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## Markets React to Brexit Vote

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In light of the recent market tumult after Great Britain voted to exit the European Union, PERSI has issued the following talking points for your information:

*Why is the stock market going down? / I heard it's because of Brexit or Great Britain voting to leave the European Union. What's happening there?*

According to MSN, U.S. stocks traded sharply lower Friday after Britain surprised markets by voting to leave the European Union.

*The market opened really low today. What happens if it crashes? Is this another 2008?*

It's natural to have swings in market cycles -- both up and down. However, history shows that over the longer term, our economy and stock markets have always recovered -- even if some recoveries take longer than others. It's important to keep in mind that your retirement plan is based on your needs and you should consult with your financial adviser who can help you understand how to achieve your financial goals over the longer term.

*What should I do?*

Retirement investments are intended to be long-term investments and short-term market volatility can be expected but shouldn't necessarily be motivation for completely changing your own investing strategies.

Keep your goals in mind

- The purpose of a retirement plan is to **replace income in retirement**. If you still think about your retirement plan in terms of your account balance, you may be more concerned about market swings.

Market declines have been a natural part of the economic cycle. Think about the long term.

Check in with your financial adviser

- If you're concerned, you might want to talk to your adviser. See what he or she is thinking about the current market environment. Ask questions and discuss any concerns you have.

If the current market environment shows you may not have the risk tolerance you thought you had, then, by all means, work with your adviser to make a change.

Choosing a fund is a lot like choosing a book. You can't accurately judge a book by reading one random sentence. Investments are the same way, and returns are just one part of the book.

*Wouldn't it be better if I got out of market now then got back in later?*

It may be tempting to think that if you exit the market, you'll avoid losses and can re-enter the market at the right time. There's a lot of [research](#) that shows that trying to time the market is very difficult to successfully execute.

*Should I move my retirement plan assets to a safe investment (or fixed fund)?*

The decision to allocate and reallocate retirement funds should be taken seriously. It's not clear what the effects will be over the longer term. But you should assess your own situation and make decisions accordingly. It's always a good idea to assess your risk tolerance and subsequent investment choices and make decisions for which you are most comfortable. You should consider your investment horizon timeline.

*Should I shift my investments to fixed accounts?*

Your retirement plan is based on a long-term savings strategy. It's important to keep in mind that your retirement plan is based on your needs and you should consult with your financial adviser who can help you understand how to achieve your financial goals over the longer term.

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