



KORBITZ FINANCIAL PLANNING

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March 19, 2020

Dear Clients and Friends:

The stock market has continued to express concerns over the magnitude and implications of the COVID-19 pandemic. As of the market close on Wednesday the S&P 500 is down approximately 29% from its peak, the Dow Jones Industrial Average is down about 33% from its peak, and the S&P 600 Small Cap stock index is down nearly 42% from its peak.

The fall of the stock market is as abrupt as the increase in COVID-19 cases. We are all likely to be affected and know someone who has had or will get COVID-19. A friend of mine who returned from Spain a week ago is in self quarantine at home, with a likely case of COVID-19.

I heard a glimmer of hope on NPR this morning. They are reporting that Wuhan China had its first day of no new reported cases of the virus. Hopefully that means that the virus will be contained in the rest of the world in the coming weeks and months.

My message to you is the same: do not panic sell. As we saw following the 2008-2009 economic crisis, stocks can begin to rebound quickly. I cannot promise that will happen this month, or this quarter, but it is my firm belief that stocks will recover. If you sell when stocks are low, you will turn a temporary loss into a permanent one. You cannot recover the value lost in the last few weeks if you do not stay in the market.

Remember, what you have invested in stocks is money for the long term. What you have invested in fixed income (bonds and money markets) is for the short and intermediate term.

I have several short pieces from Vanguard which discuss short-term volatility following events such as the 2003 SARS sell-off, the 2016 Zika sell-off and the December 2018 market sell-off. While I cannot send them out through this newsletter, if you would like copies, please send me a very short email with "Vanguard Pieces" in the subject line. I will send out one email per day to those who want them, with a blind carbon copy (BCC) to each person who has requested the pieces. Please be patient, as I may get quite a few replies, and I am in the middle of tax season.

I will be sending out another short email to separately discuss recent changes to the upcoming tax deadline of April 15th. The short version is that tax returns **MUST** be filed by April 15th or extended. There is no blanket deferral on filing your tax returns.

Be well, stay healthy.

Eric

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