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Investments Can't Be Treated Like Patients

by Steven Podnos, Md, Cfp • Jan. 4, 2016 • 1 min read • [original](#)

I recently published an article titled “[Physicians: Stop Watching Your Investment Statements.](#)” The article suggested that seeing swings in your account pricing could lead to emotional reactions and behavior. Most of the time, this behavior leads to buying high (euphoria) and selling low (fear).

In response, a senior airline pilot I worked with replied that he checks his plane diligently every time he flies. He asked why he shouldn't check his investment statements on a regular basis as well to best determine the “glidepath” of his retirement plans.

This thought-provoking question prompted a recollection that as a physician I also checked on patient “statements” (lab values, exam finding, x-rays, etc.) on a regular and frequent basis.

The difference between flying, a medical practice, and prudent investing is a matter of control. We can correct errors and change bad trends with our airplane and sometimes in our patients. We can get a mechanical repair or prescribe more blood pressure medicine.

But, we can't affect the markets we invest in. If our asset allocation is prudent, diversified and disciplined, the most common activity is to sit patiently. Watching and checking the market and its inefficient pricing seems counterproductive.

Was the Dow 30 index “worth” only 40 percent of what it is today just six years ago? No,

and selling back then or buying vigorously would both be imprudent. Staying the course was the right plan then and now.

An analogy I have seen elsewhere is to imagine a flashing neon sign in your front yard that broadcasts the market price of your home second by second. Most likely in 2005 you would have been euphoric and in 2009-10 depressed. Neither reaction was productive or actionable. I'd argue the same is generally true of your investments—especially if you have a trusted advisor to do the worrying for you.

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