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September Market Concerns

A letter from
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Hello Friends,

How are you doing? Has your stomach become uncomfortable from this year's investment experience? There is no sugar-coating today's investment environment. It has not been kind to investors. We understand any discomfort you may be feeling. Periods like this can cause discomfort for many investors while others see a period for opportunity. Regardless of your view on the market, now is the ideal time to reflect upon your scenario, review investment objectives, and ensure you remain on track to achieving your goals.

The first three quarters of the year have shown us what market volatility can look and feel like. Volatility measures the big swings in either positive or negative market directions. Most of us think of volatility only in terms of negative market performance, but it can also include a big swing in the positive direction.

The year began with S&P 500 market index highs, only to fall to a current low for the year, nearing -24% (as of 9/27/2022). While there have been several positive spikes in the market (Feb, Apr, June, Aug, Sept) these positive spikes have not been able to overcome the overall greater declines of the year to date. (see chart below)



For many investors, this time is bringing back memories of the financial crisis of 2008. For others, 2008 is only something they have “heard about” but have yet to live through and “feel” such an investment experience personally.

What lies ahead?

Any forecasting of what is to come would be pure speculation. We have had a wonderful Bull Market run since 2008 (see chart below) and have not felt a market like this for over 10 years. It is easy to forget what this feels like and yes, this environment is part of a complete investing experience. It was only a matter of time before such an experience would be felt again.



While it may feel different to you this time or look as if this is the “Big One,” we must remember we have been through similar negative markets before. Historically, markets have recovered. We know this does not make anyone feel better. As times change, so do our perspectives. Going through times like this in our 20’s versus our 60’s gives us two very different points of view. For this simple reason, it is critical we continue to address and assess your situation regularly.

If you are in the accumulation phase and have a long time for the market to recover, you may be salivating and viewing this time as a rare and wonderful investing opportunity. If you are preparing to enter retirement soon and are geared more toward the preservation phase, you may feel your nest egg now lacks the adequacy to fund your lifestyle after such a downsize of your portfolio.

When preparing for retirement we must first remember investing should not come to a screeching halt upon your retirement date. Investing should continue throughout one's retirement period and may last for 30 years or more. So, you likely have more time for the market to recover than you initially thought.

It may be true that your investing perspective and your risk tolerance to investing risk has changed. This would be a common evolution to ones investing strategy and may justify some investment changes.

Historically, maintaining your course has outperformed emotionally driven reactions during periods of market volatility. However, this does not mean we must remain still without any form of action. These changes that are made should be calculated and planned, not made by sudden emotional reactions. Your investment strategy may change and slow down a bit depending upon the phase you are in, but it should never completely stop.

If you are feeling overly anxious, you are not alone. We encourage you to reach out and discuss your households accounts and your household situation specifically. If major life changes have impacted your situation, we can discuss if action is needed to increase the chance of meeting your financial goals.

While nobody likes to see the trend thus far this year, this is included within an investors long-term investing experience. Because each investor's comfort level is different, we have already considered how market situations like this can and will affect one's portfolio and likelihood of achieving their goals. Investment allocation, risk tolerance, and investment selection are all an important part of creating an appropriate investment portfolio specific to your needs and tolerance.



Study after study has shown “timing the market” is one of the most detrimental factors to investors long term success. An individual's investment behavior can be more dangerous to achieving their goals than the behavior of the stock market. We can control our own behavior. The stock market, policy makers actions, and unanticipated events are beyond our control.

This does not mean staying the course keeps us standing still. If you are anxious and having difficulty maintaining your course, we may need to:

- Re-evaluate your risk tolerance.
- Review and discuss your concerns and investment selections.
- Review and discuss your asset allocation.
- Review and discuss how today is impacting your long-term financial plan.
- Review and discuss your emergency cash position or liquidity buffer.
- Review and discuss spending rates
- Make adjustments appropriate to your situation

We may also want to address and take advantage of opportunities such as:

- Investing in “on sale” investment prices. Taking advantage of the “Buy Low” portion in the saying “Buy Low and Sell High.” Now is that time.
- Discuss if a Roth conversion may be an appropriate strategy for your current situation.
- Discuss retirement spending and withdrawal strategies pertaining to tax advantaged and non-tax advantaged accounts.
- Discuss charitable giving opportunities from IRA accounts or annual RMD’s.

If you are having tremendous difficulty, we need to talk and re-evaluate your situation. Through well-reasoned decision-making we can decide if maintaining your course or making adjustments is best for achieving your goals.

If you would benefit from this discussion, give us a call at 614-831-0800 and we will schedule a time to meet. We are here to provide education and coaching as we walk through this journey with you and provide education and guidance along the way. We look forward to speaking with you soon.



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