

Another Black Swan. Now what to do?

Did anyone see this one coming? I sure didn't and my peers in the financial industry didn't either. Once in a while, a negative event occurs that is extremely rare and impossible to predict. This is called a Black Swan. Parts of the world are now in lock down over the most current pandemic called the COVID-19, aka Corona Virus. The last pandemic is just over a decade old: the 2009 Flu Pandemic (originally called the Swine Flu). Depending on the source you use, the more recent Brexit news could have also been referred to by some as a Black Swan event. A surprise outcome in the U.K. led to a very disruptive two weeks for worldwide markets. Uncertainties often lead to temporary, yet very high volatility in the stock market and inevitably leads to market sell offs and in some cases a Bear Market (markets down 20% from the most recent highs). The current crisis seems to have extra element of unknowns. The worldwide COVID-19 case number and subsequent number of people that have passed away has increased and the very fact the folks can be giving it to others without showing symptoms.

First and foremost, please take necessary precautions for you and your family. If you are considered At Risk, please heed the warnings posted. This is one of those times when less is more, meaning, it is okay to just stay away from normal group outings that may put you or your loved ones at risk. If you are unable to leave your house and feel it would be too risky, please don't hesitate to reach out for help. On the flip side, if you are able to help people in need during this time, please do so within your local community.

Glass half empty: we live in a 24/7 information age. A story can take hold and have a life of its own. This is where we are today: every conversation at home, work, neighborhood, church, synagogue, school, university, sports venue, or media coverage is of one focus only. I don't know what the new headlines will be next week, next month, or next quarter, but there will be a new headline eventually. There probably will not be a pause and we will be thrust straight into the 2020 election narrative. We can only focus on what we can control and we can't control headlines.

Glass half full: as of this writing, life in China is slowly starting to get back to normal. Factories are opening back up and normalcy is starting to resume. The very first three local cases in Maryland are now fully recovered and symptom free. Viruses run a course, grow, peak, and then recede. The message is, if we are all careful and take precautionary measures as a whole, we can 'flatten the curve'. With all of the tools being used by the federal and local officials, as well as some good common sense hygiene, I am confident this too will pass. The timing of how long this will last is anyone's guess. The timing is different for each and every pandemic (& other crises) and this is no different. My advice is like previous market downturns, just hold tight and it will recover in time. This is the 7th major virus since I entered this business 23 years ago.

As of this writing there is a discussion about a late tax filing without penalty. If you are due a refund, you may not want to wait for your filing regardless. Keep in mind, the Traditional and Roth IRA contributions remain at \$6,000 for under age 50 and \$7,000 for age 50 or over. Yes,

there are income limits on each. Contributions made during this time frame are a bargain compared to just a few weeks ago. If you have any worries or concerns, please don't hesitate to call the office @ 703-658-0080. Also, within this newsletter is letter from our parent company about contingency plans during this time.

Sincerely,

Andrew D. Wade, CFP®
President