MARKET VOLATILITY:

4 WAYS TO PROTECT YOUR MONEY

THRIVENT FINANCIAL®

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INTRODUCTION

If you're like most Americans, you probably have mixed feelings about the stock market right now. On one hand, its remarkable nine-year upward climb has helped plump up plenty of retirement accounts.

But that same, that rise could also be making you uneasy. Market fluctuations are enough to give anyone the jitters. Plenty of us have vivid memories of how the 2008 – 2009 financial crisis forced millions of people to delay retirement.

Given all that, it's perfectly normal to be nervous waiting for a market drop to happen. After all, this is your retirement savings we're talking about. But that doesn't mean market volatility should be a reason to panic. There are tangible steps you can take to help protect your savings today, take the guesswork out of preparing for tomorrow, and maybe even calm your nerves in the process.

Ready? Let's get started!

MARKET VOLATILITY: WHAT IS IT?

Pay even the slightest attention to financial markets, and you'll notice a trend. They go up, come down, rise, fall, then rebound (or dip again). What's more, those peaks and valleys happen daily, even hourly. Unless you're a financial professional, it's usually a good idea not to pay too much attention to the short-term zigs and zags.

Why? The markets are influenced by a range of complicated and often intertwined factors, including:

- Economic changes – sometimes on the other side of the globe.
- Political events.
- The public's mood.

Even weather can make an impact. Consider: A hurricane or earthquake can hurt a company's ability to function – and potentially drive down its stock price, along with the prices of its suppliers and other companies it does business with.

In short, market fluctuations are complicated and fundamentally normal. Far better to focus on long-term trends – which have been on a positive track going back to the 1980s – and consult with a financial professional to consider how and when to act.

(See the graph on page 5.)

THE S&P: A 30-YEAR CLIMB

The Standard & Poor's 500 (S&P) is an index that tracks the stock market values of 500 large U.S. companies.

While it has seen peaks and valleys over the last three decades, the general trend has been upward.

Let's say, for example, that you pulled $10,000 out of the market between December 1996 and December 2016 and missed just 10 days of market growth in the 20-year period. You would have earned $21,000 less – about half of the growth – than if you had left your money in.

The takeaway? Stay in the market – you have time on your side.

STRATEGY 1: ASSESS YOUR APPETITE FOR RISK

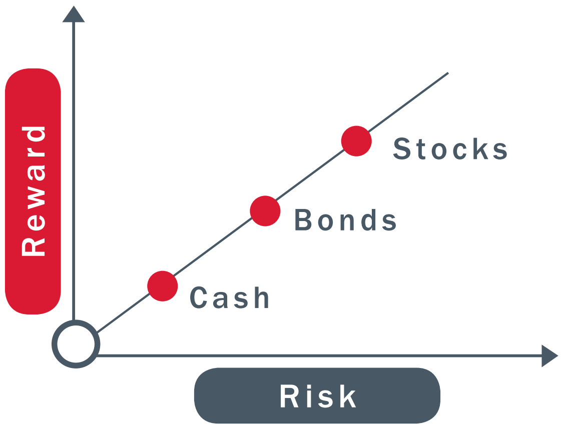
Let's start with a definition. Risk tolerance is your willingness and ability to accept ebbs and flows in the value of the investments that make up your retirement savings. A person's appetite for risk typically depends on a range of factors, including:

- **Your age:** How many years do you have to ride out market highs and lows before you retire?
- **Your personality:** Are you cautious, methodical or spontaneous?
- **Your earning potential:** Are you on track to earn more in the future to help offset potential investment losses?
- **Your additional forms of income:** Can you rely on a pension, inheritance or other source of future funds?

RISK VERSUS REWARD

There's a direct relationship between risk and reward when it comes to your finances. Low-risk investments tend to be safe; they also typically deliver lower potential returns. On the flip side, higher-risk investments offer the possibility of higher returns. But like their name implies, there's also a chance they won't deliver on that promise.

Generally speaking, stocks are the riskiest types of investments, and cash is the safest option. **For more on that, see Savings Buckets on page 7.**



Stocks rank highest on the risk-reward scale. Cash is safer, but it has less growth potential over time. Stocks are riskier, but offer greater growth potential.

TYPICAL SAVINGS BUCKETS

Cash/cash equivalent

- Highly stable, safe (insured by the U.S. government up to $250,000 per depositor)
- Low risk, minor growth potential

Bonds

- Essentially a loan made to a large institution such as a city, corporation or government; the borrower repays the money with interest
- Low risk, with some growth potential that depends on different market factors

Mutual funds

- A pool of money invested in a mix of buckets such as stocks, bonds and more
- Professionally managed
- More risk, as returns will vary

Stocks

- Ownership in a company, also known as equity
- Highest risk as values rise and fall with the market
- Greatest potential for gain

HOW WELL DO YOU KNOW YOUR RISK TOLERANCE? TAKE THE QUIZ!

Insight into your risk tolerance level can help sharpen your financial decision-making. It can also help pinpoint your values and goals. For a more definitive look at your unique style, check out the Thrivent Financial Risk Tolerance Quiz.

Gut-check time: 2 questions to ask

You can get a quick feel for your risk tolerance level by asking yourself a pair of questions:

1. What would happen to my goals if I lost 10%, 20% or even 30% of my investment assets?
2. How would I deal with that loss?

As always, a little self-knowledge can go a long way. Your answers will offer insight into your personality. They'll also give you with a head start on crafting a strategy when you meet with a financial professional.

Financial Lingo Demystified

Assets: Items owned by a person that have value and are available to meet debts or other financial commitments.

STRATEGY 2: DIVERSIFY & ALLOCATE

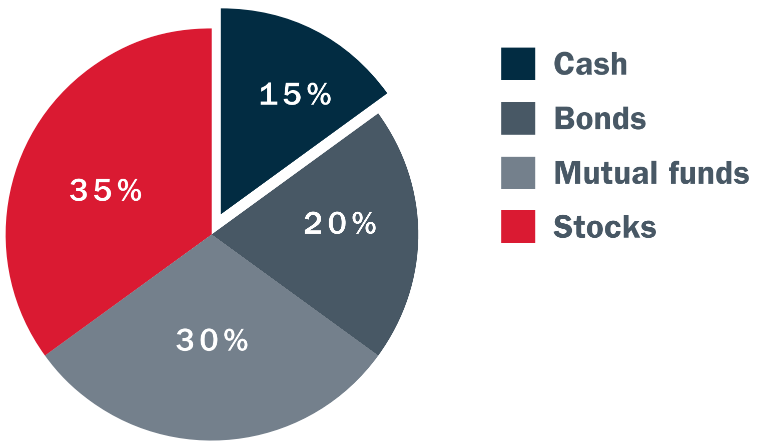
First, let's define what the two terms mean. They're closely related – and often confused with each other – so it helps to understand how they're different.

Diversification
In a nutshell, diversification simply means you spread your money across different types of investments that react differently to same market event.. Doing so helps trim your overall risk. How? Consider the illustration of a diversified portfolio to the right. (In this case, "portfolio" means your total collection of investments – cash, stocks, bonds, etc.)

Diversity can help protect you if the stock market nosedives. Why? It comes back to risk. Riskier investments, such as stocks, often suffer more in market downturns. But the other, less risky savings buckets tend to retain their value. Upside: The portfolio below would take a hit if the market went through a rough patch, but its diversification would help protect it from a big drop in value.

INVESTMENT MIX

Diversified portfolio example



Asset allocation

This is an investment strategy that aims to balance your risk and reward by dividing your portfolio's assets into different buckets (stocks, bonds, cash equivalents). In other words, diversifying your portfolio. A financial professional can help you first focus on broad categories of investments, to find the right ones in the right proportion to match such factors as:

- Your financial goals.
- The amount of time you have to invest.
- Your tolerance for risk.

Three points to keep in mind about asset allocation:

1. Diversification plays a key role. The idea is to spread your investments across a range of investment categories.
2. Done correctly, it will help you find a sweet spot between growth and market fluctuations.
3. Asset allocation isn't a set-it-and-forget-it option. It's a systematic process that needs regular reviews. A financial professional can help you make the right adjustments and fine-tune your allocation on an ongoing basis.

Financial Lingo Demystified

Cash equivalent: Investments that are money market funds, have high credit quality and are very liquid. Some examples include money market funds and U.S. treasuries.

Equity: The value of the shares (stocks) issued by a company.

Liquid: An asset that can be turned into cash quickly.

Liquidity: How fast an asset can be bought and sold in the market. In other words, how quickly can it be converted into cash.

Long-term: Holding onto an asset for an extended period. Typically, 7 years or longer.

Short-term: Holding onto an asset for a limited time. Typically, a few days to 1 year.

STRATEGY 3: PUT YOUR PORTFOLIO TO THE TEST (& TAKE ACTION IF NEEDED)

The stress test

Want to know how your portfolio might fare in a market downturn? A stress test can offer a way to find out. At the most fundamental level, the test examines your asset allocation, analyzes possible effects under downturn scenarios, and provides insight on where you might need to adjust. But keep in mind: unless you're well-versed in financial matters, stress-testing isn't a DIY exercise. Consider contacting a financial professional for help.

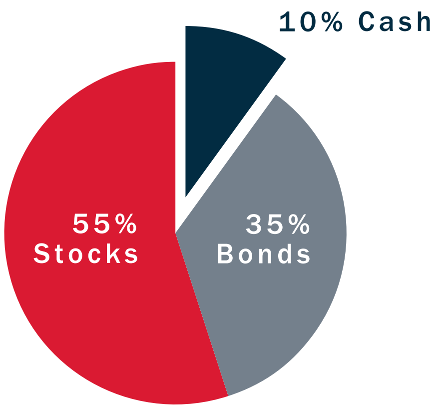
Review & (maybe) rebalance

Here's a given about the market: Stock prices are constantly changing. Without getting too technical, the point to know is those gyrations can alter your portfolio. As the illustration on the next page shows, market forces can change your portfolio's value and your allocation ratios – without any action on your part. That's why an annual, systematic review of your investment portfolio can help keep you on track. If market changes have affected your investments, you can realign with your goals by moving money between the different buckets of your asset allocation.

Take emotions out of the equation

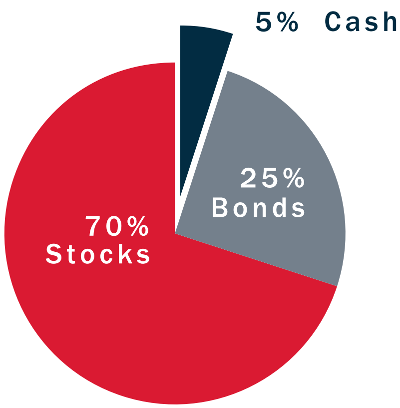
The process is designed to help you make clear-headed decisions. It's not easy to watch market drops affect your retirement savings. Rebalancing – with a financial professional's help – can temper potential emotional reactions and help keep you focused on your long-term goals.

MARKET FORCE IMPACT ON A PORTFOLIO



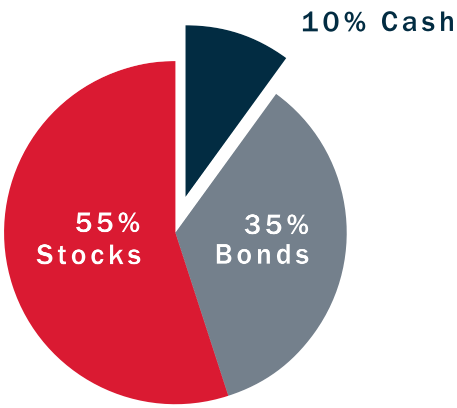
January

At the beginning of the year, your portfolio has this mix of investments.



December

Due to stock market changes throughout the year, your portfolio mix has actually changed because of the value fluctuations.



Rebalanced

You move your money back into the original investment percentages to help you keep on track for your goals.

NEARING RETIREMENT? READ THIS.

Regular financial reviews are particularly important if you plan to retire within the next five to 10 years. At that point, you typically want to take a more conservative approach to help maintain the value of your portfolio. While the returns on non-equity investments can be relatively modest, the run up to retirement might be the time to protect what you've earned and move some of your money into safer buckets.

Talk to a financial professional to learn more.

Financial Lingo Demystified

Non-equity: All assets that are not stocks.

Rebalance: The process of buying or selling assets to maintain the original asset ratios.

STRATEGY 4:
FOCUS ON YOUR GOALS

Your goals are the direction you want to go. Having the right steps and strategies in place will help you keep your investments ontrack to reach those goals. To do that, you need to have a plan, a road map, of how you are going to get from point A (your dreams) to point B (retirement).

But a plan also gives you more than a road map. It can help provide relief from stress and anxiety and take the guesswork out of your decisions.

By regularly working with a financial professional, you can develop a personalized plan based on your needs, values and dreams. You'll also have someone who can listen to your questions and provide well-informed answers.

And that person can be a formidable resource when you're faced with the uncertainty and chaos of a changing market.

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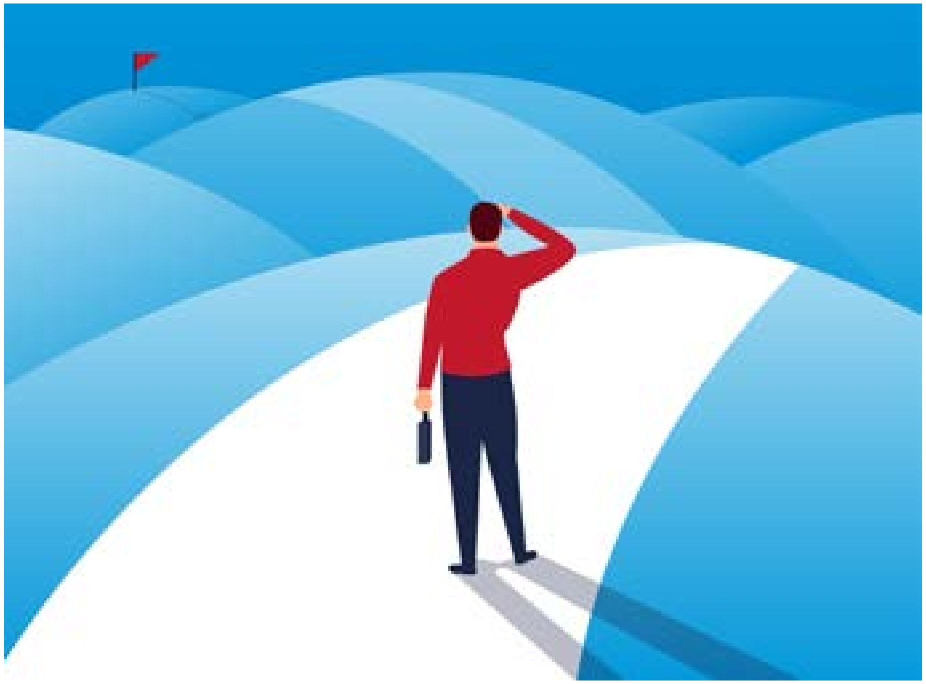
NEXT STEPS



What can or should you do next? First, let's do a quick review of market fundamentals.

- **Markets naturally** go up and down over time.
- **Reacting emotionally** to those swings may not be in your best interest.

With that in mind, here are three steps you can take:

1. Use diversification and allocation strategies to help your savings portfolio weather the market's ups and downs.
2. Talk to your spouse or partner. You may have different risk tolerances and levels of comfort with the market.
3. Consult a financial professional.

How Thrivent Financial can help

Our approach starts with you. We listen, without judgment, to understand what matters most to you. Together, we'll help you develop a strategy that can grow and change as your needs, wants and wishes do—throughout your lifetime.

Get started today!

Contact a Thrivent Financial representative in your area and get your questions answered.

Thrivent.com | 800-847-4836

About Thrivent

Thrivent is a Fortune 500, not-for-profit financial services organization. For more than 100 years, we've been helping Christians see money for what it really is – a tool, not just a goal. We are all on a lifelong journey to be wise with money and live generously. We do that by being stewards of our gifts. Our local financial professionals offer personalized financial guidance and provide access to Thrivent products, services and member benefits.

Our financial strength

The numbers speak for themselves. For more than 20 years, Thrivent has earned the highest possible rating from A.M. Best, an independent insurance ratings agency.* We are No. 352 on the 2019 Fortune 500 list by *Fortune* magazine, with $134 billion in assets under management/advisement (as of Dec. 31, 2018). Represented by total surplus, we have one of the strongest capital positions in the industry. Our strengths today will help us keep our promises tomorrow. That's why more than 2 million Thrivent members count on us to help provide guidance.

AA+

Fitch Ratings | VERY STRONG

Second highest of 19 ratings

May 2019

A++

AM Best | SUPERIOR

Highest of 16 ratings

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