

## The Arithmetic of Loss

*The reality of market declines*

### Getting Back to Even...

What challenge is an investor faced with after market volatility delivers a sharp downturn?

The first challenge is getting back to even...in other words getting back to the value your portfolio had prior to experiencing a loss.

The chart below illustrates the approximate percentage a portfolio would need to return over time to get back to the initial investment after experiencing a loss.

For example, if an investor had a portfolio valued at \$200,000 and experienced a 30% loss, the value would then be \$140,000. In order for the portfolio to return to its original \$200,000 value, it would have to appreciate about 43%.

If a loss is ....	Approximate total return needed over time to get back to the initial investment
-10%	11.11%
-15%	17.65%
-20%	25.00%
-25%	33.33%
-30%	42.86%
-35%	53.85%
-40%	66.67%
-45%	81.82%
-50%	100%

### Questions to Ponder:

- Assuming the market does return the amount you need to get back to even, how long will that take? One year? Two, three or four years? What impact will the wait have on your lifestyle?
- Consider what would the result would be if in the above example, the initial loss was limited to 10%, and you were able to capture most of the gain when the market returned the same 43%?

**For more information and ideas contact Ed Jaeger at 608-213-1968**

Pensionmark Retirement Group – (608) 213-1968 – [www.401kdesign.net](http://www.401kdesign.net)  
 Securities offered through LPL Financial, Member FINRA/SIPC.  
 Advisory services offered through Pensionmark Retirement Group, a Registered Investment Advisor  
 Wisconsin Insurance License #2366478