



**COMPASS**  
PLANNING ASSOCIATES

*Fee-Only Financial and Investment Planning*

(888) 320-9993



## On Course

January 29, 2019

Volume 19, #1

Welcome! As we begin the new year, I want to take a moment to address how you might begin thinking about individual stocks you hold within your portfolio. We've been spared volatility like this for a long time so it's worth taking a breath, stepping back, and reviewing the fundamentals before deciding what to do.

As always, please contact us with any questions, and let us help you stay *On Course!*

Jennifer Lane, CFP

### Individual Stocks in Today's Market

Individual stocks are risky because public sentiment affects them in unpredictable ways. The short-term - a few months or even a year or two - makes prediction especially difficult. Sometimes the market likes a report from the company causing the stock price to go up while another time similar news moves the stock price down. That's why index funds are so appealing, and why we encourage our clients to move from individual stocks to index funds.

That said, many clients have favorite stocks that they want to keep in their accounts. Sometimes those stocks have sentimental value because they were inherited or gifted to them. Other times clients have personal reasons for keeping them. As financial planners, we are most concerned with helping our clients meet their financial goals and most decidedly not with beating or timing the market.

We measure clients' probability of success with our planning software and try to match the performance and risk of the portfolio with the

assumptions in the financial plan. So long as a favorite stock is less than 10 percent of the value of the portfolio, the added risk usually doesn't significantly jeopardize the behavior of the portfolio so the probability of meeting established financial goals isn't largely affected by movement in that stock's price up or down.

For example, Apple has been a market darling for a while and much of the price appreciation has probably benefited from the herd mentality. When I have spoken with diehard Apple stock fans, it's clear they love the company. People stay on the bandwagon only so long, however, and the over-the-top media coverage of Apple lately will surely affect the stock price. It's not possible to say whether that will be up or down.

In the end, when you hold individual stocks in a volatile market, you need to decide whether to sell or hold based on how you feel. If price volatility is hard to deal with, then selling and not looking back has helped many a harried client in the past. Unless your goals have changed recently, what you decide to do shouldn't materially affect your financial plan.

The key in all of this is to have a well-balanced, diversified portfolio. We recommend taking a pulse of your portfolio and current asset allocation at least once a year. It's even more important to assess your portfolio and rebalance back to your asset allocation after the large appreciation the market has had over the last several years and now that we have entered some very volatile times in the market.

## Jennifer in the Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- The ***New York Times*** featured Jennifer in an article titled, "**Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful.**" Click [here](#) to read the article.
- With a contrarian view, Jennifer contributed to an article, "**People are enraged by the idea that you should have twice your salary saved by the time you're 35!**" published recently by ***Business Insider***. Click [here](#) to read the article.
- Moving in together? Click [here](#) for the article from ***Business Insider***, "**Five questions you and your partner should answer before taking the biggest step in your relationship.**"
- ***Insider*** asked Jennifer to contribute to an article on old fashioned ways to manage your money, "**Six money-saving tips your grandma used that are way more effective than any budgeting app.**" Click [here](#) for the article.
- Jennifer contributed to an article on ***Business Insider***. Click [here](#) to read "**This is the best way to do your taxes online - according to experts.**"
- ***CNN Money's Money Moves*** featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. Click [here](#) to read the article.
- Jennifer contributed to a ***CNN Money*** article "**When is the Right Time to See a Financial Advisor?**" Click [here](#) to read the article.
- Jennifer contributed to ***The Wall Street Journal*** article "**The Biggest Money Mistakes We Make -- Decade by Decade.**" Click [here](#) to read the article.

## Compass Planning News

- Jennifer and Sarah were both named [2019 Boston Five Star Wealth Managers](#).
- AdvisoryHQ named [Compass Planning](#) as one of the ten best Boston financial advisors.
- Jennifer recently answered NECN viewer questions about **market volatility**. Click [here](#) to watch the segment on her blog.
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 7:30 pm appearance.

[Compass Planning Associates](#) helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

*All contents of this newsletter Copyright 2019 Compass Planning*