



# TWO WAYS TO PUT YOUR MONEY TO WORK

When investing a large amount of money, one of the most common questions is how to invest it: all at once or gradually over time. Both dollar-cost averaging and lump sum investing can be effective, depending on goals, time horizon, and comfort with market fluctuations.

## 1

### Dollar-Cost Averaging (DCA)

#### What it is

Dollar-cost averaging involves investing a fixed amount of money at regular intervals over time, rather than investing everything at once.

#### Why investors use it

- Helps manage emotions during volatile markets
- Reduces regret associated with poor short-term timing
- Creates a smoother investment experience
- Encourages discipline and consistency

#### When DCA may make sense

- Markets feel volatile or are near all-time highs
- An investor is concerned about short-term losses
- Emotional comfort is a priority
- Cash is being deployed gradually (bonuses, business proceeds, etc.)



#### Important perspective

Research shows that investing at market highs has historically produced long-term results similar to investing on any random day, as market highs often cluster during strong uptrends. DCA helps investors stay invested through that uncertainty rather than waiting on the sidelines.

## 2

### Lump Sum Investing

#### What it is

Lump sum investing means investing the full amount immediately, allowing the money to begin working in the market right away.

#### Why investors use it

- Maximizes time in the market
- Historically produces stronger long-term returns
- Allows full participation in market growth and compounding

#### When lump sum may make sense

- Long-term investment horizon
- Strong ability to tolerate short-term market swings
- Markets are trending upward
- Focus is on long-term growth rather than short-term comfort



#### Important perspective

Over longer periods (10 years or more), lump sum investing has historically outperformed dollar-cost averaging, though it often comes with larger short-term ups and downs.



## Comparing The Two Approaches

### Dollar-Cost Averaging (DCA)

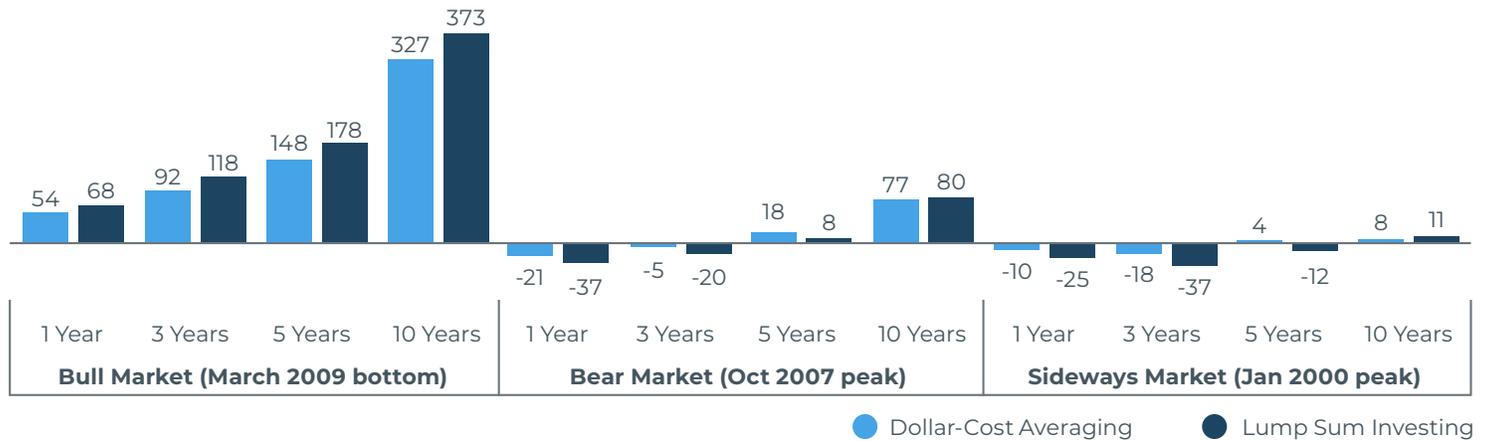
- ✓ Emphasizes emotional comfort
- ✓ Reduces stress around timing
- ✓ Provides a steadier ride
- ✓ May lag lump sum returns over long periods



### Lump Sum Investing

- ✓ Emphasizes long-term growth
- ✓ Maximizes compounding
- ✓ Accepts short-term volatility
- ✓ Requires discipline during market pullbacks

## Dollar-Cost Averaging vs Lump Sum Investing - Cumulative Returns (%)



## How We Help Clients Decide

There is no single “right” answer. The best approach depends on your goals, time horizon, and emotional comfort with market volatility. In many cases, a blended strategy may be appropriate.

Our role is to help you focus on the process, not the headlines—so investment decisions remain disciplined, intentional, and aligned with your long-term plan rather than short-term market noise.

If you have questions about which approach fits your situation, we’re always here to help.

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Source: AssetMark, On the Mark: Don't Fear the High – Dollar-Cost Averaging vs. Lump Sum Investing, August 2025.

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