

Dealing with Change!

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One of the more difficult challenges facing us is getting back to equilibrium following a financial disruption. Over the last 2 years we have seen the markets drop in free fall and bounce back about half way to their highs of October 2007. Since we do not know where the markets are going over the next months or years, we need to keep our emotions under control.

People's fear of the unknown can be devastating. Sudden changes can cause unexpected stress and makes it difficult to think rationally. Now is the time to take stock of your circumstances. There is a process of working through the situation. You must recognize what it is you fear, what you can control, and how to prioritize your action.

The first step in that process is to measure objectively where you are in relation to your goals. This will help to decrease the anxiety and lessen the fear of making mistakes. By getting to know what has changed in achieving your goals, you can make a list of what actions you can take to improve your situation.

Often when we have sudden change, a person tries to deal with everything at once, or they become paralyzed and do nothing. An example; if you have lost sleep over the last months worrying about the markets; What can you do to reduce that worry? List the items; such as decreasing the percentage of stock you have in equities, which will reduce volatility. But, this may increase the need to save more, work longer, and find other alternatives to growth. Once you have your list, sort through all the issues to determine what is critical, what you can control and the priority of each. This is vital in re-establishing some normalcy, promote sound decision making and keep sudden change from becoming economic disaster.

Dr. Stephen Covey admonishes us to put our concerns into two groups, those we can control and those we can not. Then focus on the ones we can control and don't worry about those we can not control. This is difficult, but if we make our list, prioritize it and step by step address the issues we can control it will not only lead to better decision making, but also greater peace of mind.

Most of us have had some stress about our financial situation; whether it is retirement, college savings, or just financial security. Now it appears the economy has settled down some, so I would suggest that you sit down and evaluate your goals. Measure the impact of the last few months; list what impact it has had, and what steps you can take to remedy your situation. If you need some help with the process, that is what we are here for.

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Charles Buck CFP®

"It is good to have money and the things that money can buy, but it is good too, to check up once in a while to make sure you have not lost the things that money can't buy."

George Lorimer

Ask the CFP®

This month I read "Winning the Loser's Game" by Charles Ellis. He gave 10 Commandments for the individual investor. I thought you might benefit from reviewing them.

1. Don't Speculate.
2. Save.
3. Don't do anything just for tax reasons.
4. Don't think of your house as an investment.
5. Never do commodities.
6. Don't be confused about a stock broker.
7. Don't invest in new or "interesting" investments.
8. Don't invest in bonds just because someone told you they have no risk.
9. Write out your long-term goals, your long-term investing program, and your estate plan and stay with them.
10. Don't trust your emotions.

P.S. This book was written in 1998, so had nothing to do with the current markets.

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