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What to Do When Your Investments Are Causing You Stress

By Christine Maushardt

The various investment markets can lead to times of excitement and joy as well as times of pain and anxiety. Most would agree that the first half of 2022 has been full of pain and anxiety for those who have money invested in various investments. People I meet often ask for advice as to what to do during times like now. Here are 5 tips that I would give:

1. Its time in the market, not timing the market. When the markets become volatile, people try and guess when the market is going to bottom out. They often put their investments in cash. But just as many investors are slow to recognize a retreating stock market, many also fail to see an upward trend in the market until after they have missed opportunities for gains. Missing out on these opportunities can take a huge bite out of your returns.

2. Try Dollar Cost Averaging to help deal with the volatility. One thing we can agree on is that during market conditions where it is volatile, buying opportunities may present themselves. The hard part is pulling the trigger and having the discipline to invest the money. You are probably asking yourself, "is this the right time to buy?" Dollar cost averaging involves continuous, disciplined investment of shares, regardless of fluctuating price levels. Think of a 401k contribution that goes in every paycheck. It is consistent and you don't think about the market as much. While it does not guarantee a profit or eliminate risk, it helps in times of hesitation.

3. When was the last time you had a portfolio checkup? Are you as diversified as you think? Meeting with a financial professional can help. Your portfolio weightings change over time as one investment performs better or worse than another. You could also find out if the allocation you have is still a suitable match to your goals and risk tolerance.

4. Try to not focus on the TV. While the media may provide a valuable service, they generally have a very short-term outlook and accentuate the negative returning days more often than the positive. Instead of focusing on the day-to-day activity, try to have a longer time horizon when reviewing your portfolio. It is a matter of opinion what the right answer is as to when to look and consider making changes. If you do not have a professional doing it with you, you will generally have less stress the larger the review gap.

5. Believe in your plan. Most investors already know that the best way to navigate a choppy market is to have a good long-term plan and a well-diversified portfolio. I know that sticking to these beliefs can be challenging, especially in times of turmoil. Do not doubt yourself. Stay strong because emotional decisions are usually not the best ones.

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