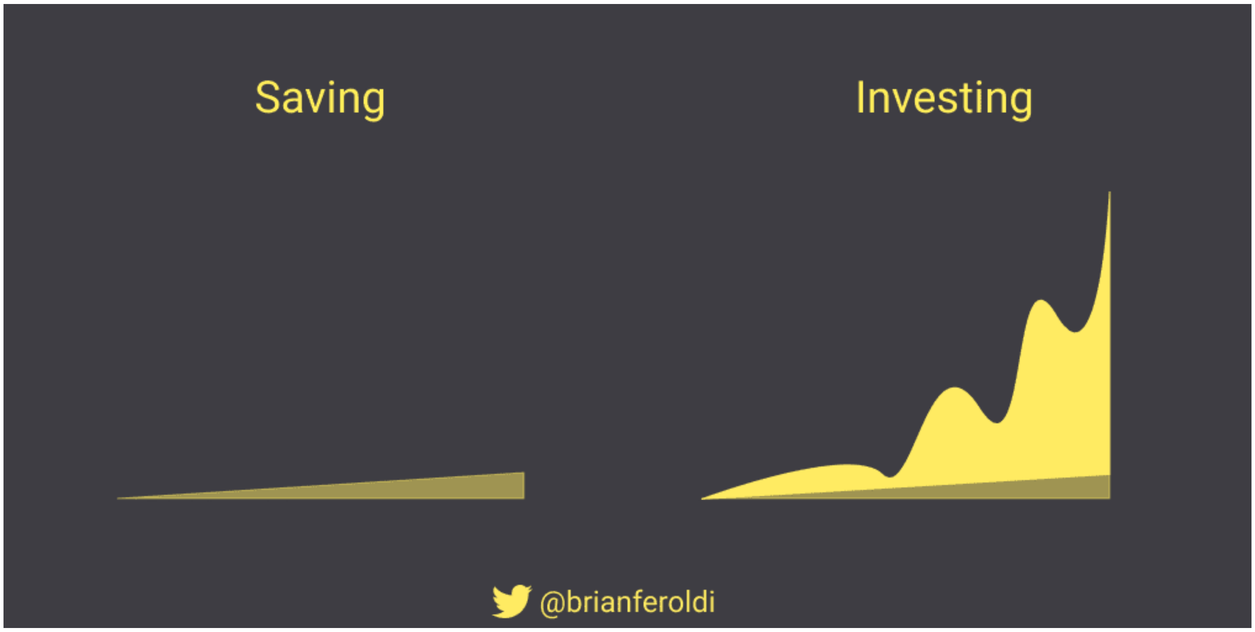
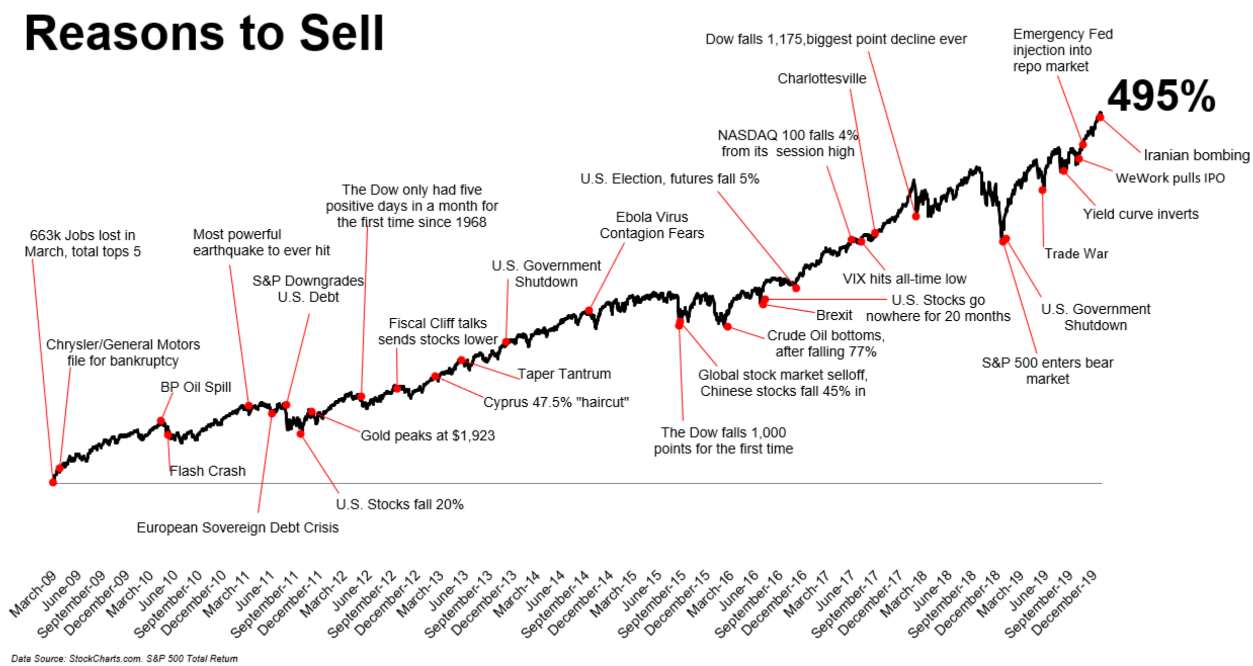
Recession calls have been in and out of frontline news since the lockdowns in 2020. They are inevitable aspects of investing in the markets. This, in and of itself, is not actionable information. When we look at the linear growth of savings, versus the waves one must ride with investing. We can see that the investment road is not nearly as smooth. The savings road is smooth, but certainly leaves something to be desired in regards to putting your money to work.



There are several solutions to these issues. Each advisor has their favorite approach, or even a mix. You may have heard the term "risk tolerance," in the finance community more than once. It's important to understand yours and how to mitigate it. There is no "one size fits all."

First solution: Staying the course & dollar cost averaging. Technically two different strategies, but they are often combined together, especially for those who have not yet hit retirement. When the market enters a lull, investors keep putting money in, effectively lowering the average price paid for a security or bond. This is usually a strategy chosen for long-term investors. It ignores the peaks and valleys and opts to look at the average return over the long-haul.

Looking at the chart below, it makes sense that if you have the additional monies to invest, while other people are investors are scared in down markets, we can take advantage of their indecisiveness.



Second solution: Bucket-strategies might seem complex but they're relatively simple. For the first "bucket," we look at short-term (one to four years, depending on the investor's preferences), investors keep cash equivalents and low volatility investments such as bonds that are held to maturity. For the second bucket, expenses needed in the range of three to eight years is utilized. This would be more of a moderate risk. A mix of bond funds and established companies would be appropriate for the second bucket, though there are a multitude of combinations. The last bucket is the most aggressive. We ignore the markets regarding this bucket for the most part. It is the aspect of the investment that allows growth over time.

The reason for this is simple: If we see a decline in the market, when we need to withdrawal monies for retirement, we can let the aggressive investments alone and give them time to recover. We have already planned to spend the money in bucket one.

A third solution: Seeking income is another popular strategy. The idea behind this is a mix of income producing securities. Bonds, dividend stocks, preferred stocks, closed end funds and annuities would all fit under this basket. As with any portfolio, diversification is key. This is a strategy generally allocated to those that are well in to retirement, though anyone can utilize it.

A fourth solution: To choose consistency over growth. With this strategy, you're an ultra-conservative investor. Nothing with value fluctuations. There will almost certainly be an erosion of your value over time, due to inflation, but there will not be the wild ups and downs that can be difficult to stomach.

This is by no means an exhaustive list. There are more options as well as other aspects to consider. If you are facing uncertainty or have any other questions, please give us a call. We would be happy to help.