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In the investment world, volatility is often used as a measure of risk.

I think that's short-sighted.

On average, since 1980, according to JP Morgan, the S&P 500 stock index has within each calendar year dropped 14%.

That is, the investor bought on the first day of the year and at some point, later in the year she was down 14% from the most recent peak of that year.

Meanwhile, over the same 44-year period, the same index was up almost 9% per year, according to politicalcalculations.com.

Said another way, good-sized drops are normal.

All the same, investment formulas typically use volatility as a measure for risk. I suspect because it approaches a tidy symmetric bell curve ideal.

But even if real life were as balanced as a bell curve, the drops can still present discomfort.

Every time the index, and possibly your investments, go down from the recent high it may feel bad but if the described pattern continues it may be worthwhile to ride out the turns and enjoy the potentially higher highs of the future.

All this leads me to think we should embrace volatility rather than avoid it, that it is part and parcel of higher-growth investments.

For shorter time periods, yes, we can view volatility as risk.

So, if you're 60 years old and wish to have your investments support you for 35 years or more, should you not consider a diversified stock portfolio for the bulk of your portfolio?

Of course, you can have some fixed income as a buffer, and maybe mix in some other type investments like real estate.

But I encourage you to lean in and consider holding stocks even at more advanced ages.

In the end, it becomes a matter of having faith the investments will work out and not react to various drops which, historically, have proven temporary.

Good luck.

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