

What To Know About Investing In A Down Market

by John Addison

(NAPSA)—Since the stock market reflects people's state of mind, it may seem the worst possible time to put your money in a 401(k), IRA or mutual fund.



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But history shows that the market almost always rallies after turbulent events. Despite difficult times, the Dow has historically bounced back.

For example, six months after the beginning of Desert Storm in Aug. 1990, the Dow Jones industrial average was down 4.7 percent. After five years, it had risen 63.7 percent. One week after the Japanese bombed Pearl Harbor on Dec. 7, 1941, the Dow slumped 4.6 percent. After six months, it had plummeted 9.9 percent. After five years, it climbed 46.6 percent.

Experts agree that the best way to ride out the dips and turns of an unpredictable economy is through dollar-cost averaging.

This means making regular, consistent contributions to the investment of your choice, no matter what the economic outlook.

Stock price varies day-to-day. If you invest the same amount regularly, you'll buy more shares when they're cheaper and fewer when

they're more expensive. Over time the economic dips can actually lower your average cost per share.

When you apply the concept of dollar cost averaging and invest systematically, economic downturns can actually work for you.

Although you're still not guaranteed a profit or protected against loss, this method eliminates much of the guesswork that goes along with investing and can spare you from the stress of market fluctuations.

Of course, this kind of plan involves continuous investments, regardless of fluctuating prices so you should consider your ability to continue purchases through periods of low price levels.

It does not make sound financial sense to let the headlines scare you away, because adverse conditions usually only temporarily affect the market and profits usually rebound and surpass their original rate within a year.

The financial professionals at Primerica have created a guide that shows you how to take control of your financial life. To get a copy of *The Solution*, write to Primerica, 3120 Breckenridge Blvd., Duluth, GA 30009, ATTN: Corporate Relations, or call 770-564-6329.

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