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Welcome. We at Compass Planning continue to appreciate your support. Thank you.

If you've checked your portfolio lately, it's no secret that your bonds haven't delivered the portfolio cushion they were meant to. Bond interest payments and low-price volatility are supposed to function as a circuit breaker when stocks fall – cushioning the impact on your portfolio. In fact, the bond market has suffered its worst year since at least 1926. So, what to do now? Read on for strategies and suggestions.

If you missed our series on retirement, you can still access the issues. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you would like assistance with handling your bond holdings or balancing your portfolio, we are here to help you stay *On Course!*

Jennifer Lane, CFP



Researching, tracking, and buying individual bonds can be a full-time job. Many investors choose mutual funds to make investing easier. Bond mutual funds are run by a professional manager who selects, buys, and sells the bonds in the fund. Individual investors can deposit or withdraw money as any time.

Get more tips in Jennifer's book

Managing Bonds and Bond Funds

Individual bonds and bond funds will start to recover as interest rates stabilize.

Don't sell - tried and true advice

- Individual bonds and bond funds will start to recover as interest rates stabilize. The trick is being able to wait, which means limiting withdrawals where you can. Reducing withdrawals helps minimize selling shares while they are down in value.
- If you have a financial plan that we have updated in the last year or two, then we've discussed withdrawals in this market.
- If not, limiting the amount you take from your portfolio to 3-3.5 percent of the current value is a big help towards conserving principal.

Rebalancing is still important

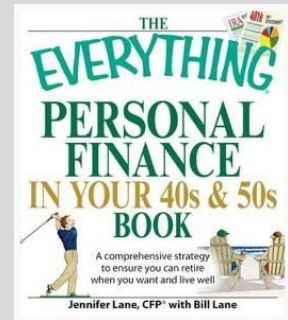
- A fair number of the portfolios we've reviewed over the past few months are still in balance because the portfolio's bonds and stocks both went down similar amounts. When that happens, the pie chart pieces stay the same size relative to each other the whole pie is just smaller. Not a good thing whether you're talking about portfolio pie charts or real pies, but it's still worth a look.
- Check your asset allocation. If the percentage of stocks to bonds is still the same, then you may not need to rebalance.
- And while you're there, check for the silver lining. Look to see whether you have a chance to save taxes this year.

Silver Linings

First, the chance to buy shares cheaply and the chance to save taxes this year and perhaps into the future.

- If you're a long way from your savings goal, i.e., five years or more, resist the temptation to take your foot off the gas. Keep saving!
- Whether it's your savings plan at work, your individual Roth or Traditional IRA, or your taxable investment account, if you've been saving per month or per paycheck, keep saving.
- Sometimes investments are the only thing people are not excited about buying when they are on sale.
- Continuing to invest when the markets are down is a key part of reaching long term financial goals.

Second silver lining is the chance to use losses in your portfolio to save current year taxes.



[Buy Now](#)

Jennifer and Sarah were both named 2022 Boston Five Star Wealth Managers.



Helpful Websites

[Capital Gains and Losses](#)

[How Tax Loss Harvesting Works](#)

[Wash Sale Challenge](#)

- In fact, it's been years since tax-loss harvesting was such a useful thing.
- If you sell an investment for a loss and buy an new investment that is not too similar to the first, you can realize the loss on the first investment while still staying in the market. [Investopedia does a good job of explaining this in more detail - and they have more room than we do here.](#)
- Check your taxable portfolio for investment positions that are down in value, remembering that retirement accounts are sheltered from current taxes so tax-loss harvesting works only for non-retirement accounts.
- Is there another investment you can buy to replace the investment that has lost value without triggering a problem called a wash sale. A wash sale happens when the investment you sell and the investment you buy are too much alike. IRS calls this similarity "Substantially Identical." [This article from Morningstar explains this problem more fully.](#) An example of a wash sale would be selling an S&P 500 stock fund from one fund family and buying an S&P 500 stock fund from another fund family or an S&P 500 ETF.
- For a number of us, bond funds offer an opportunity to sell and harvest some losses.
- Don't sell the funds and hold cash because then you've lost the bond part of your asset allocation.
- Consider, instead, adjusting part of your bond strategy by selling some bond funds and buying individual bonds to replace that part of your portfolio.
- Individual bonds don't have the liquidity of bond funds because you must wait for an individual bond to mature to reinvest your principal. Bond funds are doing this all the time: earning higher yields as they come available.
- This lack of liquidity is part of what makes an individual bond substantially different from a fund. You can take capital losses against capital gains ([more details here...thanks IRS](#)) and then carry them forward until used.

Jennifer In The Media

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

- NBC Boston turned to Jennifer for advice and tips on what to do if you win big in the lottery. [Click here](#) to watch or read the segment.

- Jennifer contributed to a WBUR Radio Boston segment, ***How to Look Before You Leap into the "Great Resignation."*** Click [here](#) to listen.
- NBC10 consumer investigative reporter Leslie Gaydos interviewed Jennifer for savings tips. For a great video, ***How to Save \$1,000 in 5 Months***, click [here](#). For the written article, click [here](#).
- Jennifer contributed to a timely article, ***How to seek forbearance on your mortgage***, for **The Boston Globe**. [Read article.](#)
- If you're interested in dividend funds, Jennifer contributed to **The New York Times** article, ***Dividend Funds Can Add Income, and Risk, to Your Portfolio***. [Read article.](#)
- Jennifer contributed to a **BankRate** article, ***Should I combine my mortgage and student loans?*** [Read article.](#)
- Need help with your 401(k) during the pandemic? Jennifer contributed to a **Boston Globe** article, ***Five tips for managing a 401(k) during the pandemic's turbulence***. [Read article.](#)
- Jennifer contributed to the **Bottom Line Inc** article ***Prepare your Finances for a Possible Recession***. [Read article.](#)
- Jennifer contributed to **The Wall Street Journal** article ***If Saving During a Pandemic Is Hard, Here's How to Stay Motivated***. [Read article.](#)
- 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***. [Read 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**. [Read article.](#)
- Moving in together? Check this article from **Business Insider**, ***Five questions you and your partner should answer before taking the biggest step in your relationship***. [Read article.](#)
- **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***. [Read article.](#)
- Jennifer contributed to an article on **Business Insider**, ***This is the best way to do your taxes online - according to experts***. [Read article.](#)
- **CNN Money's Money Moves** featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article.](#)
- Jennifer contributed to a **CNN Money** article ***When is the Right Time to See a Financial Advisor?*** [Read article.](#)

Compass Planning News

- Compass Planning is a sponsor of YW Boston's 2022 two-part [Elevating Lives Series](#).
- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email info@compassplanning.com to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.
- AdvisoryHQ named [Compass Planning](#) as one of the ten best Boston financial advisors. ([Disclosures](#))

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.

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