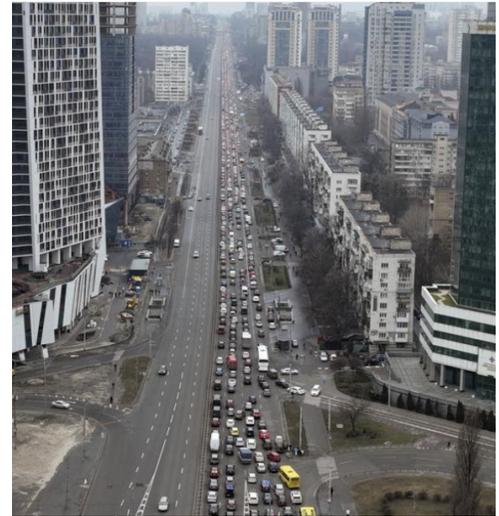


# When Two Worlds Collide

March 2022

Last week, Vladimir Putin launched an invasion of his neighbor Ukraine, despite repeatedly denying allegations he had designs to do so. It was a dramatic and sad day. With an increased anxiety level, I boarded a plane the next morning and traveled to sunny Florida for a preplanned, long weekend getaway. The airport was packed, chaotic even, with many people doing the same. War appeared to be the furthest thing from the travelers' minds.



*Photo: Associated Press*

I have been calling you, my clients and friends, over the past few weeks as market volatility soared and our portfolios ricocheted up and down. But writing this has been more difficult for me. My emotions and compassion for the people whose lives are being impacted (and lost) feels at odds with the anxiety many feel around what is happening in the markets. I am not entirely sure how to go from one to the other, or even if we SHOULD go from one to the other.

But, my job as a financial planner is to ensure that your financial house is in good order and that you have a high degree of confidence that this is so, no matter what happens in your life or the markets. What this really means is that I manage people and their emotions.

## INVESTMENTS REMINDERS

It's worth reminding ourselves of the rules of the retirement investment road:

- A market correction occurs when prices fall 10. The S&P 500 has had a correction roughly once a year.
- It doesn't feel good, but corrections are a normal part of the process.
- Stocks never go up in a straight line. But the trend over time is always up.
- There is no upside without downside. You have to pay to play.
- We earn our permanent long-term return by riding out the temporary downs.
- We must be long-term patient investors and never react to current events.
- The investing timeline is long term even in retirement.
- If you are in or near retirement, you must have some safe money for short-term needs that isn't subject to sharp term market fluctuations.

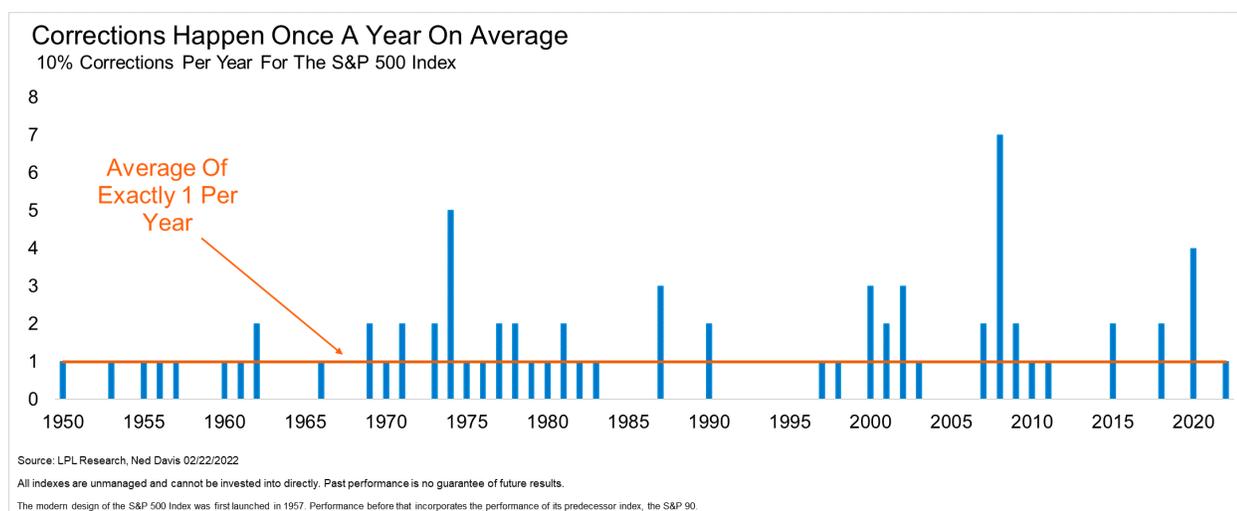
To be successful, our portfolios need to grow even in retirement. To keep our financial houses in order, we must have a plan that considers market movements. To have lifetime success, we must stick to the plan and not react emotionally to market movements.

Scary things come and go. Most often, the best thing we can do when things get scary is nothing. My job is to help you do nothing when doing nothing is the right thing to do.\*

## AFTER A CORRECTION

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Here's a list of all the other corrections since 1980. Each felt really bad as well. A year later? Up 25% on avg and higher 90% of the time. Two years out gets ever better.



This correction could move into a bear market or go the way of most other corrections (it's possible). But the correction could set the stage for a rebound (it's more likely).

I know you are thinking: this is different. All geo-political events are different. But they are not different. World War II, Vietnam, Iraq. They are not different. The stock market doesn't react badly to war.

## Stocks Tend To Do Well After Corrections

S&P 500 Index Corrections (1980 - Current)

High Date	S&P 500 High Price	Low Date	S&P 500 Low Price	Correction Return	S&P 500 1-Year Return After Lows	S&P 500 2-Year Return After Lows
2/13/1980	118.44	3/27/1980	98.22	-17.1%	33.0%	10.6%
11/28/1980	140.52	9/25/1981	112.77	-19.8%	9.4%	50.5%
11/30/1981	126.35	3/8/1982	107.34	-15.1%	43.2%	48.4%
5/7/1982	119.47	8/12/1982	102.42	-14.3%	57.7%	57.9%
10/10/1983	172.65	7/24/1984	147.82	-14.4%	30.3%	61.5%
8/25/1987	336.77	10/19/1987	224.84	-33.2%	22.9%	52.5%
10/21/1987	258.38	10/26/1987	227.67	-11.9%	24.0%	51.5%
11/2/1987	255.75	12/4/1987	223.92	-12.5%	21.4%	56.6%
10/9/1989	359.80	1/30/1990	322.98	-10.2%	3.7%	28.5%
7/16/1990	368.95	10/11/1990	295.46	-19.9%	28.8%	38.2%
10/7/1997	983.12	10/27/1997	876.99	-10.8%	21.5%	47.9%
7/17/1998	1186.75	8/31/1998	957.28	-19.3%	37.9%	57.7%
9/23/1998	1066.09	10/8/1998	959.44	-10.0%	39.2%	46.9%
7/16/1999	1418.78	10/15/1999	1247.41	-12.1%	10.2%	-13.9%
3/24/2000	1527.46	4/14/2000	1356.56	-11.2%	-12.1%	-18.8%
9/1/2000	1520.77	4/4/2001	1103.25	-27.5%	0.0%	-21.0%
5/21/2001	1312.83	9/21/2001	965.8	-26.4%	-13.7%	6.5%
1/4/2002	1172.51	7/23/2002	797.7	-32.0%	23.9%	36.2%
8/22/2002	962.70	10/9/2002	776.76	-19.3%	33.7%	44.8%
11/27/2002	938.87	3/11/2003	800.73	-14.7%	40.4%	51.0%
10/9/2007	1565.15	3/10/2008	1273.37	-18.6%	-43.5%	-10.0%
5/19/2008	1426.63	10/10/2008	899.22	-37.0%	19.7%	30.1%
10/13/2008	1003.35	10/27/2008	848.92	-15.4%	25.3%	39.3%
11/4/2008	1005.75	11/20/2008	752.44	-25.2%	45.0%	59.2%
1/6/2009	934.70	3/9/2009	676.53	-27.6%	68.6%	95.4%
4/23/2010	1217.28	7/2/2010	1022.58	-16.0%	31.0%	33.5%
4/29/2011	1363.61	10/3/2011	1099.23	-19.4%	31.5%	53.8%
5/21/2015	2130.82	8/25/2015	1867.61	-12.4%	16.5%	30.6%
11/3/2015	2109.79	2/11/2016	1829.08	-13.3%	26.6%	45.2%
1/26/2018	2872.87	2/8/2018	2581	-10.2%	5.0%	30.1%
9/20/2018	2930.75	12/24/2018	2351.1	-19.8%	37.1%	57.8%
2/19/2020	3386.15	3/23/2020	2237.4	-33.9%	74.8%	?
		Average		-18.8%	24.8%	37.4%
		Median		-16.5%	25.9%	45.2%
		% Higher			90.3%	86.7%

Source: LPL Research, Ned Davis Research, FactSet 01/25/2022  
 All indexes are unmanaged and cannot be invested into directly.  
 Past performance is no guarantee of future results.

\*I work with clients to align their financial decisions to their values and goals and help them get and keep their financial house in order. If you are unsure about what actions you should take, if any, please get in touch with me. Email Lorie at [Ischeibel@scheibelplanning.com](mailto:Ischeibel@scheibelplanning.com) or [GO HERE to schedule a no-cost, no-obligation call.](#)

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