DON'T OUTLIVE YOUR SAVINGS

5 STRATEGIES FOR DEALING WITH MARKET VOLATILITY

Fear-driven decision making has cost people a considerable amount of money over the last 2 years – a trend that doesn't seem to be ending. With political divides, inflation on the rise, massive spending bills, and future tax uncertainty, many people are searching for direction. These are just some of the reasons that market volatility has been on the rise and likely isn't going anywhere, so it's more important than ever to make sure market moving factors are accounted for when building a retirement plan. Do you have a plan in place that addresses the factors causing today's market volatility and which will prevent you from making the mistakes that could cause you to outlive your savings?

DIVERSIFICATION

We say it all the time with the people we help – if your investments are properly diversified, you shouldn't be as concerned with a downturn in any one area of the overall market. Furthermore, your investments should be in line with your specific goals, timeframes and the amount of volatility you're willing to accept based on your risk tolerance. However, regardless of whether you're an aggressive or conservative investor, a well-diversified portfolio should lessen overall volatility because it will balance country, sector, cap-size, objective, percentage and type of bonds. Each piece of the pie should operate as independently as possible from the others.

MAKE A PLAN AND STAY THE COURSE

If you develop a well thought out plan, trust it, knowing there will always be short-term volatility. Timing the market doesn't work out for most, in large part because if you're sitting on the sideline during a bounce back, your long-term performance may never recover. Downturns may be unnerving, but history shows stocks have always recovered and delivered long-term gains.

DOLLAR-COST-AVERAGING

If you invest consistently, no matter if the markets are up or down, you could take advantage of buying stocks at cheaper prices over the long run. Setting up an automated investment plan is one way to take the emotion out of investing. Often when there's a pull back in the market or negative news that causes a market downturn, people become fearful and don't recognize the opportunity to invest at a cheaper price. By putting an automated investment strategy in place, you can prevent trying to out-think yourself or the markets.

TAKE ADVANTAGE OF A DOWN MARKET

Tax rules may let you use losses on some of your investments to reduce your future tax bills, or use lower share prices to convert to a Roth IRA at a lower tax cost. Down markets may also be a good time to meet with your advisor to discuss adjusting your investment mix, or taking advantage of opportunities when prices are low.

WORKING WITH A FINANCIAL ADVISOR

Your retirement savings are likely the single biggest pool of assets you own. If you are like many who don't want to risk making a mistake that could have negative consequences on your future quality of life, you may want to work with a Financial Advisor. Also, by taking a hands-off approach and allowing someone to make non-emotional decisions concerning your wealth, you will sleep better knowing your retirement nest egg is following a personalized and carefully crafted plan.

With the proper guidance and strategies in place, you can avoid the mistakes that might cause you to outlive your retirement savings. Click here to schedule time with a financial expert or call us at 215-558-3500 to make sure your retirement plan won't fall victim to potential market volatility.

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