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THE REGISTER CITIZEN

MARKET MATTERS: Overcome your financial fears this Halloween

By Joseph Matthews

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Ghosts, ghouls and goblins may not be alone in giving us a fright this Halloween season, and we may have trouble sleeping not only because we ingested too much sugar at bedtime. Financial concerns may very well be responsible for at least some of our fears this Halloween.

The American Psychological Association has long examined Americans' sources of stress, and has found for many years that issues related to money consistently remain significant stressors. Forty-four percent of Americans cite the economy as a contributor to their stress levels, more so even than global terrorism (34 percent) or mass shootings and gun violence (31 percent). Health concerns and the political climate figure prominently, too.

One particularly stressful question is how a family will afford a college education for their children. Saving early in life — even starting at the child’s birth — is one way to stave off some anxiety. How much to save? A general rule of thumb is to save the full cost of four years of college as it would have cost in the year the student was born, which translates into approximately one-third of the cost once your child reaches college age. The second third of the cost might come from current earnings while the child is in college, and the final third can be borrowed by a combination of parent loans and student loans.

Saving through tax-advantaged college accounts is also an option worthy of consideration. For example, 529 college savings plans allow investments to grow tax-deferred so long as the funds are used for qualifying educational purposes.

Another scary idea: not being able to afford retirement, especially now that longer life expectancies can stretch retirement into decades. As with college savings, planning early for retirement is essential. This means setting up a budget, contributing maximum amounts to employer 401(k) and similar accounts, and, most importantly, setting up a diversified investment portfolio that will grow earnings thoughtfully and prudently.

Most frightening of all for many investors, however, can be the thought of a stock market plunge like in 2008. That sharp decline, just weeks before Halloween, marked the largest point drop in any single day in history. Though the market has been relatively calm these last few months, many people do worry about future turbulence.

Keep in mind that investing is a long-term process. Try to avoid acting out of fear and making rash decisions to move money in and out of the market, as “timing” the market rarely affords a good outcome. Dollar-cost averaging — adding a fixed amount of money to a basket of investments no matter what their prices are doing — and ensuring you have a well-balanced and diversified portfolio can help you resist kneejerk reactions to market swings.

Remember, your personal financial goals and timelines are as tailored to your individual needs as a homemade Halloween costume. As a kid, it may have been fun to trick or treat in a crowd, following blindly around the neighborhood. With investing, avoid herd

mentality. Staying on the brightly-lit path may help ward off the financial fears lurking in the shadows.

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