What is market volatility?

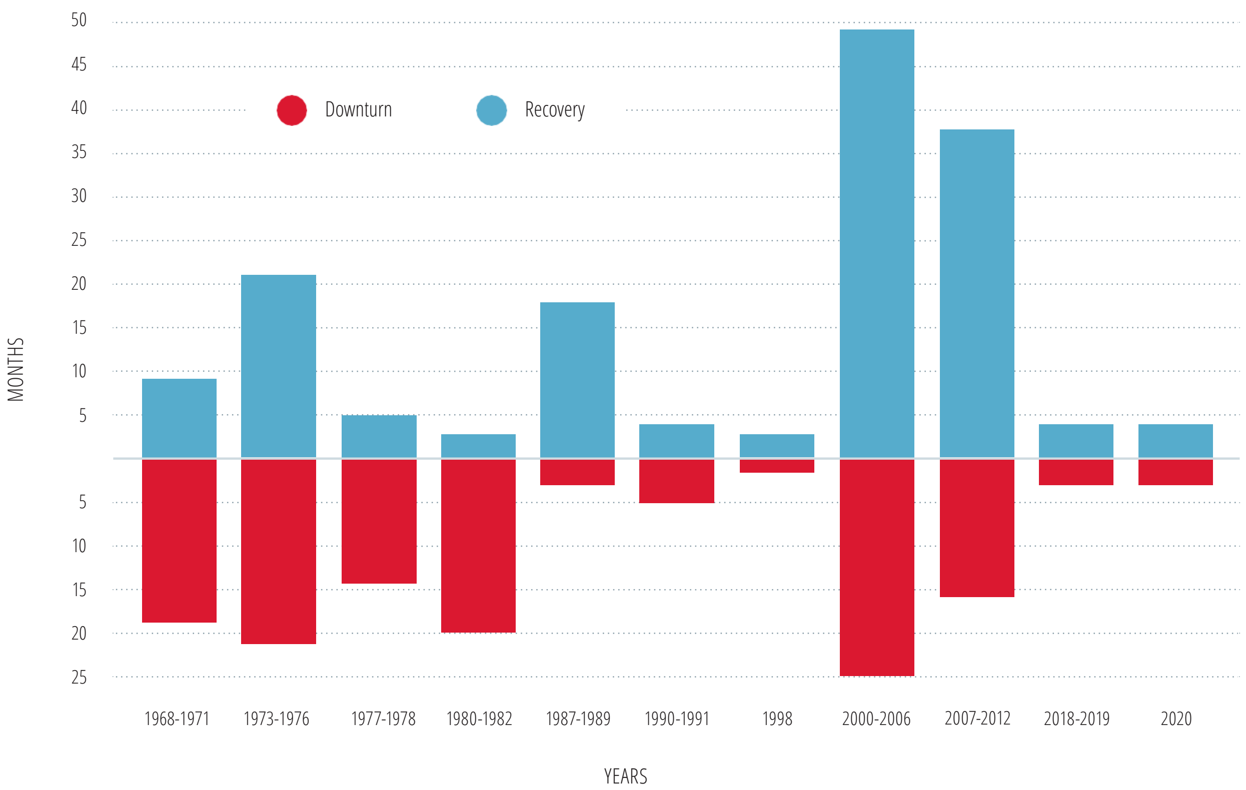
When a drop in the stock market occurs, it's easy to get discouraged or nervous about your retirement savings — but don't panic.

Market volatility is a normal and inevitable part of the stock market cycle and should be factored into your long-term investment strategy. Understanding and sticking to your strategy through a volatile period may ease your worries and help you reach your retirement goals.

Familiarizing yourself with the history of the stock market could also give you peace of mind — this graph shows historical stock market drops that were followed by periods of recovery.

Past performance is not a guarantee of future results.

Market downturns and recovery periods 1968-2020



FOR ILLUSTRATIVE PURPOSES ONLY. Not intended as a projection or prediction of future investment results. Morningstar Direct℠ 2020. Large stocks are represented by the Ibbotson® Large Company Stock Index. Downturns in this example are defined by a time period when the stock market value declined by 10% or more from its peak, while the recovery period indicates the number of months from the trough of the downturn to the market's previous peak. An investment cannot be made directly in an index. The information assumes reinvestment of all income and does not account for taxes or transaction costs.

How can I minimize risk?

Understand your risk tolerance
When determining an investment strategy that will help you meet your retirement goals, consider factors like your current age, your desired retirement age and your current savings to determine how much risk or volatility you are comfortable with. If you have plenty of time before retirement, you might feel comfortable creating an aggressive portfolio that, while typically characterized by high growth potential, could be subject to greater short-term fluctuations.

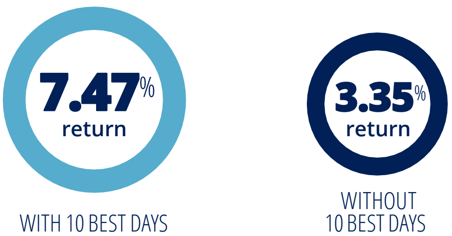
However, if you are nearing retirement and will need to access your money soon, you may want to consider a more conservative portfolio that shields you from short-term fluctuations.

Diversify your portfolio
One step you can take to reduce the impact of market volatility on your investment portfolio is to allocate your assets across different classes in more than one market segment. This is called diversification.

Diversified portfolios may perform better during volatility because if you purchase a variety of stocks and bonds representing various industries, one segment may grow while another experiences a downturn. This could offset losses in one segment with gains or smaller losses in another.

Don't try timing the market
It's tempting to try, but taking your money out of the market in order to avoid the worst days could end up setting you back. The market's unpredictable nature means it might improve drastically on any given day, and missing out on the best days may result in significant losses compared to simply riding out market volatility. The data below shows how missing the market's best days can affect your return on investment.

Costs of missing the market's best days 2001 - 2020



FOR ILLUSTRATIVE PURPOSES ONLY. Refers to the S&P 500 TR USD. Source: Morningstar Direct. S&P 500 returns January 1, 2001, through December 31, 2020. Returns expressed as total returns. This chart is intended for illustrative purposes only; it is not investment advice. *Past performance is not a guarantee of future results.* Calculations relating to lost investment return created by Advised Assets Group LLC, a registered investment adviser and wholly owned subsidiary of Great-West Life & Annuity Insurance Company (GWLA).

An index is not actively managed, does not have a defined investment objective, and does not incur fees or expenses. Performance of an index fund will generally be less than its benchmark index. You cannot invest directly in an index.

› Have questions? Call **1-800-352-0313** and we'll help you understand your options.

As with any financial decision, we encourage you to discuss your options with a financial advisor and consider costs, risks, investment options and limitations prior to investing. You should choose the option that is right for you and your specific situation.

Diversification does not ensure a profit or protect against loss.

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