

Physician's Financial News

Stock Market: Buy or Not?

By Shirley M. Mueller, MD Published on April 28,

When you go to the store and see a pair of designer slacks that you've had your eye on for some time on sale, do you buy them? Or, do you fret, thinking that if you wait they might be even more discounted? Of course, in the latter scenario you stand the risk of someone else buying them first and they aren't available at all.



Such is the state of the current stock market. If you buy now, the market could go down further and you'll be sorry. If you wait, the market could go up, and you'll still be sorry because you didn't buy earlier. Dissatisfaction with your decision can plague you either way. Yuck. That is just plain disconcerting.

So what should physician-investors do? Avoiding regret is definitely desirable. It makes us feel better. That isn't always so simple, although I've resolved the issue for myself. Avoiding regret is doing what's logical. When I know that what I did makes sense, it's easier for me to live with the consequences. I don't second guess myself. Also, on average, this approach puts me ahead of the game most of the time.

For me, here's what's logical now:

1) Keep enough ready money on the sidelines for the worst—a further significant downturn.

For those retired or about to, this would be more than the usual 3 to 6 month emergency fund recommended for working individuals with a bullet-proof job. It should be at least two years. This is because downturns usually last 24 months, although there's no guarantee about this now or in the future. Therefore, some retirees or soon to be retirees or those with a less than bullet-proof job may require a greater reserve so that they can sleep comfortably at night.

How much to set aside depends not only on the safety of one's job and retirement status, but also on an individual's anxiety about the market. The higher it is, the more that is needed in reserve.

2) If you have any money available beyond the above, put it to work using the principals of asset allocation. For more on this and how to do it, please see [Asset Allocation: Just a Buzz Word?](#) in a previous one of my posts for *Physicians' Financial News*.

Deciding what to do isn't easy. This is a market that is guaranteed to make stomachs churn. Most doctor-investors can diminish this uncomfortable consequence, however, by doing what makes them feel at ease using the guidelines above and practicing asset allocation. This rule of thumb goes a long way in any market. This one is no different.