# A Model For Getting Back Into The Market

Help your clients get back into the market with a model that is simple and systematic, and that capitalizes on market trends. It can help clients get back into the market at entry points that are comfortable for them.

When asked about the best time to invest in the market, Warren Buffet said, “Whenever you have money.” It’s true that most of the time, the market will be higher in the future than it is at any given present point; in fact, we know that 60% to 70% of the time, the market will be higher in 18 months than it is in the present.

Unfortunately, most of us do not have the risk profile of Warren Buffet and say we are “setting aside these funds for an unlimited period of time, and I will not worry.” Especially right now, we find that many investors are anxious after the carnage of the last six months.

The stock market is a scary place. Many clients have moved funds to CDs, money markets, or GICs. Most investors are not going to dive headfirst into the market. They will want to put a toe in first, then the ankle; they walk in up to the knees, and finally dive in.

**Moving slowly back into the market**

There are four important dates for the investment of funds back into the stock market. These dates are significant in that they proceed the last two weeks of each quarter.

Something significant happens in the market during the last two weeks of a quarter called “window dressing.” When managers, investment advisors, mutual funds, and institutions liquidate underperforming positions, selling is the order of the day. This practice presents an ideal time for investors to add funds to the market as the institutions are in sell mode.

**The dollar-cost-averaging model**

The dollar-cost-averaging model starts with today’s date. You make a recommendation, and let’s say the client agrees the investment is a good thing to do; 50% of the person’s money is put in the market today. You determine future investment dates. For instance, if today’s date is March 19, select June 15 and September 15 as the remaining two date lines. Half the remaining assets, 25% of the total, will be invested in the market on each of these two dates.

**A disciplined approach for nervous investors**

When an investor is nervous, the dollar-cost-averaging model is the best way to get money into the market. Dollar-cost-averaging results in a disciplined approach and the potential to pay significant benefits by investing at or near lows of the period. Even if you do not reap the additional benefit of investing at a lower price, the client still benefits by investing over time without missing the opportunities of a market that is likely to recover in the next 12 to 18 months.