Please note: This is a transcription so there may be slight grammatical errors.

Debra Gates:

Do you ever feel like you keep hearing invest in the stock market, but you really don't understand how it works? If so, you're not alone. Let's take a few minutes to talk about how the stock market works and why you should consider investing in it.

Companies sell their stock to create cash so that they can reinvest in their businesses, grow their businesses, and develop new products or services. The stock market or a stock exchange is the place that connects buyers and sellers of different companies shares of stock. In a way, the stock market is like a marketplace where someone has something to sell, a share of stock, and other people want to buy that particular stock. They get matched up at an agreed upon price and exchange the seller's share of stock for the buyer's money. The prices that people are willing to sell stock for and the prices that people are willing to pay for the stock are changing constantly.

When you purchase a share of stock, you want it to gain value. That gain happens when people who are buying the stock are willing to pay a higher price for the share than you paid, making your stock worth more. This can be the result of many different events that happen at a business. Maybe they invent a new product that everyone wants, or they become more efficient and have bigger profits, or they just continue to grow and expand their business. Stocks can also become less valuable. Now, this happens when a business loses money, doesn't keep pace with industry standards, or their offering becomes obsolete. At times, the market can be impacted by world or business events. This may happen after a major world event, like the dot-com bubble, the Great Recession, or the 9/11 attacks.

So why should you consider investing in the stock market? While it's true that all investments have risk, the U.S. Stock Market, measured by the S&P 500 Index, has made money for long-term investors over every 20-year period in history. 20 years sounds like a long time, but if you're saving for retirement your money is likely to be invested at some point for at least that long. The amount of money those stocks made over that 20-year period outperformed bonds and cash investments, such as savings accounts and money markets.

Perhaps you're worried that stocks are too risky. Every investment carries risk, and yes, individual stocks typically are viewed as having the most risk because they're dependent on how a single company performs. But for most retirement plan investors, stocks are bought as part of a mutual fund, which consists of many different stocks. That way, if one stock does not perform well, another stock is often able to make up for it, which helps the investors be diversified.

Your retirement plan has funds that includes stock in all different sized companies, as well as both U.S. and international options. All of these stock market options may feel confusing, but you can call CAPTRUST or make an appointment and we can help you determine the right allocation of stocks based on your personal situation. Investing in the stock market is a long-term commitment. Remember, when you plant the seed, you wait years for the shade of the tree.