

## Is Now The Time To Get Back Into The Stock Market?

By Scott Brookes, AIF<sup>®</sup>, [Sharkey, Howes & Javer](#), October, 2009

Many individuals bailed out of stocks and mutual funds late last year in a panic and now are having a bit of seller's remorse. The real questions are: How much exposure should you have to the stock market in the first place? How can you choose the right course of action with a market you just don't trust? Here is our advice:

- § First, take a hard look at your goals and the degree of risk you're willing to take, both of which will determine the appropriate percentage of stocks and bonds in your portfolio allocation. Most people require some stock market exposure throughout retirement just to stay ahead of inflation. From here, you can develop an investment strategy to stick with in good and bad times.
- § Even those who stayed in the market need to review their allocations. A portfolio made up of 75% stocks and 25% bonds in 2008 may now be closer to a 50/50 mix. Is that appropriate? It depends.
- § Unless you are convinced that the economies of the world will never recover or are happy getting less than 1% returns in your money market account, you should consider re-entering the market - a little at a time.
- § Nobody can perfectly time the market. Buying just because the market is going up isn't a sound strategy. It's possible that the gains in the past six months could be erased over the next six weeks. It is wise to get back into the market more slowly through dollar-cost-averaging; where you invest a certain amount of money on a regular basis. This way, you'll buy more shares when prices are low and fewer shares when prices are high.
- § If you are concerned about getting in at a market high and then seeing the value drop, dollar-cost-average back into the market over nine to twelve months.
- § Take a look at the fees, commissions and expenses you are paying to invest, as these costs come straight out of your returns. Remember, costs are the one thing you can control, yet you don't want to sacrifice performance just to save a few pennies. It's your money, we suggest you spend it wisely.

Once back in the market with a portfolio allocation that is satisfactory to you, review your portfolio at least annually, and make adjustments as necessary. If you are unsure of your goals or need help developing a portfolio allocation, work with an advisor who will assist you in creating a sound strategy that will weather today's stock market volatility.

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