Planning for Ups and Downs

Market volatility has the potential to erode your net worth. You can take steps now to help insulate your wealth against future market fluctuations.

Market volatility stirs the emotions. It's hard not to react when markets make sudden, large moves. Greed and fear are natural human emotions that, if given free rein, can lead investors to buy high and sell low. That can be a recipe for wealth destruction.

Planning is the antidote to panic. The time to handle market fluctuations is before they happen. Planning starts with an understanding of how your portfolio will react to volatility, and then making moves to restructure your wealth to fit your risk profile.

Asset allocation is key. Diversifying your investments across a broad set of asset types is a central feature of your wealth planning. Knowing your tolerance to risk, stage of life, and need for liquidity should shape your asset allocation so that you can tolerate volatility without it triggering sudden, unplanned reactions.

Your advisor has planning tools. When you work with a skilled wealth advisor, you have access to planning tools that show how your portfolio might react to various market scenarios. Together, you and your advisor can restructure your portfolio to match your risk profile. A properly structured portfolio will help you resist the knee-jerk impulse to do *something* when markets jump.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification and Asset Allocation do not protect against market risk.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. Consult your Financial Advisor prior to investing.