This information does not constitute a recommendation or advice

Your pension and the stock market performance

Investing seems easy when the markets are going up. When there are tougher market conditions, it can seem much harder and no one likes to see their pension value fall. If this happens, it is good to remember that it could well be nothing more than a temporary setback. As long as you stay the course, the markets are likely to rise again. This of course can't be guaranteed, however, if you look at what has happened in the past, the markets have faced some considerable challenges over the years. In the short term, there is greater potential for volatility, for example, during market uncertainty. It is better to take a long term perspective and focus on the financial goals you are aiming to achieve.

Where the situation gets more complicated is when you don't have years to wait for a recovery and then further growth – or, in other words, if you are getting close to retirement. In this situation and indeed at all stages of retirement saving, it can pay to consider where you are investing.

If you spread your investments, you spread the risk and also you have the chance to capture many different opportunities.

Please remember that the value of investments and income from them can go down as well as up, so you may not get back what you invest. If you are unsure of the suitability of an investment, you should speak to an authorised financial adviser.

The quick read...

- It can be unnerving, but ups and downs are a normal part of investing.
- Therefore, if you're investing for the long term, try not to be worried about short-term market shifts.
- We believe diversification is a good idea for everyone, but it's particularly important when you're close to or in retirement.
- If you use your pension's default option, it probably handles the diversification for you. However, you may need to check to see if it is right for you.
- If you're able to hold back on selling investments (to produce an income) during a downturn, this could help you ensure your money lasts a lot longer.
- Whatever happens, don't make a rushed decision. If you are unsure of the suitability of an investment, you should speak to an authorised financial adviser.

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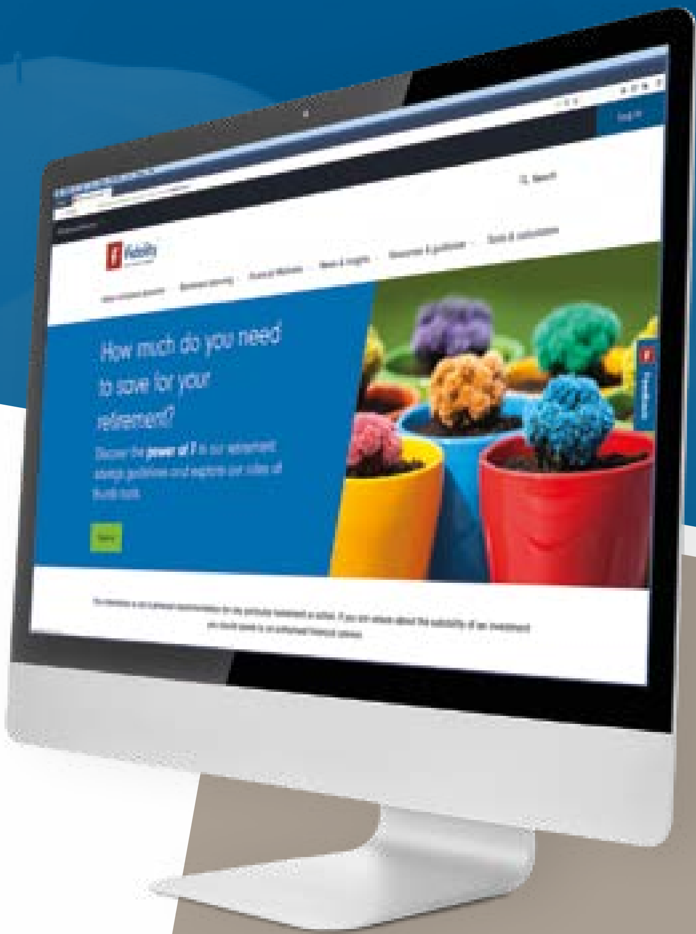
Where you invest – the value of diversification



Diversification is a long word for a simple idea – spreading your money around can reduce risk (as you don't have 'all your eggs in one basket') and opens up more opportunities.

If you're using a company pension's default option, this is likely to be done for you which means that your retirement portfolio will already be set up to suit your situation. However, it is always worth checking to make sure that the investment option is right for you. As we said previously, if you are unsure of the suitability of an investment, you should speak to an authorised financial adviser.

The default funds tend to be what are known as 'lifestyle' funds and they change where you are investing over the years to reduce risk as you get closer to retirement. In brief, they move from shares into bonds and cash, so there's less potential for growth, but any falls are also likely to be less.

But what if you make your own choices? In this case, you could reduce risk by moving some money into bonds and cash, but this may 'lock in' some of your losses. Or you could hold tight and wait for a recovery, but any further falls may then be greater.

If you're not sure how to handle this, you could consider moving into your default option – or taking expert financial advice.

Want to know more?

For more information about saving for retirement and your retirement investments, please visit our website

fidelitypensions.co.uk

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