Stock Market Fire Drill

Brett Slutker, CFP, CPCA, CCS
Branch Manager

It's going to happen. Maybe next week, maybe in a month from now or in 2 years from now. The stock market is going to once again test our resilience and scare the you know what out of a lot of unprepared investors. There will be some uncomfortable days and months ahead. When? I wish I knew! Hell, if I knew I'd be so stinking rich we wouldn't be having this conversation! While I may not know everything, I have learned a lot over the last 20+ years.

Investors can be their own worst enemy – making irrational decisions based upon irrational world events created by irrational people (no names needed here!).

Next time the market's got you down, remind yourself what you will and won't do! Remember the point of a fire drill? To have a plan, stay calm and to follow the professionals to safety.

Here are some promises to make today in order to avoid costly mistakes later. These are simple but very hard for most investors to stick to without the help of a professional.

- When the markets are at their worst, I buy or hold but do not sell.
- There will be bargains to buy but it will never feel like the right time to pull the trigger.
- I will not ever buy anything just because it's supposed to be hot; I will treat the latest investment fad as exactly that - a fad.
- I will stick to the investment plan and objectives I set when things were calm, especially when I'm feeling anything but calm. When my emotions are running high is the wrong time to make rational decisions, including rethinking my investment objectives.
- I will not try to predict the future or listen to those who claim they can. Whatever happens next is anyone's guess.
- I will avoid "noise". Reading negative headlines leads to negative thoughts, which can lead to negative actions that negatively affect my long-term outcome as an investor.
- I will not expect the stock market to only go up. While losses aren't enjoyable, they offer the best chance for me to achieve large future gains over the long term.
- I will resist the urge to act when no action is required. Time in the market is key, not timing the market.
- I won't look at my investment accounts ten times a day! The more I "check in" the more short term focused and panicked I get.
- I will listen to my financial advisor when I'm panicked and think I know better than they do. Once I've done my homework and have partnered with a skilled and principled advisor whom I trust, I may need them to be both my money planner and psychologist.

PEAK Investment Services Inc.