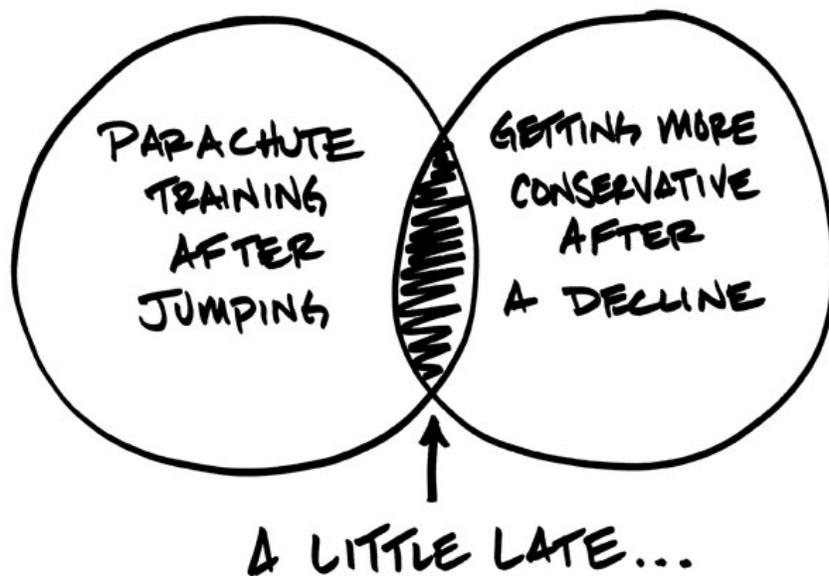


## Does the Election Mean It's Time to Sell?

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BehaviorGap.com

Yesterday, I saw the morning news that investors were selling and the market was down. The reason? President Obama had won re-election. Hmm. Maybe I'm too skeptical, but I doubt that many financial plans have a line that says, "If President Obama gets re-elected, sell my stocks."

I suspect a good chunk of those investors were reacting to the election instead of following a plan. They were making a decision based on assumptions of what they think the election results mean. To be clear, this isn't about whether one guy or the other should be President. There's actually a bigger issue. Do we stick with our financial plans or do we let headlines drive our financial decisions?

Too often I see people stumble into big money mistakes because they react to the news and ignore their plan. It reminds me of the reaction we saw a year ago when the market hit a pretty good dip.

There was a lot of speculation about why it happened (most of it ridiculous) and how unprepared investors were for the dip. It drove home that we still haven't learned a valuable lesson. The time to prepare for a "crisis" is long before you find yourself in one. You can't hedge against past risk.

So let's say you woke up Wednesday morning and decided that the election results were a "crisis." You needed to sell! Okay, but it's a strategy comparable to figuring out how a parachute works after you jump out of a plane.

By the time you read this newsletter, the markets could have rebounded, indicating the "crisis" has passed (for now). So maybe it's a good time to get back in, right? My question for you: can you really afford to sell one day and buy the next based on a headline? It seems like a pretty risky plan to me.

**Carl Richards**