



If you're afraid the market will crash, here's what to do

Listen to one of the last interviews that Nobel Prize Laureate Gary Becker Gave when he appeared on "The Goldstein On Gelt Show" goldsteinongelt.com/nobel-prize-winner-interviews/family-finance/

Professor Becker said:

"I think if you look at the bulk of people's behavior, I think you find a lot of sense to what they're doing in the sense that one can understand, given the circumstances and the uncertainty they face in the future, they make pretty good decisions. They're not perfect, of course, but they are pretty good decisions."

"When people are worried about a bigger risk that they are taking, various types of financial risk or other risk, I think they very much worry a lot about losses. I don't see anything irrational about that, I just think that's the way people are constructed - that fear of losing can dominate the game from gaining and so people take that into account."

If you're afraid the market will crash, here's what to do

- 1) Don't look for an advisor that will tell you he can predict the upcoming crash.
- 2) Ask yourself what your response would be to a drop in the value of the portfolio.
- 3) Determine whether you actually need to "grow" your portfolio or whether a "principal preservation" strategy would still allow you to achieve your goals.
- 4) Review the reasonableness of your goals with a professional advisor.
- 5) Seriously consider using bank deposits (CDs) and calculate how inflation will damage your long-term prospects for growth.

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