

Leigh Baldwin & Co.

Investment Brokerage

Actively Stick to Your Plan

Are you a Builder? Protector? or Distributor of wealth? During times of market volatility, what adjustments if any to your portfolio or financial plan should you consider? Before we discuss potential financial plan moves, let's briefly review the current state of global markets.

The third quarter was a quarter to forget. It began with a strong rebound for risk assets as the stock market roared back during July and early August, but as inflation data, interest rates and the Federal Reserve became top of mind the stock market began a downward trend and finished lower for the quarter. Investors had a hard time finding any support in financial assets as growth equities, value equities, international equities, and investment-grade bonds all ended lower.

The S&P 500, NASDAQ, and Dow Jones are now down 24%, 32%, and 20% respectively year-to-date (YTD). So, the question that investors are now asking themselves and their wealth management teams is what do we do now? The cliché answer that a financial pundit may say is "stay the course" and "invest for the long-term." Well, we believe there is value in this message during times of volatility, however it is prudent to take into consideration an investor's unique circumstance. We would answer **Actively Stick to Your Plan**. An investor may be a wealth builder, wealth protector, or wealth distributor, and based on their financial plan there may be opportunities in today's markets to strengthen their financial foundation.

Wealth Builders are investors who may have just started investing or have been investing for over 20 years. These individuals or households are actively trying to grow their net worth through contributions to savings accounts, retirement plans, investment accounts, real estate, etc... Wealth Builders typically have a long-time horizon before they need income from their portfolios, which allows them to potentially take on more risk. Wealth Builders should welcome opportunities like today as a market pullback provides an opportunity to buy more shares of an investment. We believe today is an opportunity for Wealth Builders to reevaluate their monthly budget to increase their investing contributions. Furthermore, investors may want to consider a Roth conversion, where it may make sense to pay taxes now compared to in the future for their retirement savings.

Wealth Protectors are investors who have grown their net worth over time, are usually still working, but can see and smell retirement around the corner. These investors are usually not withdrawing from their investment portfolios during this stage but have begun the planning process of withdrawals. Wealth protectors should use a market downturn to analyze the risk and income of their portfolio as they plan for retirement withdrawals. Furthermore, wealth protectors may find contributing to a Health Savings Account (HSA) beneficial to lower current taxes and to access another investment vehicle that can grow tax deferred.

Wealth Distributors are investors that have reached retirement or are using their portfolio for current income. Wealth distributors may want to check-in on their current withdrawal strategy and adjust if they are taking more income from their portfolio than needed or look for opportunities to increase their income on their investments. Wealth distributors have opportunities to buy equities and bonds at higher current yields. Therefore, investors may want to rebalance their portfolios based on current income needs and risk tolerance.

We look forward to our next conversation to review your financial plan or possibly create one for your family, to see what adjustments, if any, may help you build a strong financial foundation. We thank you for your continued support of our firm. As always, "you do the dreaming, we'll do the math."

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