a big difference when the rain stops and the sun comes out again.

| PERIOD | PERCENTAGE DROP* | DURATION (IN MONTHS) |
|---|---:|---:|
| December 1961–June 1962 | -28.0% | 6.4 |
| February 1966–October 1966 | -22.2% | 7.9 |
| November 1968–May 1970 | -36.1% | 17.9 |
| January 1973–October 1974 | -48.2% | 20.7 |
| September 1976–March 1978 | -19.4% | 17.5 |
| January 1981–August 1982 | -25.8% | 19.2 |
| August 1987–December 1987 | -33.5% | 3.3 |
| July 1990–October 1990 | -19.9% | 2.9 |
| March 2000–October 2002 | -49.1% | 30.5 |
| October 2007–March 2009 | -56.8% | 17.0 |
| February 2020–March 2020 | -33.9% | 1.0 |

*As measured by the change in the Standard & Poor's 500 Index.

*Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

## Control what you can

You can't control the market. But you can control how it affects you by considering these strategies:

### Own a mix of investments

How you divide your money between the stock and bond funds in your portfolio is important. Try to choose a mix of investments that gives you the best chance to reach your goals, while also allowing you to sleep at night when markets drop.

### Don't stop saving

Downturns are times when stocks are essentially on sale, so you should try to continue contributing to your account. For a comfortable retirement, Vanguard suggests you save between 12% and 15% of your pay each year. This includes any money your employer may contribute.

### Lower your costs

Every dollar you pay in fees and expenses for a particular investment is a dollar taken out of your returns. Over time, these dollars can add up. To minimize expenses, consider investing in lower-cost investments.

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*Whenever you invest, there's a chance you could lose the money.*



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