Market Timing:

The classic game of buy low, sell high

What is market timing?

Market timing involves frequently switching between mutual fund asset classes to take advantage of the predicted future direction of the market. Market timing is the practice of buying low and selling high.

Can you be successful timing the market?

There are many "experts" offering advice on how to time the market. This group includes: Internet "experts", Cable news "experts", and print ad "experts." However, market timing is a difficult and risky practice and these "experts" do not guarantee returns.

What are the results of this expert advice?

"It's Time In, Not Timing"	Average Return
If you stayed fully invested	12.39%
If you missed the 10 best days	9.94%
If you missed the 20 best days	8.19%
If you missed the 30 best days	6.73%
If you missed the 40 best days	5.40%

Source: Putnam Retail Management. Illustration assumes $10,000 is invested in the Dow Jones Industrial Average (6/30/83 - 6/30/08). An example only, not representative of any specific investment. Asset allocation does not assure a profit or protect against loss.

These results show that jumping in and out of the markets can be hazardous to your financial health. If your timing is off – even for just a few days – your results can be impacted significantly compared to a long-term buy-and-hold strategy.

Why market timing doesn't make sense

History proves that investing for the long-term and remaining invested through market fluctuations bears riper fruit. Why add stress to your life by living on the margin and eating sour grapes?

For more information about market timing, contact our retirement plan consultant, Hub International at 401khelp@hubinternational.com.