

You Need Your Financial Advisor Now More Than Ever

By Kirk Hoffman, Director of Financial Planning

This last year of pandemic has been difficult. Our routines have been completely disrupted. We're using the internet more than ever. The education process has adapted to virtual learning. We all have a deeper appreciation for our teachers and the challenges that they've faced. The pandemic has forced us to shop and do our business much differently. Some of us are on a first name basis with the Amazon delivery person. When it comes to finances and financial planning, your financial advisor has a critical role.

Pandemic fatigue.

It's probably safe to say that we're all tired of dealing with the pandemic. There is additional stress for families caused by changes in income, jobs, school, and daycare. Cancellations to family gatherings, vacations, and special events have created stress. Our ability to make good financial decisions is challenged during times of stress and fatigue. It becomes very difficult to focus on long-term goals. Your financial advisor can look at the situation objectively and help you avoid decisions that could be detrimental.

Financial paralysis.

Times of great uncertainty create fear and fear can cause us to simply shut down. In some cases, making no decision is the best alternative and in other cases, it can be quite harmful. Your financial advisor can see the difference. Your advisor can objectively look at multiple alternatives and help you make the correct choice, even if that choice is to do nothing.

Information Overload.

As our time on the internet has increased, we've discovered that there seems to be an infinite amount of information on any topic. If you want to repair the brakes on your car, YouTube has videos of 15 people with your make and model doing it. There is also no shortage of information regarding finances. Sifting through the information can be a challenge. We often unconsciously gravitate toward information that supports our own biases. Problems can occur when those biases are based on incorrect information. Poor decisions can follow. We may also make no decision due to the sheer volume of data. Your advisor can help you determine what information and strategies are most applicable to you and your plan.

Avoiding Big Mistakes.

Your advisor's value proposition is to assist you in identifying and prioritizing goals, developing a plan to meet those goals, and keeping you on track to get there. The greatest value to you is your advisor keeping you from making a big mistake. There are times when circumstances make things look bleak, like a pandemic. March 2020 was an excellent opportunity to make a catastrophic mistake in your financial plan. On March 23, the S&P 500 had declined by 34%. One year later, it had increased by 76%. Your advisor is the best person in times of extreme volatility to make sure that you don't make an investment mistake that you may never recover from.