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HENRY
WEALTH MANAGEMENT, LLC

Architects for Wealth

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Avoiding Market Timing Temptations

How low can we go? The Dow Jones Industrial Average * declined another 391 points on Thursday, Sept. 22 to close at 10,733.83. Here is a 2011 YTD summary: (Source: Yahoo Finance)

1-3-11 Opening bell, Dow at 11,577
3-31-11 Close of Q1, Dow at 12,350, **YTD gain 6.7%**
6-30-11 Close of Q2, Dow at 12,414, **YTD gain 7.2%**
7-7-11 Peak for year, Dow at 12,719, **YTD gain 9.9%**
9-xx-11 Dow at 10,733, **YTD loss 7.3%**

I maintain the present crisis is one primarily of political backlash and rising global fears. In my opinion, many public companies appear to be doing quite well, especially relative to the last correction/ bear market of late '07 to early '09, when corporations by and large went into *survival mode*. Due to a perceived lack of leadership and vision from Washington, companies are presently holding off on expansion and additional investment plans as they await more political clarity.

Times like this may cause some to wonder if it might be better to exit the stock market and re-enter at some future "calm" point, rather than staying the course. I have stated for years that the easiest decision in the world is to **sell,** while the hardest one is to re-enter, or **buy**. The latter requires that the investor be right **TWICE**, whereas to allocate according to ones goals and globally diversify requires only **ONE** right decision, that being, to execute on it once the long-term goals are identified and agreed to.

Apparently the **City of Pittsburgh** Pension Plan Trustees thought they could properly "time" the stock market. According to a Aug. 26, 2001 article in the **Pgh. Business Times,** acting on the advice of its financial consultants, plan trustees unanimously voted to **sell** all equities in Aug., 2010. Then seven months later in March, 2011, a **buy** was executed and the plan re-entered the stock market. According to experts who later examined this maneuver, it was estimated that this *"timing tactic"* cost the city and its over 7,000 employees and retirees, between $25-35 million in lost account value, as compared to simply maintaining their previous 60-40 allocation (60% stocks, 40% bonds). Read the full article here if you wish; http://www.bizjournals.com/pittsburgh/print-edition/2011/08/26/pittsburgh-pension-loses-out-on-millions.html?page=all

At especially volatile times like this, we need to avoid allowing periods of intense negativity to derail our long-term strategies, possibly to the point of thinking that we can successfully engage in market timing. Here is what we at Henry Wealth Management advocate;

Five years or more to retirement: If your stock-to-bond allocation was set based on long-term accumulation goals and you are more than five years away from retirement, **do nothing.** In fact, to the extent that you have excess cash reserves… **BUY!** We view this present market correction as an "On-Sale" opportunity.

Within five years of retirement: If you are nearing retirement, we most likely have been discussing, and with your agreement, decreasing your stock-to-bond ratio. You certainly been impacted by this latest decline but at least, to a lesser degree. We need to analyze your **HWM MoneyMap** to determine the impact of your retirement goals and make any needed adjustments to your planning.

Already in retirement: If you are in retirement, we again need to analyze the impact on your **HWM MoneyMap**. To the extent that we can reduce or eliminate portfolio withdrawals, opting instead for withdrawals from cash accounts as needed, that will help.

Please let us know if you'd like to schedule a review meeting to allow us to discuss the market in general and its impact

Henry Wealth Management. LLC
1370 Washington Pike, Suite 403
Bridgeville, PA 15017
Phone: 412.838.0200 Fax: 412.838.0204
www.HenryWealth.com