PROFIT PULSE: STAY INFORMED, INVEST INGELLIGENTLY

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INVESTING IN A VOLATILE MARKET

Investing in the stock market can feel like sailing a ship through unpredictable waters. Market volatility, characterized by rapid and significant price movements, can be unsettling for even the most seasoned investors. However, with the right strategies and mindset, you can navigate these turbulent times and potentially emerge stronger. Here's how you can invest wisely in a volatile market.

1. Stay Calm and Avoid Knee-Jerk Reactions. Market volatility often triggers fear and panic, leading to hasty decisions. It's crucial to maintain a calm demeanor and avoid making impulsive moves based on short-term market fluctuations. Remember, investing is a long-term endeavor, and temporary market dips are normal.

2. Diversify Your Portfolio. Diversification is a fundamental principle of risk management. By spreading your investments across various asset classes (stocks, bonds, REITs, etc.), sectors, and geographical regions, you can mitigate the impact of a downturn in any single area. A well-diversified portfolio can provide a smoother ride through volatile periods.

3. Focus on Quality Investments. In times of uncertainty, quality matters. Invest in companies with strong fundamentals, such as robust balance sheets, consistent earnings, and competitive advantages in their industries (wide moats). These companies are more likely to withstand economic downturns and recover quickly when conditions improve.

4. Maintain a Long-Term Perspective. Volatile markets can test your patience and resolve. It's important, however, to stay focused on your long-term goals. Historical data shows that the stock market has generally trended upward over extended periods. Keeping a long-term perspective can help you ride out short-term volatility.

5. Take Advantage of Opportunities. Volatility can create opportunities to buy quality assets at discounted prices. Keep a watchlist of stocks you'd like to own and consider purchasing them when market turbulence drives their prices down. However, ensure your decisions are based on sound research and not on speculation.

6. Educate Yourself. Continuous learning is crucial for successful investing. Stay informed about market trends, economic indicators, and financial news. Understanding what is causing market volatility can help you interpret if moves in the market are short-term or long-term.

Only when the tide goes out do you discover who's been swimming naked
-Warren Buffett

TIP OF THE MONTH:

REDUCE YOUR RISK OF ALZHEIMER'S

Alzheimer's disease is not a normal part of aging, and scientists are working to understand its causes and develop effective treatments. More evidence is emerging that healthy behaviors can lower the risk for Alzheimer's. You can help reduce your risk of Alzheimer's by making healthy lifestyle choices such as:

- **Prevent and manage high blood pressure.** Tens of millions of American adults have high blood pressure, and many do not have it under control.
- **Manage blood sugar.** Learn how to manage your blood sugar if you have diabetes.
- **Maintain a healthy weight.** Healthy eating and regular physical activity can help you maintain a healthy weight.
- **Be physically active.** Physical activity can improve thinking, reduce risk of depression and anxiety, and help you sleep better.
- **Quit smoking.** Quitting smoking now may help maintain brain health and can reduce your risk of heart disease, cancer, lung disease, and other smoking-related illnesses. Free Quitline: 1-800-QUIT-NOW (1-800-784-8669)
- **Avoid excessive drinking.** If you drink, do so in moderation.
- **Prevent and correct hearing loss.** Make sure to talk to a hearing care professional to treat and manage hearing loss.
- **Get enough sleep.** A third of American adults report that they usually get less sleep than the recommended amount. How much sleep do you need? It depends on your age.

If it seems overwhelming to make all these changes at once, try making them gradually. For example, getting an extra 30 minutes of sleep at night, getting an annual physical exam, or simply taking a walk every day may make a big difference to your cognitive health.

Centers for Disease Control and Prevention. (2023, September 14). Reducing the risk of Alzheimer's disease.
https://www.cdc.gov/aging/publications/features/reducing-risk-of-alzheimers-disease/index.htm

FINANCE 101: SIMPLIFYING THE COMPLEX

THE 4% RULE: IS IT STILL VALID?

The 4% rule was developed in 1994 by the financial advisor William Bengen to provide a conservative plan to make sure retirement savings last. The calculation works no matter how much you start with, and it can provide valuable insight into what your retirement could look like—whether retirement is far in the future or just around the corner.

What does the 4% rule do?

Its purpose is to ensure you have a safe retirement withdrawal rate and don't outlive your savings in your later years. By withdrawing only 4% of your total funds and allowing the remainder of your investments to continue growing, you can maintain a sustainable withdrawal rate for 30 years or more.

Is the 4% rule important?

Financial professionals may offer varying opinions. Ultimately, the 4% rule is a guideline, not a strict rule. Your individual circumstances are unique, and the rule's applicability to you depends on many factors. The first step is to consult with a knowledgeable financial professional who can help you assess your savings and investments and develop a personalized strategy that suits your needs.

4% Rule Calculation.

Start by adding up all your investments, retirement accounts, and residual income. Calculate 4% of that total, and that's the budget for your first year of retirement. After each year, you adjust for inflation. It may sound complicated, but consider the work that would go into planning out your budget for the next five years, let alone a 30-year budget. In comparison, the 4% rule is simple.

Is the 4% Rule Still Valid?

The validity of the 4% is hotly debated amongst us financial advisors. The general consensus is that it can be a good quick calculation, but has several assumptions that must be addressed before relying on it entirely. Every retirement situation is unique, and must be treated as such. Quick calculations like this are useful early in the retirement planning process, but should not be the only calculation made to determine if you will have enough money to retire.