

SECRETS

TO THRIVING IN A
FINANCIAL CRASH

IT WILL GET BETTER



WHY I WROTE THIS GUIDE

Over the past few days, I started getting texts, emails, and phone calls from friends and family wondering how they should navigate this current financial crisis.

It's a good question.

Honestly, nobody is quite sure what the future holds. As with most major financial crises, this situation is unique and unlike anything we've faced before. The uniqueness and uncertainty is part of what causes the panic. With each financial crisis, there always seems a different trigger and the response is always the same—panic in the markets.

But, when you look back over the history of market crashes, you do see common responses that not only helped people weather the storm, but allowed them to thrive.

Of course there's no one-size-fits-all solution and all of our financial situations are different, but I have done my best to provide general guidance to everyone who requested advice. But, as the volume increased, I decided I should become a bit more systematic and put together a brief guide on how to thrive in a financial crisis. In short, unless you're in retirement or facing near-term retirement, this crisis can be a wealth-building opportunity.

I hope it's helpful and I'm happy to jump on a call if you'd like advice specific to your situation.

Kevin Lum, CEO
Foundry Financial, LLC

“Whether we’re talking about socks or stocks, I like buying quality merchandise when it is marked down.”

WARREN BUFFETT



HOW TO THRIVE IN A FINANCIAL CRASH

Here are a few tips to help you navigate this current crisis.

REMIND YOURSELF THAT IT WILL GET BETTER.

In the long run, with a balanced portfolio, it's hard to lose money in the stock market. Since 1942 which is the last 78 years (including 2019), the market (S&P 500) has been up 62 of those 78 years if you include dividends, which, of course you do. (S&P 500 Historical Annual Returns.)

Furthermore, the average return for an up year was 19.3% and the average return for a down year was -12%. So, this magical apparatus not only wins 80% of the time, but when it wins it does so larger than when it loses.

AVOID DECISIONS MADE IN FEAR.

Fear clouds your judgment. We tend to get fearful as stocks go down and sell at the bottom. With massive volatility in the market and a constant barrage of bad news, it's easy to panic. The worst thing you can do is make a fast decision based on fear. Selling during an economic collapse is often the worst course of action.

Remaining calm during a stock market crash takes a bit of self-awareness. Mindfulness can be very helpful. Get in the practice of recognizing your own feelings and what's causing them. If you're feeling panicked, before making a decision, practice the following: take a walk, call a calming friend, or simply meditate for a few minutes. Oh, and turn off the financial news.

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THINK OF IT AS BARGAIN SHOPPING.

I love buying things on sale, so why not stocks?! A financial crash is a wonderful opportunity to purchase excellent companies at a discount. Warren Buffet says that we shouldn't think about purchasing stocks, but instead, realize that we're buying companies. If you buy solid companies at a discount in the midst of a financial collapse, you'll be glad you did during a recovery.



CREATE A PLAN.

If you're struggling during a stock market crash, take a step back and create a plan. Creating an investing plan can be one of the best ways to take advantage of a market downturn. Find companies you like and then set a buy price. If the stock drops into your purchase price then purchase the stock and hold it. A good financial advisor can be very helpful in developing and possibly even executing your investment plan.



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STEP YOUR WAY IN.

Maybe you have some cash sitting on the sidelines, but you're afraid to go all in. Step into your positions. Set some price targets and if a company hits your target, buy shares. Continue buying in accordance with your investment plan.

Another strategy is called dollar cost averaging, which simply means buying and selling at fixed rates and set amounts of money. You're never going to be able to time the market, so stick to a routine policy of regular share accumulation or liquidation.

HARVEST SOME OF YOUR LOSSES.



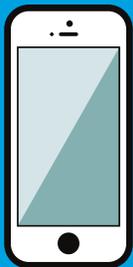
This is slightly more complicated, but you can use a market downturn to harvest some of your losses to help reduce your tax burden. You can sell at a loss and then deduct those losses on your return. In addition, if you sold other assets for gains, selling low during a stock market downturn can offset those gains, reducing your tax bill. A financial advisor can help you think through this strategy.

OVERWHELMED?

You don't need to figure it out yourself.

HERE ARE SOME OF THE WAYS I CAN HELP YOU:

- Create an investment plan
- Manage your investments
- Identify companies with potential for long-term returns
- Rollover an old 401k so you have more control of your investment options
- Take advantage of tax loss harvesting to reduce your tax bill
- Help maximize your tax deferred investment options
- Create a financial plan
- Make sure the funds are invested to match your life goals



If you are overwhelmed, I'd like to invite you to set-up a free 1-on-1 call. I'll answer your questions, talk about decisions you'll need to make, and you'll walk away with the answers you need and the confidence to take your next step.

SCHEDULE A FREE CALL

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