Talk of the Town

"What's Your Stock Market Exit Strategy?"

James D. Stillman

Wow! How many big shot stock brokers, financial planners, investment bankers, etc. just jumped out of their seats reading that title? But Jim, don't you know that you're supposed to "stay invested" 100% of the time with 100% of your money even if you're age 100? By "invested" I mean stocks, bonds, mutual funds, variable annuities, REITs, MLPs, ETFs, etc. – market-based products and strategies. After all, we all know that you have to keep up with inflation, and the only way to do that is by "staying invested" for the "long haul", right? "Hang in there", "stay the course", "wait it out", "the market always comes back". I know you've all been told these things before, right? I know you've seen all those pretty charts showing you how your money grows "over the long haul" if you stay invested in the stock market, right? Oh and by the way, if there is a market crash (like 2000, 2001, 2002, or 2008); don't worry about it because you're "diversified", and we're watching out for you! You've heard this before. It's what we're taught to say, think, and believe by Wall Street everyday!

I'm pretty sure I just made a whole bunch of stock jockeys mad, and I'll probably get a few nasty emails from a few brokers around town that are "employed by Wall Street", but that's OK with me. Remember, here at JDS Wealth Management and JDS Enterperprizes, we help people invest in the market through Institutional Wealth Managers, as well as helping them with advanced insurance planning strategies. The point is that we're very careful about how much of your portfolio we're placing in Wall Street's hands.

Here's a simple question that everyone should ask themselves, especially in retirement: what's my "long haul", how long can I afford to "wait it out", "stay the course", etc.? What if you're drawing income from your stock market portfolio and the market drops? OUCH! Now you're forced to sell positions at a reduced price, and how long will it be before you recoup the losses, if at all? We call that "double dipping" or "reverse dollar cost averaging", and it can be very dangerous.

Here's one thing I think we can all hopefully agree upon. As we grow older, we have less time to recoup portfolio losses. Safety and income should become the priority at some point for most folks. Don't you think that's a good common sense philosophy? Unfortunately, everyone says this makes sense, but very few actually do it! Wall Street has done a phenomenal job of convincing people of all ages that they need to stay "invested" forever. Why do you think they do this? Yeah, you guessed it, MO MONEY, MO MONEY, and MO MONEY (in their pockets, not necessarily yours)!

Here are a few simple facts to consider for those of you that are "fully invested". I'll look at the S&P Index in its present form that started on March 4th 1957. (as of 5/31/2015)

A) The average gain in a bull market is 156% / Currently we're at 225%

B) The average length of a bull market is 50 months / Currently we're at 75 months

C) The average loss in a bear market is 27% (almost 40% in 2008)

D) The average length of a bear market is 14 months

So, what does that tell you? Is the handwriting on the wall? How much of your hard earned wealth are you willing to lose? How many sleepless nights are you willing to suffer through, and what's your "long term"? Wouldn't it be nice to have a "downside protection plan"? Simply put, WHAT'S YOUR STOCK MARKET EXIT STRATEGY? Remember, **the purpose of the money dicates where you put it.** At some point, growth should become less of a priority - at least for a portion of your assets.

As always, for a free consultation, additional information, or a free analysis of your current situation, just contact us at JDS Wealth Management. We offer various free reports, a free cost & risk analysis, and a free tax analysis of your current portfolio and retirement plan. If you'd like a free copy of my book "Finding Safe Harbor in Retirement", just let us know.

Until next month,

James D. Stillman

"What's Your Stock Market Exit Strategy?"

Thursday October 1st & Tuesday October 6th

(Check-In at 5:30pm, Doors Close at 6:00pm)

alton's kitchen & cocktails

Venue: Alton's Kitchen & Cocktails – Cornelius

Register Now! Space is limited!

Please RSVP no later than 3 business days prior to your preferred event for you and up to 3 guests, ages 55+

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Retirement Safe Harbor Planning Show

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