

# S&P 500<sup>®</sup> Major Declines Past 35 Years

The chart on the next page shows the declines of 19% or more for the S&P 500<sup>®</sup> over the past 35 years. This is the approximate life expectancy for a couple retiring in their 60's today. Let's review the columns:

**Begin Date** – the date of the highest price before the decline began.

**Months Decline Lasted** – The number of months from the “**Begin Date**” to the date when the decline ended. Note that most declines are over fairly quickly.

**Months Back to Even** – The number of months from the “**Begin Date**” until the S&P 500<sup>®</sup> recovered back to the price when the decline started.

ALTHOUGH MOST DECLINES LASTED 6 MONTHS OR LESS, IT CAN OFTEN TAKE TWO YEARS OR MORE FOR THE MARKET TO RECOVER THE LOSSES.

**% Decline** – The percentage the S&P 500<sup>®</sup> declined. This shows all declines of 19% or more during this 35-year period.

THERE HAVE BEEN 8 LOSSES OF 19% OR MORE FOR THE S&P 500<sup>®</sup> DURING THE PAST 35 YEARS. EXPECT A SIMILAR NUMBER OF LOSSES GOING FORWARD.

## Dividends Usually Increase When the S&P 500<sup>®</sup> Declines

The last two columns show the S&P 500<sup>®</sup> dividends in the year the decline began and the year after the decline ended.

IN 6 OF THE 7 DECLINES, THE S&P 500<sup>®</sup> DIVIDENDS INCREASED, EVEN THOUGH THE S&P 500<sup>®</sup> PRICE DECLINED 19% OR MORE.

**The key point to understand is that good quality companies usually continue to increase their dividends, even when their share prices are falling.**

## Decline = Good News for Dividend Investors

I love market declines... and you should, too. These are periods when many high quality companies go "On Sale." This is when we have the greatest opportunity to increase your dividend stream by selling a lower yielding stock to buy a higher yielding stock.

### S&P 500<sup>®</sup> Major Declines in Past 35 Years

| Begin Date | Months Decline Lasted | Months Back to Even <sup>(1)</sup> | % Decline | S&P 500 <sup>®</sup> Dividends |                          |
|------------|-----------------------|------------------------------------|-----------|--------------------------------|--------------------------|
|            |                       |                                    |           | Year Decline Began             | Year After Decline Ended |
| 07/16/90   | 3                     | 7                                  | 20        | 12.09                          | 12.20                    |
| 07/17/98   | 1                     | 4                                  | 19        | 16.20                          | 16.69                    |
| 03/24/00   | 31                    | 86                                 | 49        | 16.27                          | 17.39                    |
| 10/09/07   | 17                    | 65                                 | 57        | 27.73                          | 22.73                    |
| 04/29/11   | 6                     | 10                                 | 19        | 26.43                          | 31.25                    |
| 09/20/18   | 3                     | 7                                  | 20        | 53.75                          | 58.24                    |
| 02/19/20   | 1                     | 6                                  | 34        | 58.28                          | 60.40                    |
| 01/03/22   | 9                     | 24                                 | 25        | 66.92                          | ????                     |

(1) Total months from start of decline to date when S&P 500<sup>®</sup> recovered all of the loss.

Note: % Decline does not include dividends received.