RETIREMENT BASICS

Keeping Calm and Invested During Declines Can Help Lead to Better Outcomes

HYPOTHETICAL CASE STUDY: AGE 55

Bear markets can be unsettling or even frightening. While some participants may be tempted to stop contributing to their retirement plan or to move their assets to cash, those decisions could have serious long-term implications for their income in retirement.

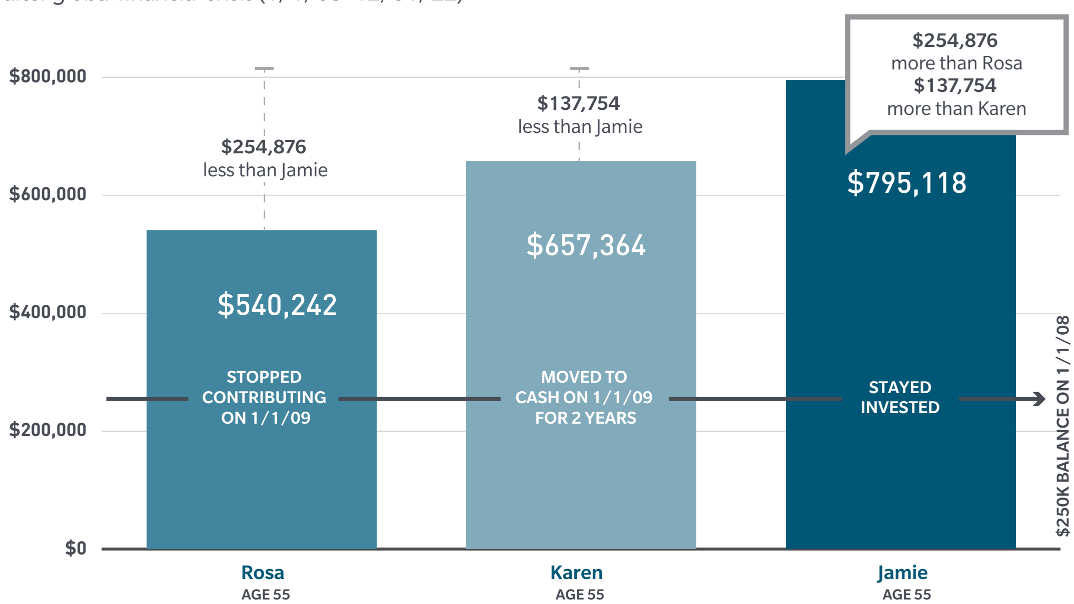
Key assumptions:

- Age (1/1/2008): 55
- 2008 Salary: $100,000
- Balance as of 1/1/2008: $250,000
- Salary increase per year: 2%
- Employee contribution: 6% of salary
- Employer match: 4.5% of salary
- Asset allocation:
  - – 35% US equity
  - – 25% non-US equity
  - – 40% US aggregate fixed income

History has shown that participants who stay invested fared better over time than participants who moved to the sidelines during downturns. Although past performance is no guarantee of future results, the global financial crisis of 2008 and 2009 (GFC) tells a compelling story. See how the actions of three hypothetical participants during the GFC affected their retirement account balances over a 14-year period.

Staying invested led to more income in retirement

Hypothetical example based on results before, during and after global financial crisis (1/1/08–12/31/22)



Source: SPAR, FactSet Research Systems Inc., MFS analysis.

Hypothetical examples are for illustrative purposes only and are not intended to represent the future performance of any MFS® product.

Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon. **Diversification** is a risk management strategy that mixes a wide variety of investments in a portfolio. **Rebalancing** is the process of realigning the weightings of a portfolio of assets (ADR).

For purposes of this comparison, return calculations were based on monthly returns from January 1, 2008 through December 31, 2022 for the following indices — the **S&P 500 Stock Index** measures the broad US stock market. The **Bloomberg US Aggregate Bond Index** measures the US bond market. The **MSCI EAFE Index (net)** measures the non-US stock market. Index performance does not reflect the deduction of any investment-related fees and expenses. It is not possible to invest directly in an index. Asset allocations rebalanced monthly. Pay increases effective 1/1 of the following year. Contributions and match made at month-end. The use of a systematic investing program does not guarantee a profit or protect against a loss in declining markets. You should consider your financial ability to continue to invest through periods of low prices. **Past performance is no guarantee of future results.**

Keep in mind that no investment strategy, including ADR can guarantee a profit or protect against a loss. Also, all investments carry a certain amount of risk, including the possible loss of the principal amount invested.

MFS®

See the reverse side for other important information.

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By staying invested, contributing regularly and maintaining an asset allocation based on her needs, Jamie benefited from the market's rebound after the GFC and the compounding of new contributions and gains, leading to more retirement savings.

Actions can cost money

Rosa

Rosa's decision to stop saving cost her $254,876 over 14 years compared to Jamie, a significant amount given that saving was already a part of her daily financial life.

Karen

Karen's decision to move to cash for two years cost her $137,754 compared with Jamie. While this move may have reduced stress, it is difficult to pick a market bottom. Missing the rebound and its impact on her balance might have caused more stress.

Jamie

Jamie's decision to stay invested means he has $254,876 more in retirement than Rosa, which could be the difference in achieving his desired lifestyle. If Jamie had saved 1% more starting 1/1/08, his account balance would have increased by $24,274 over 14 years. Volatile market environments have often presented an opportunity for participants to consider increasing their contributions.