



### 'Not Falling Prey to Fear'

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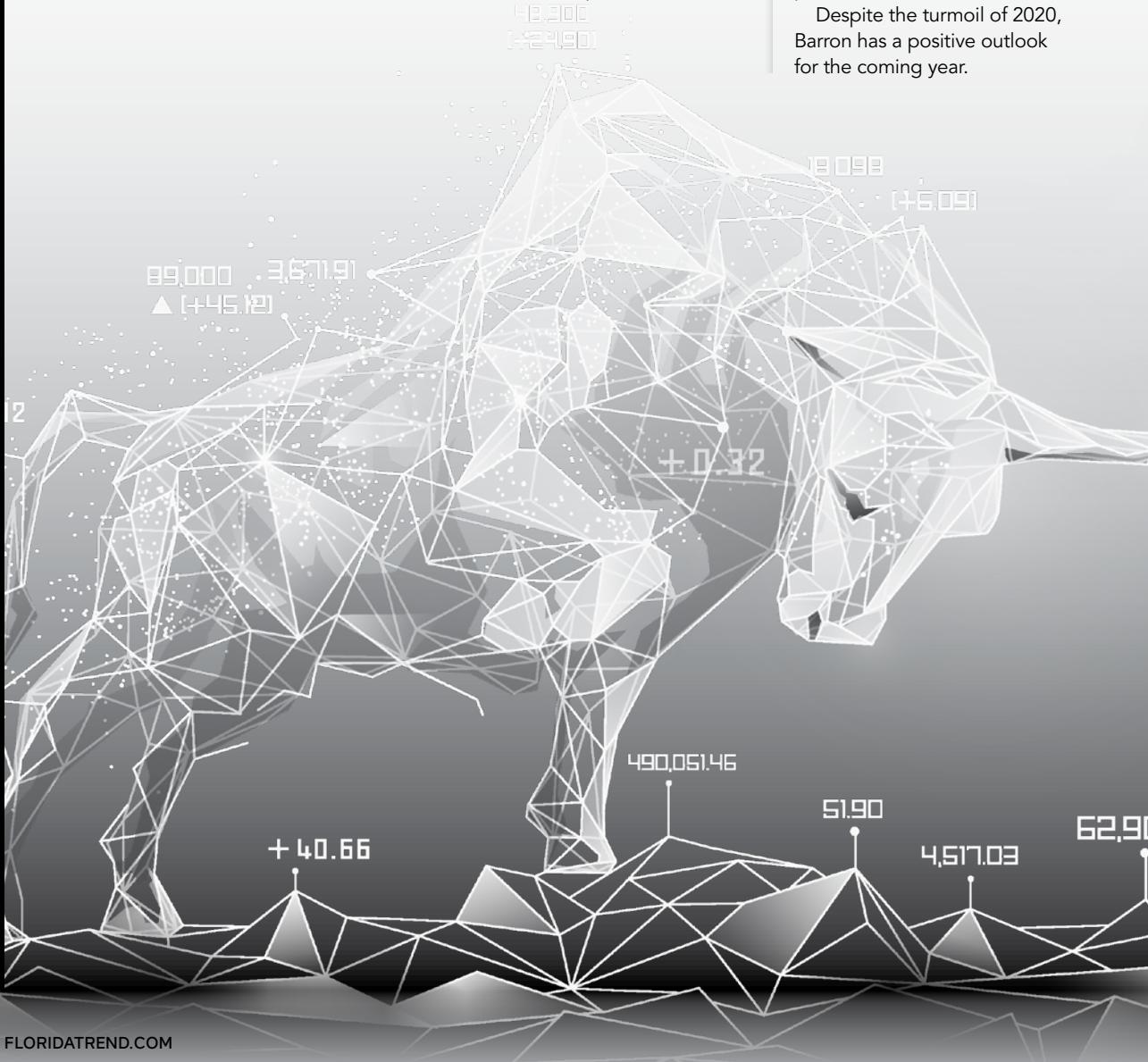
Now is a good time to assess your risk tolerance, says Barron. After losses of more than 30% in February and March 2020, the market bounced back quickly. However, the investors who got nervous and pulled their money missed out on those gains.

Calling a year like 2020 a "free look" period, Barron

advises her clients to examine their losses in early 2020 and adjust their portfolio if the figures were distressing.

"Obviously, nobody enjoys losses," Barron says. "But if they were up at night and wanted to call me and say, 'I'm sunk. Get me completely out of the market,' then we have too much risk in their portfolio."

Despite the turmoil of 2020, Barron has a positive outlook for the coming year.



**What's Good:** Low interest rates, easy money policies and government stimulus are all things the market "loves," Barron says.

"I don't want to gloss over all the people who have lost their jobs and the small businesses that have gone away," she says. "But in looking at things as a whole, I think we're in good shape."

In addition to the market finishing strong in 2020, Barron thinks the resiliency of individuals and businesses also bodes well for the future.

"In a 30-day period, businesses had to figure out how to operate at home, bring new products to the table or otherwise adapt to the new situation," Barron says. "It's just amazing to me."

**What's Bad:** The public's exuberance, or lack of it, for the COVID-19 vaccine will play a role in our economic future, she says.

If a vaccine proves to be ineffective, or a large portion of the population refuses to get the vaccine, it will take longer to return to a "normal" society.

"I think we could have potential there for market fluctuations," Barron says. "You have to figure companies that are experiencing shortages as far as people not buying their products or services because of pandemic restrictions will eventually run out of capital. It's important that we get to a more normal-type society."

**What to Watch Out for:** Though most wealth managers have ideas about what will be market risks in the coming year, Barron says the true risk is something none of them talk about.

"It's that unknown," she says. "Think back to January of last year. I promise not one person you talked to said, 'I think we're going to have a pandemic that's going to shut us down — not only the U.S., but globally.'"

The key is not falling prey to the fear. When clients are afraid of the market crashing or afraid of missing out on a good investment (think GameStop), they make poor financial decisions.

"You need to make decisions based on concrete factors," she says.

**What to Consider:** Preparing for downturns in the market is always a part of financial planning, but 2020 brought that lesson home.

Barron says one of the most important things to do now is rebuild emergency reserves if they were used in 2020.

In the past, the general guideline for savings was to have three to six months of expenses available.

"After this past year, advisers are talking about nine to 12 months in reserves now," Barron says. "I think the take-away from 2020 is really trying to be prepared for the unexpected."

— By Laura Hampton

