

# TAKE ADVANTAGE OF STOCK MARKET UPS AND DOWNS WITH DOLLAR COST AVERAGING

Investing in small but consistent increments over time may increase your earnings in the future.



**STAYING INVESTED THROUGH MARKET FLUCTUATIONS CAN BE SCARY.** However, by systematically investing through the ups and downs, **Dollar Cost Averaging (DCA)** is a powerful strategy that you can use to smooth out peaks and valleys to build long-term wealth.

## HOW DOES DCA WORK?

Dollar Cost Averaging is done through depositing smaller, equal amounts in the same investment, spread out over a period of time.

EXAMPLE	401(k) Deferral	Mutual Fund Price	Number of Shares	<b>\$38.46</b> Cost of acquisition
Payroll 1	\$100	\$50	2.0	
Payroll 2	\$100	\$30	3.3	
Payroll 3	\$100	\$40	2.5	
<b>Total</b>	<b>\$300</b>		<b>7.8</b>	

If you would've invested all \$300 in the beginning at the \$50 mutual fund price, you would've acquired 6 shares.

While the difference between 6 and 7.8 shares might seem small, by using the DCA strategy this can make a big difference in the long-term for your retirement savings account.

With Dollar Cost Averaging, you are able to take the emotion out of investing and organically take advantage of market fluctuation. Your regular deferral will buy less when the price is high and more when the price is low.

**BUY LESS**  
when the price is **high**



**BUY MORE**  
when the price is **low**





## PROS OF DOLLAR COST AVERAGING:<sup>1</sup>

*Less investment risk than large sum deposits*

*Provides a consistent strategy to help avoid the temptation to “time the market”*

*Captures fluctuations in the market, especially when prices are at a discount*

This format of investing is designed to weather the ups and downs of market volatility, which is why it is best to continue saving through your 401(k) and its dollar cost averaging investment strategy.

## WHEN TO CONSIDER A DOLLAR COST AVERAGING STRATEGY

**Dollar Cost Averaging is a strategy that helps investors capture fluctuations in the market.** It provides an opportunity to take advantage of the highs and lows of the market and acquire more investments when prices are low and at a discount. Over time, this can reduce the average purchase price of those securities. Further, when markets rise, the investor has more shares and purchased at a lower overall acquisition price.

Because the market has a rising tendency, this approach helps to systematically capture market ups and downs, which evens out market volatility and helps to build long-term portfolio assets.



### Employer-Sponsored Retirement Plans Team

ESL Investment Services 585.339.4343  
 225 Chestnut St. retirementplans@is.esl.org  
 Rochester, NY 14604 www.esl.org/wealth/investment-services

Securities and advisory services are offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products may be offered through LPL or its licensed affiliates or ESL Investment Services, LLC. ESL Investment Services, LLC, member FINRA/SIPC, provides referrals to LPL and its affiliates. Neither ESL Investment Services, LLC, a subsidiary of ESL Federal Credit Union, nor ESL Federal Credit Union are affiliated with LPL or its affiliates. ESL Federal Credit Union is not registered as a broker-dealer or investment advisor. Products and services are offered through LPL or its affiliates by LPL registered representatives doing business as ESL Investment Services. Representatives are dually registered with ESL Investment Services, LLC and LPL, and may also be employees of ESL Federal Credit Union. Securities and insurance offered through LPL or its affiliates are:

<b>NOT INSURED BY NCUA OR ANY OTHER GOVERNMENT AGENCY</b>	<b>NOT CREDIT UNION GUARANTEED</b>	<b>NOT CREDIT UNION DEPOSITS OR OBLIGATIONS</b>	<b>MAY LOSE VALUE</b>
---	------------------------------------	---	-----------------------

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.