

# ARE you prepared?



with Jim Farber

**WHAT DO** the Boy Scouts, Bill Gates, and a good financial advisor have in common? **Preparation.**

**Boy Scout of America Credo** – “Be Prepared”. A scout earns merit badges in all areas of life; crafts, first aid, elementary finance, athletics, construction etc. to get them ready to be productive adults. They are taught good lifetime habits.

**Bill Gates Preparedness Prediction** – In 2015 he produced a video description of what a health pandemic could do if we didn't prepare and take advantage of lessons learned from the worldwide Spanish Flu and Ebola Epidemics. He urged “**Prepare Now**” and he described how to do it. (Coronavirus: Bill Gates Predicted Pandemic in 2015)

**A Good Financial Advisor** – Educates and counsels clients on the importance of being prepared for financial independence by 1) Establishing consistent and continuous savings & investment habits, and 2) managing risk.

For those of us beyond scouting age or not able to directly influence national policy, we can concentrate on being financially prepared. In this case 1 out of 3 isn't bad. Some will see the events of the last 3 or 4 months as a wakeup call, others may be ok with minor adjustments.

Market corrections are part of long term investing. Short term volatility of a 10% to 30% drop occurs a couple of times in each generation, and has been followed by an upturn that restores the losses about 80% of the time after 2 to 3 years and , the market continues upward. The latest correction in March happened when the S&P 500 was at record heights.

Corrections are recorded as far back as 1688 (Jason Zweig in the Wall St Journal 3/28/2020). How can these periods be avoided? They cannot. Periods of prosperity have always been followed by adjustments due to changing business cycles, profit taking, world changing events such as wars or health calamities. So there is always risk.

Risk cannot be avoided, but it can be managed. This is where good planning comes in:

Establish or review saving habits,

Determine your risk tolerance and invest in an IRA and/or

Invest in your employer's 401(k).

These are basic steps. As part of the process, acquiring the advice of a good financial planner will help flesh out a customized path that can lead to financial security. Items like immediate cash requirements, dollar cost averaging (buying at a discount when markets decline), debt management, budgeting, and desired retirement income are all part of planning and it is never too early to start.

## Be Prepared

For more information, please contact your trusted advisor at Swartzbaugh-Farber – ‘Client Centered – Client Advocates™’.