

# Navigating a stock market downturn

Stay focused and stay invested for the long-term and your retirement savings could strengthen when the stock market recovers.

The market goes up and down every day and some days bring bigger shifts than others. The best response is to stay the course and invest wisely. The ups and downs of the stock market are very natural and can happen for a number of reasons (i.e. economic downturns, political upheaval, and even negative company or industry-specific news).

The chart<sup>1</sup> below shows the periods of downturn and recovery time since 1980.

Downturn	% Loss		Recovery
20 months	-16.5	Dec 1980 - July 1982    Aug 1982 - Oct 1982	3 months
3 months	-29.6	Sept. 1987 - Nov 1987    Dec 1987 - May 1989	18 months
5 months	-14.7	June 1990 - Oct 1990    Nov 1990 - Feb 1991	4 months
2 months	-15.4	July 1998 - Aug 1998    Sept 1998 - Nov 1998	3 months
25 months	-44.7	Sept 2000 - Sept 2002    Oct 2002 - Oct 2006	49 months
16 months	-50.9	Nov 2007 - Feb 2009    March 2009 - March 2012	37 months
3 months	-13.5	Oct 2018 - Dec 2018    Jan 2019 - Apr 2019	4 months
3 months	-19.6	Dec 2019 - Mar 2020    Apr 2020 - June 2020	3 months
10 months	-23.9	Dec 2021 - Sept 2022    Oct 2022 - Nov 2023	14 months

Investment returns and principal value of an investment will fluctuate so that, when an investor's shares are redeemed, they may be worth more or less than the original cost.



## Four strategies to navigate a stock market downturn



**Stay focused** – take a deep breath and know that ups and downs are a natural part of investing. Remember as shown in the chart above, historically after periods of downturns, there will be a recovery.



**Stay invested** – as you see your investment savings decline, it's natural to want to cash out and "cut your losses." But doing so would lock in your investment loss.

Investing for retirement is a long-term commitment. By maintaining your contribution to the Plan, you can benefit from lower investment prices as it allows you to buy more shares, in periods of downturn. This is known as dollar cost averaging.



**Stay prepared** – Asset allocation is one of the most important decisions you can make in your retirement planning. It's important to review your investments to ensure they are in line with your risk tolerance.



**Stay diversified** – be sure to monitor your plan investments against your desired asset allocation. As a result of stock market changes, your investment holdings may increase or decrease at different rates, causing your original allocation to change over time.

Remember, diversification among different kinds of investments can be one of your best defenses against market volatility. However, diversification does not assure a profit or protect against market loss.



To assist you in keeping your asset allocation on track, your Plan offers an account rebalancing tool.

To use this tool, sign in to your account at [My.ADP.com](https://My.ADP.com) and go to the Manage Your Account tile. Click Discover more account options > select Investments > Automatically Rebalance My Account. You can also scan the QR code from your camera or QR code reader.



1. 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 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 data assumes reinvestment of all income and does not account for taxes or transaction costs. You cannot invest directly in an index. It is a mathematical construct that describes a particular market.

ADP, Inc. owns and operates the ADP participant websites and the ADP Mobile Solutions App. Dollar cost averaging does not guarantee a profit or protect against loss in a declining market.

Investment options are available through the applicable entity(ies) for each retirement product. Investment options in the "ADP Direct Products" are available through either ADP Broker-Dealer, Inc. (ADP BD), Member FINRA, an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ 07068 or (in the case of certain investments) ADP, Inc.

Translations of any materials or text into languages other than English are intended solely as convenience to the non-English language speakers and are not legally binding. Such materials and their translation help to facilitate the administration and operation of the plan and are not intended as an investment solicitation or an investment recommendation. We have attempted to provide an accurate translation of the original material in English.

**ADP RETIREMENT SERVICES** 71 Hanover Road Florham Park, NJ 07932

ADP, the ADP logo and Always Designing for People are trademarks of ADP, Inc. All other trademarks and service marks are the property of their respective owners. 99-5771-P-0125 M-662625-2025-01-06  
Copyright © 2025 ADP, Inc. All Rights Reserved.

