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# SHOULD I CARE IF THERE'S A STOCK MARKET CORRECTION? HOW DOES THE MARKET AFFECT ME ANYWAY?

Beth Braverman | December 23, 2018



While big fluctuations in the stock market can feel scary, they're totally normal and there's no reason to panic, especially if your investments are set aside for a long-term goal, such as retirement or your young children's college education.

Even if you don't spend your time reading The Wall Street Journal or watching CNBC, you've probably heard that the last few weeks have seen some big drops in the stock market. Or maybe you've opened your 401(k) account statement to find that the balance was a lot lower than the last time you checked.

"Over time, there are always going to be ups and downs in the market, and we haven't had a lot of volatility in the past year and a half," says Cary Carbonaro, Certified Financial Planner, managing director of United Capital of New York and author of "The Money Queen's Guide for Women Who Want to Build Wealth and Banish Fear." "But there has never been a 10-year period where you've lost money in a balanced portfolio."

Here's what you need to know about a [stock market](#) downturn:

## IF YOU'RE INVESTING FOR THE LONG-TERM ...

Hang in there. If you don't need to touch your investments for five or 10 years or more, you've got plenty of time to ride out this market downturn. Still, this might be a good opportunity to take a look at your investments and [rebalance your portfolio](#) if the recent volatility has thrown your asset allocation out of

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whack. Adjust your holdings to get back to your target if it's been more than a year since you've done so, and then resist the temptation to keep check in on your balances.

“As long as you're not planning to spend that money soon, you don't have to worry about what the stock market is doing today,” says Jamie Hopkins, director of the New York Life Center for Retirement Income at The American College of Financial Services.

### **IF YOU'RE CLOSE TO RETIREMENT ...**

Build up your cash reserves. Falling stock prices can throw a wrench in your plans, but you can give yourself some more breathing room by setting aside a cash account. This cash account gives you a place to draw from to avoid making withdrawals from your investments until they have some time to recover. Aim to have at least a year's worth of expenses saved before you call it quits.

You might also want to sit down with a financial planner to have her run the numbers to make sure that you're on target for your retirement plan and that your asset allocation makes sense. “Once you're five to 10 years away from retirement, you need to start thinking about where you can take risk off,” says Paul Kelash, vice president of Consumer Insights at Allianz Life.

**“If time is on your side, and you're putting money in every month, you shouldn't be overly concerned with near-term or even medium-term volatility,” says Rod Holloway, portfolio manager for fee-based accounts with Comprehensive Financial Consultants.**

### **IF YOU HAVEN'T STARTED INVESTING YET ...**

Get started! While there's no guarantee that stock prices won't fall further, they're selling at a discount compared to what you might have paid a few weeks ago. A good place to start is in your workplace retirement plan—especially if your company offers a match on your savings. If you have access to a target-date fund, which will automatically create a diversified portfolio for you and adjust it over time, start there. If you don't have a workplace retirement plan, such as a 401(k), you can create your own retirement account via a discount brokerage.

The best way to make sure that you're able to purchase stocks when they're at their lowest point is to consistently invest: [Set up automatic deposits](#), and you won't have to worry about what the stock markets doing, or take the chance that you'll forget to contribute.

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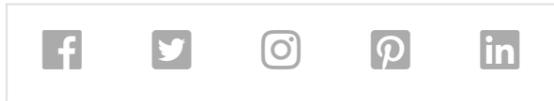


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