There's lots of volatility in the market right now. Since the beginning of the year, the S&P 500 index has risen 9.3%, then fallen 7.8%, only to rise another 14.8%. Since mid-June, it's fallen 1.2%.

It's not surprising, then, that many investors are on the sidelines. But while they wait for the markets to calm down, one thing is certain: Thanks to inflation, they're earning a negative return of about 4% a year.

Whether your cash is intended for short-term or long-term use, it should be invested right now. There are good yields right now on short-term bonds and money market funds, and even CDs and savings accounts. And while long-term investments in stocks and other assets may rise and fall in the short term, history shows over the long run they help investors beat inflation and earn enough return to help pay for goals like retirement.

For short-term investments, the best savings accounts are paying 4.5% annualized interest or even a little more. That's enough to beat inflation and protect your cash's buying power. One-year CDs, meanwhile, are paying more than 5%. U.S. Treasuries are paying attractive yields as well: The one-year note currently yields 5.35%.

For longer-term money that you don't need to touch for at least five years, it makes sense to stay invested in the stock market. Short-term volatility is the rule in the stock market, not the exception. Between 1946 and 2022, the market declined between 5% and 10% 84 times, which averages out to more than once a year. But stocks also go up—a lot more than they go down. Over the past 20 years, the S&P is up 400%.

Stocks have far more growth power than bonds, and that growth is necessary to achieve goals like retirement or college funding. Since 1926, large-cap stocks have returned 10% a year on average, while long-term government bonds averaged between 5% and 6%. Stocks' higher growth power helps disciplined long-term investors not just keep pace with inflation, but to come out ahead.

But it's critical that you stay invested. Frequent buying and selling of stocks will invariably decimate your long-term returns due to missed opportunities. Not even professional investors can predict when a long period of declines will give way to periods of appreciation, and vice-versa. Trying to guess means you will likely sell when prices are low and buy when they are high.

It's easy to make emotional, short-term decisions if you invest based on news headlines. The way to be successful as an investor is to figure out how much money you need to invest in safe, short-term solutions and how much you should invest in more volatile investment like stocks—and then stick to the plan. If you'd like to review your investments, don't hesitate to reach out to us.