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

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Every day we see the headlines across the news and social media about the performance of the stock market. Up, down, S&P and Dow, what does it all mean? Even more importantly, what does it mean for your money?

In a previous video from CAPTRST investing in the stock market, we over viewed the basics of what stocks are. Today, we'll take a closer look at the three most common stock market indexes and how they impact you. When you turn on business news one topic you'll hear about on a daily basis is the performance of various groups of stocks, which are known as indexes. An index is a group of investments that share a set of characteristics and tell you directionally how the stock markets are doing.

Indexes track the market over the course of the day and can be followed long term to track the ups and downs of the market. Three of the most followed indexes in the US are the S&P 500, the NASDAQ composite, and the Dow. The Standard & Poor's 500 more commonly referred to as the S&P 500 is a widely used indicator of stock market trends and incorporates a blend of 500 of the largest and most profitable publicly traded US companies. The S&P 500 includes companies from 11 different sectors from healthcare and energy to real estate and consumer staples. The price of the index is calculated by blending the prices of all the stocks, however, the formula gives larger companies a greater weight.

Another commonly discussed index is the National Association of Securities Dealers Automated Quotations, or more simply referred to as the NASDAQ composite. Similar to the S&P 500 the NASDAQ composite is weighted so the larger companies have a greater impact on performance, whether positive or negative. While the index is very well diversified, including over 3000 publicly traded US companies, approximately half of the sector focus is concentrated in the technology sector and many of the companies are relatively smaller in size.

The Dow Jones Industrial Average, often shorten to the Dow is an index based on the stock prices of 30 major US publicly traded companies, primarily across the financial services, healthcare and technology sectors. The companies in the Dow represent about a quarter of the value of the entire US stock market. These indexes track the long term ups and downs of the market, and they help investors judge how the market is performing and perhaps whether they should consider buying or selling.

So which index should you pay the most attention to? It depends on the composition of your portfolio. Your retirement account is likely comprised of mutual funds that may use one of these indexes as a benchmark. So if the mutual funds you are invested in benchmark to the S&P 500, and the S&P 500 is down on a given day, there is a likelihood that the assets in your retirement account will be down as well.

It is also very possible that based on the way your portfolio is constructed, your individual investments could be up when the value of the three indexes is down. If your investment does not perform as desired over time, you may consider adjusting your investment strategy. But remember, volatility is a two way street for all investors and historically both the stock and bond markets have continuously rewarded investors with solid performance in the long run.

So next time you turn on the news or see headlines about the S&P or Dow, think about the impact it could be having on your retirement account. This doesn't mean that you should be checking your balance every day, but instead, make sure you have a solid plan for your investments and then stick to it. Interested in understanding more about your portfolio performance and thinking about how it might impact your long-term plan? Then reach out to CAPTRUST to determine the right allocation of stocks and bonds based on your personal situation. Give us a call. We are here to help.