The Carroll Financial Team of
Wealth Enhancement Group®

INFORMED INVESTOR
IT'S YOUR MONEY

Tune Out The Noise



By Denis Curcio, CFP®

Whether it's COVID-19 fears, political divisiveness, wars, gun violence or market volatility, it seems as if there is always a crisis to worry about. The 24/7 "breaking news" cycle can take a toll on our mental health and overall wellbeing. As it relates to investors, it is easy to become overwhelmed by the constant stream of negative news concerning financial markets. Being inundated with numbers, charts and headlines that affect your financial health can trigger negative emotional responses from even the most seasoned investors. One way to combat the negative feelings is to review your financial plan regularly and maintain a long-term approach.

The Plan

You have most likely developed a plan with your advisor outlining how your portfolio should be invested to satisfy your liquidity needs during retirement. Having conducted this exercise with many clients over my career, we typically build in a sizable buffer knowing that markets do not cooperate all the time. Revisit those early conversations and plans developed with your advisor. It's probable that you are still ahead of the original projections even with a bear market downturn.

> "While bear markets feel painful, remember that disciplined investors make decisions based on fundamentals, not emotions."

The Opportunity

When stocks go "on sale," most investors become scared or want to reduce their exposure. This phenomenon is fascinating to me because typically, sales prompt consumers to enthusiastically buy the discounted product. Instead of viewing portfolio declines as a negative, talk with your advisor about how you might rebalance or reposition your portfolio to take advantage of the decline. While bear markets feel painful, remember that disciplined investors make decisions based on fundamentals, not emotions.

The Next Generation

Another approach during a bear market is to reassess your long-term needs. Considering the outsized returns we've experienced over the last decade, your retirement plan may be ahead of schedule. If you plan to leave money for your children, grandchildren, family or charities, perhaps you can carve those funds out and invest them more aggressively, knowing it's unlikely you will need the money. Their time horizon could be 30, 40 or even 50 years.

Turn The Lights Out

My last suggestion is the hardest and most effective. Make your best effort to ignore the bad news and let our disciplined approach to investing work for you. If you fell asleep at the market top in 2007 and woke up today, you would be very pleased with the results. In addition, you would have avoided worrying over the Global Financial Crisis, the Fukushima nuclear disaster, the Flash Crash, the Taper Tantrum, the Greek debt crisis, Brexit, COVID-19 and now inflation.

DON'T QUOTE ME!

"Summer means happy times and good sunshine."

– Brian Wilson

"The stock market is a device for transferring money from the impatient to the patient."

– Warren Buffett

"To plant a garden is to believe in tomorrow."

– Audrey Hepburn

"Learning never exhausts the mind."

– Leonardo da Vinci

"America is a tune. It must be sung together."

– Gerald Stanley Lee

"Bad news travels fast. Good news takes the scenic route."

– Doug Larson