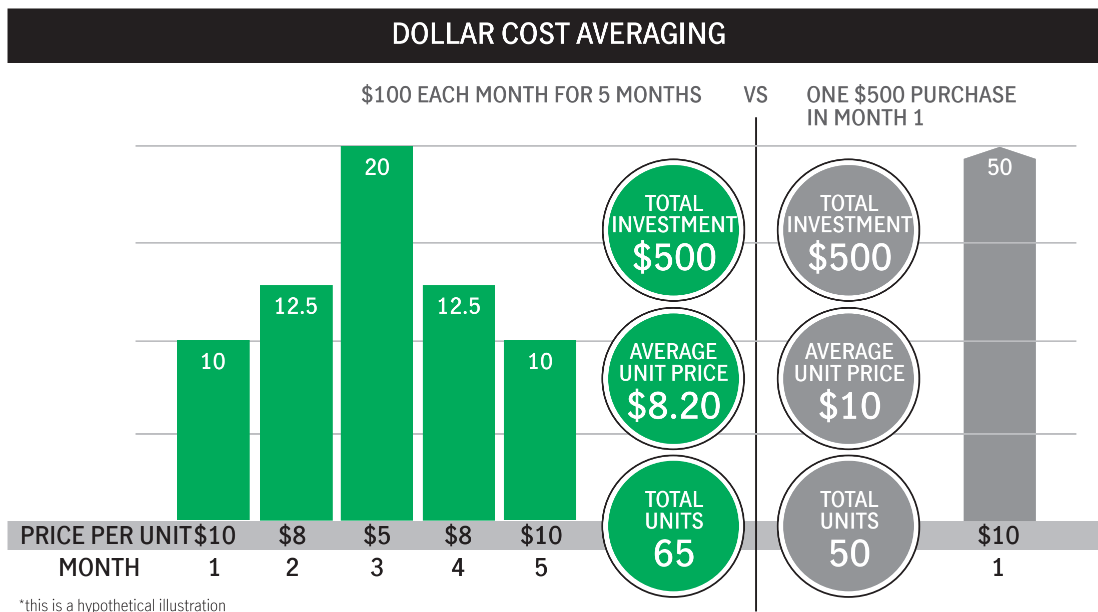
Invest your money regularly and be a bargain hunter

When something isn't going as well as expected, you generally try to stop doing it, right? That reaction may be wise in many cases, but may not be when it comes to investing in your retirement plan. It can be unwise to stop contributing when the market is headed down.

Why is that? If you only invest when the market is going up, your assets increase in value, which also makes them more expensive to buy. But if you also make contributions when the market is headed down, you can buy more units for the same money. If that sounds like a bargain, it is.

With a technique known as dollar-cost averaging, you make regular contributions to your account, regardless of the market's direction. Over time, you buy funds at various price levels, paying an average price neither at the top nor the bottom of the market. Here's how this works.



Dollar-cost averaging helps reduce the guesswork of trying to time the market and investing only when funds are inexpensive. Investors who try to time the market can end up missing out on the best buying opportunities. And by contributing regularly, you keep your money invested over the long haul, allowing it to grow.

You can practice the dollar-cost averaging technique without having to think about it by contributing regularly through automatic payroll deductions. Either way, dollar-cost averaging can help you ride out the ups and downs of the market – plus it's easy.

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