Why Should You See a Financial Advisor?

The social distancing and stay-at-home orders necessitated by the coronavirus have led many of us to feel isolated. Still, we've fought back through social media, "virtual" gatherings and walks in the neighborhood, where we could greet friends and neighbors (from 6 feet away). But when you're dealing with the financial effects of the virus and you're *investing* alone, you could encounter some problems that may prove costly.

Of course, with so much investment-related information available online, on television and in any number of periodicals, it's not surprising that some people feel they can invest without any assistance. But the volatility of the financial markets over the past few months has also pointed to the dangers of going solo in the investment world. And you might find that a professional financial advisor can help you in several ways, including the following:

Taking emotions out of investing. During this period of market turbulence, many self-guided investors are letting their emotions drive their investment decisions. As a result, they sell investments when their price is down, "locking in" their losses. Furthermore, if they then stay out of the financial markets, they will miss out on the eventual recovery – and some of the biggest gains in market rallies usually occur right at the beginning. But if you work with a financial advisor who has helped you develop a personalized investment strategy based on your goals, risk tolerance and time horizon, you will be far less likely to react to extreme market conditions by making ill-advised decisions.

Maintaining perspective. When you're putting away money for the future and you suddenly have a lot less of it, you might start to wonder if that future is somehow in jeopardy. But if you've been working with a financial advisor and following your investment strategy, you'll know that you don't have to immediately cash out those investments that have lost value, and you may not need to liquidate them for decades if they were designed for a long-term goal, such as retirement. By the time you do need to sell them, their value may well have appreciated significantly. And if you've got a well-constructed portfolio, you'll also own shorter-term, less volatile investments to help meet your current cash flow needs.

Understanding the history of investing. The recent market instability is unique in the sense that its cause – a worldwide pandemic – is so highly unusual, and it hopefully will be a once-in-a-lifetime experience. Typically, prolonged market downturns are triggered by explainable financial or economic factors, such as the bursting of the "dot-com" bubble in 2000. However, market drops of 20 percent or more – generally referred to as bear markets – are not at all unusual and have happened every few years over the past several decades. Financial advisors are well aware of this history and share it with their clients. And for many people, the knowledge that "we've been here before" is reassuring and makes it easier for them to continue following their in vestment strategies.

The road to your financial goals is a long one, with many twists and turns. So you might like to have some experienced company along the way.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

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