5 Step Checklist to Protect Your Assets In A Volatile Market

Enjoy Peace of Mind With Your Portfolio

How Badly Do You Dread Volatile Markets?

Scoring an eight on a scale from 1 to 10 is understandable. Market volatility tends to be very unnerving for many investors. However, with proper planning, you can mitigate losses and prevent panic attacks.

Are You Prepared?

The key to staying on top of your investment game is to keep the focus on things you can control rather than what you can't. Market downturns are an inevitable part of the investor's journey and a great opportunity to grow your wealth.

With this checklist and a little planning, you can handle just about any market fluctuations that would normally keep you awake at night. In it, you will find a few steps you could take to protect your assets and possibly expand your portfolio.

Let's dive in!

#1 Check Your Emergency Reserves

The reason many investors panic during volatile markets is that they lack an emergency reserve. As an investor, you would be able to think more clearly and take more calculated risks if you have enough emergency cash saved up. When you have your living expenses covered, you won't be tempted to liquidate your assets or clear long-term accounts in a bid to survive the short-term.

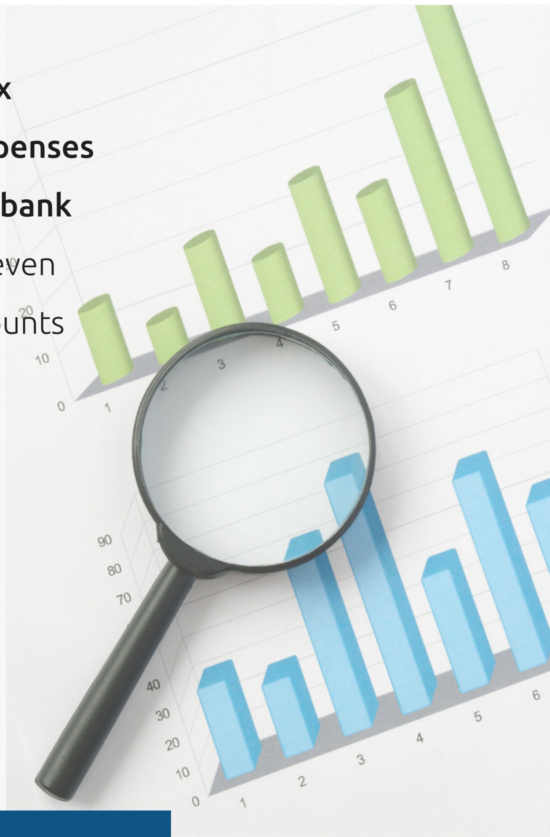
An emergency reserve can help you stay afloat while the market gradually recovers from volatility. Your comfort level for your cash reserves is somewhat of personal preference. Often Investors feel comfortable with 3-6 months of cash reserves while others believe a year of living expenses makes sense. Find what works for you.

Questions To Ask

- **Do you have an emergency reserve?**
- **How long will your emergency reserve last?**

Action Tip

Save up at least three to six months' worth of living expenses in a liquid account; cash or bank saving accounts. You may even consider online savings accounts to get higher interest.



#2 Review Your Asset Allocation

You need to review how all your assets are doing to make better-informed decisions. If your investment is focused on the long-term and adequately allocated, short term volatility may not have much of an impact on your overall portfolio.

Nevertheless, after reviewing your goals, risk tolerance, and time horizon you may then decide if it makes sense to rebalance.

Historically, many investors have accumulated considerable wealth and portfolio growth from long-term investments. However, if volatile markets are not your cup of tea, you may look to alternative, shorter-term options. Money Markets and Short-Term Bonds are generally something to consider. You may also think about placing a portion of your assets in more liquid deposit accounts like FICA which are insured by the FDIC.

Questions To Ask

- **Which assets are you heavily weighted?**
- **Which assets are you least heavily weighted?**
- **Which assets are struggling at the moment, and why?**
- **Which assets are doing well?**
- **How would rebalancing affect your taxes?**

Action Tip

Maintain a long-term perspective. A properly allocated portfolio that takes into account your goals, risk tolerance, and time horizon will help you weather the storm during market down-turns.

#3 Diversify Your Portfolio

Diversification is one of the bedrocks of Modern Portfolio Theory (MPT).

In the event of a volatile market, a diversified portfolio will most likely do better than a concentrated portfolio. Diversification simply means not relying on only one type of investment to bring you success, just in case it fails.

You can have a diversified portfolio by investing in different asset classes across several companies and industries. All industries and companies do not react in the same way during an economic crisis. For instance, while the oil sector might be taking a nosedive, the telecom sector could be soaring to new heights. Having investments in both areas can help to mitigate your losses.

Questions To Ask

- **Are your portfolio assets diversified or concentrated?**
- **How many asset classes am I invested in?**
- **What value does each asset class bring to my portfolio?**
- **Am I diversified in each asset class that I am invested in?**

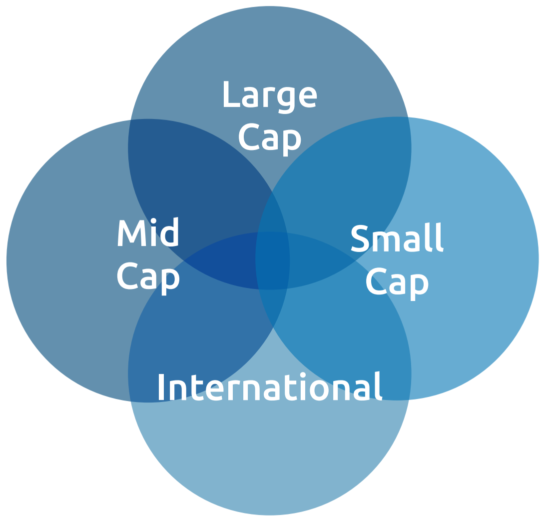
Action Tip

Review your diversification Focus on asset classes that complement your portfolio but are not correlated.
Doing so will help reduce volatility by attempting to eliminate unsystematic risk.

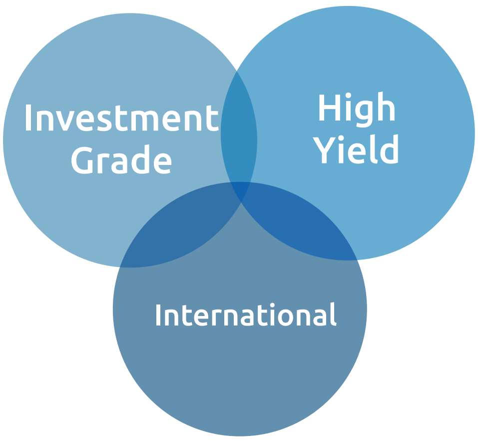
DIVERSIFICATION

RISK

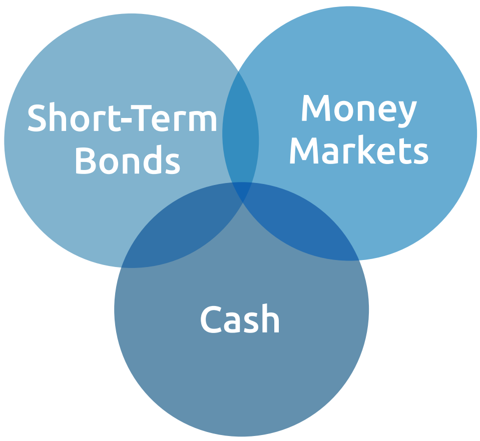
Stocks



Bonds



Short Term Investments



#4 Don’t Stop Investing

In some cases, the best reaction to a volatile market is no reaction. Sometimes the best thing to do is “Nothing.” That being said, turbulent markets are generally a great time to review your short and long-term goals. So, while you should avoid knee-jerk reactions, you shouldn’t rule out making new investments because the market is volatile.No matter what state the market is currently in, opportunities may present themselves. Having cash on hand and being ready for these opportunities can make all the difference.

Questions To Ask

- **Which investments are appreciating right now?**
- **Which investments are depreciating right now?**
- **Which investments are aligned with your goals?**

Action Tip

Due Diligence is Key – It’s essential to understand the companies and industries you are investing in. Generally, large companies with solid balance sheets carrying a lot of cash may fair better than ones that do not during an economic downturn.

#5 Keep an Eye Out for Opportunities

Many investors stop researching investment opportunities when the market is volatile. Often they are stuck monitoring their investments like a hawk and hoping their assets don't get hit. **While this may seem like a normal thing to do, you should tune out the doomsday predictions, and watch out for investment opportunities. A turbulent market could present a chance for you to make money and possibly help with your tax situation.**

You may take advantage of harvesting tax losses, which can help offset taxes on realized gains and income. You may also find opportunities where you can earn more while saving cash. For instance, the Federally Insured Cash Account (FICA) can make you as much as 5x the national savings average and provide up to $25 million in FDIC Insurance. FICA is a great opportunity to earn interest in a volatile market, especially if you have idle cash or just don't have an appetite for the volatility.

Questions To Ask

- **Is there an opportunity to save money?**
- **Is there an opportunity to make more money?**
- **What does my current tax situation look like?**

Action Tip

Be on the look-out for new ways to build wealth and research every opportunity to see if it meets your investment goals. If research is not your thing, reach out to a Financial Professional for guidance.

Volatile markets are an inevitable occurrence. Once in a while, the markets and/or the economy find themselves in a tailspin throwing some investors into a state of panic. When this happens, it's important to stop and take a deep breath. The good news is, you have the following tools at your disposal: review this checklist, revisit your goals, risk tolerance, time horizon, and reach out to a Financial Professional for help if necessary. As an Investor, you understand the market will go up and it will go down. You're betting on it. Do your due diligence, find the value, and seize those opportunities.

What Interest Rate Are You Currently Earning At The Bank?

You Can Get More On Your Savings With FICA

The Federally Insured Cash Account (FICA®) is a Federally-Insured, high-yield cash account offered through Bay Area Wealth Advisors. FICA offers you 5x the national savings rate, and 100x FDIC Insurance Limits (up to $25 million per Tax ID).

You worked hard for your Savings.
Now, it's time it worked hard for you.

Schedule a FREE call to learn more about the incredible benefits of FICA

BOOK APPOINTMENT

BAY AREA Wealth Advisors

Grab this opportunity and put your cash to work!

Got questions about FICA or your portfolio in general?

Contact:

Michael Pautauros, CRPC®
Investment Advisor Representative
Bay Area Wealth Advisors

2144 Seven Springs, Blvd., Ste. 407
New Port Richey, FL 34655

C: 727-534-0757
E: mike@bawatampa.com