

## What You Can Learn From Three Recent Market Crashes



If you've ever been in a car crash, you know it's emotionally distressing, disruptive to your life, and, if that wasn't enough, can be expensive. It's the kind of event nobody wants to be involved in, yet with more than 250 million vehicles on the road, car accidents will continue to be a daily hazard.<sup>1</sup>

So even though you never intend to get into a collision, you still prepare for one every time you get in your car. You wear a seatbelt, drive a vehicle with multiple crash safety features, and carry insurance coverage specifically for this type of accident.

In the same way, no investor wants to experience a market crash. Yet because of the complexity of the global stock markets and the cyclical nature of free market economies, significant and sustained downward price changes are going to happen. Financial media typically call these periods market corrections or bear markets. You'll find these periods accompanied with doomsday headlines and dire predictions.

Rather than rubbing a lucky rabbit's foot and hoping it will never happen to you, it's much better to be prepared for it ahead of time by having your expectations adjusted and a plan in place.

A little history will show why.

The Black Monday crash of October 19, 1987 saw the Dow Jones Industrial Average plummet 23%. It was brutal. But not a good reason to cash out. Charles Rotblut, vice president at the American Association of Individual Investors, points out that in the year after the crash large-cap stock prices rose about 12%, and in 1989 by about 27%.<sup>2</sup>

"One of the big things you realize," he says, "is that if you just stick with the long-term portfolio you'll be okay."

The so-called dotcom bust of 2000 saw stock prices of many overvalued tech companies (like Pets.com) come crashing down. MarketWatch columnist Jonathan Clements says that the lesson here is not to jump on an investing bandwagon just because everyone else is. He writes, "It's crucial to diversify broadly, while shunning big bets on the market's most popular merchandise."<sup>3</sup>

While the most recent market crash of September 2008 looms large in everyone's memory, a less remembered event was the August 2011 correction. Occurring during a five-month long bear market, it had investors wondering if it was 2008 all over again.<sup>4</sup> Yet the Dow ended the year up by 5.5%, growing into double-digit gains by 2013.<sup>5</sup>

The lesson from these past down drafts in market prices is that for long-term investing to work, you will almost certainly be required to endure more than a few weeks or months of horrible financial news. In the summer of 2011, many investors who felt emotionally compelled to "do something" saw their paper losses turn into real ones.

Just as pulling out of your driveway puts you at risk for a car accident, so participating in the market puts you at risk for volatility.

Knowing this, the prudent driver buckles their seatbelt. And the prudent investor has a diverse portfolio, a long-term plan, and a trusted advisor to help them stay the course.

Have a great weekend!

Source: Efficient Advisors

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## **Golf Tip of the Week**



### **Backyard Chipping Drills**

Take advantage of the last few weeks of great weather outside before winter comes, and practice your chipping right in the backyard. You don't need to go to the country club to practice this important shot.

One of our favorite drills helps you eliminate the “flick” many golfers do when chipping. All you need to set up is about 10 balls and a chipping mat, if you have one (if not, doing the drill on the grass works as well). Simply set up your shot as you normally would, with your front grip (left arm for right-handed golfers, right arm for left-handed golfers) nice and low on the club. Then, you are going to use a pendulum motion to hit the ball and keep your arm completely straight throughout the whole swing, including the follow through. This “tick-tock” motion will teach you not to keep your wrist completely straight. Don’t focus on getting rid of the ball; just focus on that motion.

Tip adapted from The Lady Golf Teacher<sup>i</sup>

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## Recipe of the Week

### Slow Cooker Ziti



Usually, this classic comfort meal is baked, but you can make a more-delicious ziti in the slow cooker, while you set it and forget it. This warm recipe makes the perfect family dinner and can be portioned out for leftovers throughout the week.

[8 servings]

#### Ingredients:

- 1 lb. of ground beef or ground turkey
- 1 onion, chopped
- 1½ tsp. garlic, minced
- Salt and pepper, to taste
- 1 tsp. dried basil
- 1 tsp. dried parsley
- 1 tsp. oregano

- 28-oz. can tomatoes, diced
- 2½ cups pasta sauce
- 2½ cups water or chicken broth
- 4 cups ziti pasta
- 1¼ cups shredded mozzarella cheese

### Directions:

1. Cook the meat in a skillet with the garlic, salt, and pepper.
2. Add the cooked meat, basil, parsley, oregano, tomatoes, and pasta sauce to a 4-quart or larger slow cooker and stir.
3. Cook on low for 6 hours or high for 3 hours.
4. At the end of the cook, turn the slow cooker to high and add the pasta. Stir to combine, and continue cooking for another 15 to 20 minutes, until the pasta is soft.
5. Sprinkle with cheese and cook for another 5 minutes, until the cheese is melted.

Recipe adapted from The Recipe Rebel<sup>ii</sup>

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## Health Tip of the Week



### Know Your Numbers

According to The American Heart Association, adults should know their key health numbers, including total cholesterol, HDL (good cholesterol), blood pressure, blood sugar, and body mass index. These core data points can help health care providers determine whether an individual is at risk for cardiovascular disease, a heart attack, stroke, diabetes, high blood pressure, and other concerns.

If you're not sure what your "numbers" are, schedule a visit with your doctor to monitor them and understand why each is important. Here's a quick definition of each metric:

- Cholesterol - Cholesterol is a lipoprotein found in our body's tissues and plays a role in forming and maintaining cell membranes. There is "good" cholesterol, which our body needs, and "bad" cholesterol, which puts us at a higher risk for heart disease.
- Body Mass Index - Your BMI is calculated by your height and weight and can help measure if you are underweight, a healthy weight, or overweight.
- Blood pressure - Blood pressure refers to the amount of force the heart must use to pump blood throughout the body. It is measured by the resulting pressure exerted onto blood vessel walls, during work and at rest.
- Blood sugar - Blood sugar measures the concentration of glucose in the blood.

Tips adapted from The American Heart Association<sup>iii</sup>

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<sup>i</sup> <https://www.youtube.com/watch?v=Z0XpUKBf35w>

<sup>ii</sup> <https://www.thereciperebel.com/slow-cooker-baked-ziti/>

<sup>iii</sup> <https://www.heart.org/en/know-your-risk/know-your-numbers>