



# OHIO DEFERRED COMPENSATION

OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

OHIO457.ORG

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## What is emotional investing?

Four emotions that can affect investing decisions are:

- **Excitement** that a certain investment will continue to perform well
- **Fear** that market prices are going down
- **Optimism** that your current plan will always be a good fit
- **Anxiety** may influence your ability to be smart about investing

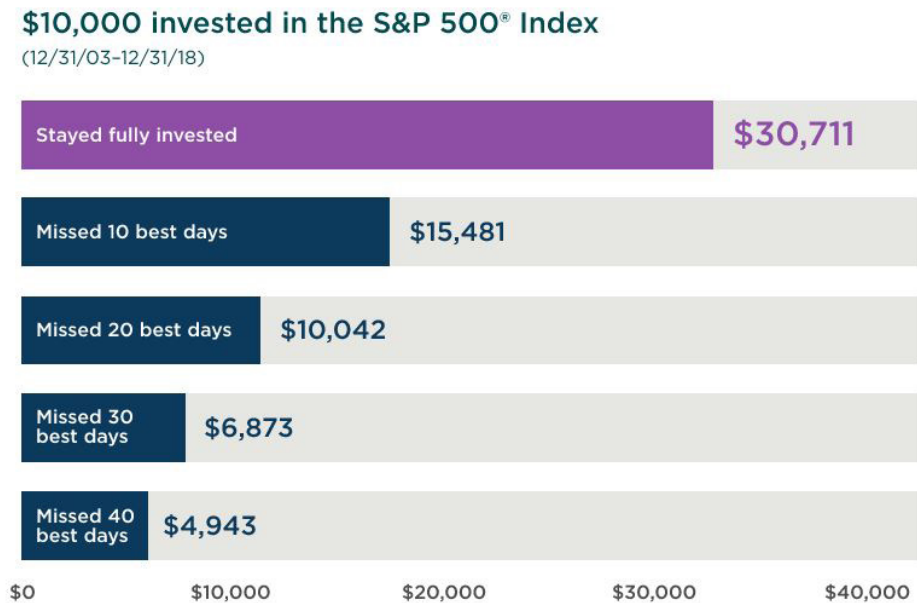
What causes it?

Emotional investing can be driven by:

- **Market volatility:** The rate at which market investment prices go up and down
- **Hearsay:** Excitement or trepidation about a specific investment based on what others are saying

The financial cost and risks of emotional investing

The image below shows how much an account with a \$10,000 balance could grow if kept fully invested in the S&P 500. It also shows the growth you could miss out on if you allow emotions to remove your money.



Data is historical. Past performance is not a guarantee of future results. The best time to invest assumes shares are bought when market prices are low.

By staying fully invested over the past 15 years, you would have earned \$15,230 more than someone who missed the market's 10 best days.<sup>1</sup>

*Using emotions as a decision for investing can be a dangerous roller coaster ride.*

Some of the risks include:

- Money loss
- Negative impact to your returns by missing a few days in the market

### Four ways to avoid emotional investing

- Make a long-term plan
- Make investing a habit
- Check and recheck your investment strategy
- Learn from past mistakes

[1] <https://www.putnam.com/literature/pdf/11508-ac37f7ad02b2d8889f7e5361f0e8ac86.pdf>

S&P 500® Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance.

Investing involves market risk, including possible loss of principal, and there is no guarantee that investment objectives will be achieved