INVEST FINANCIAL PLANNING

HOW TO HANDLE SUDDEN STOCK MARKET MOVES

Beth Braverman | March 9, 2020

While big fluctuations in the stock market can feel scary, they're totally normal and there's no reason to panic, especially if your investments are set aside for a long-term goal, such as retirement or your young children's college education.

Even if you don't spend your time reading The Wall Street Journal or watching CNBC, the stock market's sharp movements are hard to miss. On Monday a frenzied sell off flipped the breaker on stock trading right after the opening bell. Fifteen minutes later trading resumed, sweat was mopped from brows and some losses were immediately regained.

The Shakespearean story arc will continue to play out as it has in the p the advice for individual investors is also the same: Keep a cool head a the course.

"Markets fall sharply, but can also rebound quickly. No one knows whe comes and you don't want to be sitting on the sidelines when that hap says Greg McBride, CFA, chief financial analyst at Bankrate.com.

While short-term volatility is hard to sit with, that's exactly what you r do. "Over time, there are always going to be ups and downs in the mar Cary Carbonaro, Certified Financial Planner, managing director of Uni Capital of New York and author of "The Money Queen's Guide for Wor Want to Build Wealth and Banish Fear." "There has never been a 10-yea where you've lost money in a balanced portfolio."

IF YOU'RE INVESTING FOR THE LONG-TERM …

Hang in there."Markets fall sharply, but can also rebound quickly. No one knows when that comes and you don't want to be sitting on the sidelines when that happens," says Greg McBride, CFA, chief financial analyst at Bankrate.com.

If you don't need to touch your investments for five or 10 years or more, you've got plenty of time to ride out any market downturn. Plus, it might be a good opportunity to take a look at your investments and rebalance your portfolio if volatility throws your asset allocation out of whack. Adjust your holdings to get back to your target if it's been more than a year since you've done so, and then resist the temptation to keep check in on your balances.

"As long as you're not planning to spend that money soon, you don't have to worry about what the stock market is doing today," says Jamie Hopkins, director of the New York Life Center for Retirement Income at The American College of Financial Services.

> "If time is on your side, and you're putting money in every month, you shouldn't be overly concerned with near-term or even medium-term volatility," says Rod Holloway, portfolio manager for fee-based accounts with Comprehensive Financial Consultants.

IF YOU'RE CLOSE TO RETIREMENT …

Build up your cash reserves. Falling stock prices can throw a wrench in your plans, but you can give yourself some more breathing room by setting aside a cash account. This cash account gives you a place to draw from to avoid making withdrawals from your investments until they have some time to recover. Aim to have at least a year's worth of expenses saved before you call it quits.

You might also want to sit down with a financial planner to have her run the numbers to make sure that you're on target for your retirement plan and that your asset allocation makes sense. "Once you're five to 10 years away from retirement, you need to start thinking about where you can take risk off," says Paul Kelash, vice president of Consumer Insights at Allianz Life.

IF YOU HAVEN'T STARTED INVESTING YET …

Get started! While there's no guarantee that stock prices won't fall further, they're selling at a discount compared to what you might have paid a fe ago. A good place to start is in your workplace retirement plan—especi your company offers a match on your savings. If you have access to a t date fund, which will automatically create a diversified portfolio for yo adjust it over time, start there. If you don't have a workplace retiremen such as a 401(k), you can create your own retirement account via a disc brokerage.

The best way to make sure that you're able to purchase stocks when th their lowest point is to consistently invest: Set up automatic deposits, won't have to worry about what the stock markets doing, or take the c that you'll forget to contribute.

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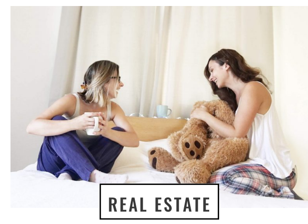

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