PERSPECTIVES ON RETIREMENT

SAX Wealth Advisors

Dear Retirement Plan Saver,

Life has certainly changed over the last few weeks for us all. As we adjust to the new reality of social distancing and take additional precautions to protect the health of our loved ones, it can be hard not to be drawn into all the “noise” we are hearing. Individuals are doing everything they can to grasp at a bit of control, even if it seems irrational.

With significant fluctuations in the stock markets, participants in 401(k) plans might be tempted to make changes to their accounts. Even when the information they have is limited and the changes might not be in their best interest long term.

The News is About NOW

It is hard to know what to do when all the headlines in the newspapers, on news sites, and our Twitter feed are broadcasting bad news—and in a 24/7 news cycle. The content that everyone is reading will likely influence the actions people take. All of us are emotionally tied to our money, and when we see our accounts dwindling due to a fluctuating market we can quickly be caught up in a very powerful emotion—fear.

Timing the Markets

Human nature can work against us. Fear can drive us to do exactly the opposite action that one should in a time when markets are down. Trying to “time the markets”—selling when the market is down and “waiting” until the markets come back—is not a long-term strategy for success. In fact, it can do real damage.

Counterintuitive or Just Smart?

History has shown that down markets tend to recover over time. Rather than running the other way, consider increasing your contribution amount (if you can) and staying consistent with your investment strategy. After all, your investment choices should be part of your long-term plan.

Talk to Your Sax Advisor

While it may seem wise to take precautions, investors need to take a step back and ask themselves some questions:

1. What is my time horizon to my retirement?
2. What level of risk am I able to bear?
3. Am I making a decision based on fear—or facts?

These questions can be difficult to answer objectively when you are in the midst of a crisis, which is why we need to evaluate these ideas on a regular basis with an advisor. A well thought out diversification and asset allocation strategy sustains portfolios through good times—and bad. Everyone's situation is different, but it is important not to react irrationally.

Reach out to your Sax Wealth Advisor to understand how your portfolio could be affected, and how adopting a long-term view of our events affects the health of your portfolio. For additional questions, feel free to email us at retirement@saxwa.com.

With your success in mind,
Sax Wealth Advisors