

10 Reasons New Investors Should Enter the Market

A bear scare for some investors could mean a rare opportunity for newcomers.

By [Lou Carlozo](#) Sept. 14, 2015 | 10:59 a.m. EDT+ More

Don't be afraid of a nasty bear.

1 of 12



(Getty Images)

Never mind that the [Chinese stock market](#) is weathering panda bear days. The land of Confucius can still dish investment advice with the best of the ancients. "There's an old Chinese proverb that says, 'The best time to plant a tree was 20 years ago. The second-best time is now,'" says Zack Shepard, vice president of Matson Money in Cincinnati. "I believe the same 'planting of a tree' should apply to investing in the market." Here are 10 reasons experts urge new investors to enter a bear market.

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/2>Next: [You can ride the cycle.](#)

You can ride the cycle.

2 of 12



(iStockPhoto)

The U.S. economy provides one of the best indicators that Wall Street will continue its bull run. "We're in the middle of the growth phase of the economic cycle," says Chuck Self, chief investment officer of iSectors in Appleton, Wisconsin. "It's not unusual to have one or two corrections during this portion of the cycle due to valuation." In other words, lapse doesn't equal collapse.

Next: [Maybe there's no bear in there.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/3>

Maybe there's no bear in there.

3 of 12



(Getty Images)

What some might call a [bear market](#) might not fit the description in the first place. "We're not in or about to enter a bear market," says Chris Bertelsen, chief investment officer at Global Financial Private Capital in Sarasota, Florida. "Sure, at some point this bull run will end, but not yet."

Next: [You'll start with good habits.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/3>

You'll start with good habits.

4 of 12



(iStockPhoto)

A new investor has the advantage of entering the game using a [buy-and-hold](#) paradigm. "The reality is trying to time the market has been and remains a fool's approach," says Richard G. Johnston, associate professor of political economy and commerce at Monmouth College in Monmouth, Illinois. "The stock market does not send emails informing the public that it has hit bottom and is now headed up again."

Next: [Wall Street is oversold](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/4>

Wall Street is oversold.

5 of 12



(Getty Images)

Some stocks with terrific earnings have hit a puzzling rough patch. For example, Apple Inc. (ticker APPL) posted second-quarter profits up 38 percent, but its stock has fallen from \$125 in late July even with the [announcement of the new iPhone 6S](#) that same day. "When the markets have an above-average selloff, more than 5 percent, they're often oversold," says Jeff Powell, managing partner and CIO at Polaris Wealth Advisors in San Rafael, California. "Once the irrational selling has occurred, the markets often return to their previous levels."

Next: [As a beginner, you can count on numbers over pundits.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/5>

As a beginner, you can count on numbers over pundits.

6 of 12



(iStockPhoto)

A new investor in a bear market has better allies than those loudmouthed stock mavens on TV: numbers. "So much of what Wall Street preaches is nonsense that it's sad," says Michael Chadwick, CEO of Chadwick Financial in Unionville, Connecticut. "Buying low is what one wants to do, and using measurable metrics is the way to do it – metrics such as book value, price-to-book, and price-to-earnings ratio are all valid ways to measure a security's price versus its intrinsic value." In other words, do the math.

Next: [Take advantage of dollar-cost averaging.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/6>

Take advantage of dollar-cost averaging.

7 of 12



(iStockPhoto)

Like so much jargon associated with investing, this term can confuse – but here's how it works. Every pay period at work, you can contribute a set amount of money into a stock group or mutual funds. "You are purchasing more shares when the price is lower and fewer shares when the price is higher," says Paul Tarins, president and founder of Sovereign Retirement Solutions in Winter Park, Florida. "This will reduce some of the risk during a bear market." Especially if you buy discounted company shares through an employee plan.

Next: [Great Recession flashbacks won't work against you.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/7>

Great Recession flashbacks won't work against you.

8 of 12



(Getty Images)

Investors who lived through 2007-09 may fear that this current bear cub will grow into a full-fledged bruin. By contrast, new investors can look ahead rather than back. "A smart young person who starts investing in her mid-20s will experience about seven bear markets before retiring in her mid-60s," says Chris Mullis, CEO of NorthStar Capital Advisors in Charlotte, North Carolina. "Even though bear markets are regular events, the exact timing of the bear's appearance and disappearance is not," which is why some survivors become terminally anxious.

Next: [Bears don't stomp on everything.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/8>

Bears don't stomp on everything.

9 of 12



(iStockPhoto)

Even if a bear is near, that can mean good news in some sectors, says Robert R. Johnson, co-author of "Invest With the Fed." So if the Federal Reserve raises interest rates, consider this research Johnson cites: "My co-authors and I found that the best-performing equity sectors when the Fed was raising rates were energy, utilities, food, precious metal mining, consumer goods and financials." He points to billionaire [Warren Buffett's](#) recently increased stake in Phillips 66 (PSX) as a possible play on this pattern.

Next: [You won't get bogged down in the minutia.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/9>

You won't get bogged down in the minutia.

10 of 12



(Getty Images)

While bear watchers are known for their infinite extrapolations and explanations, [beginners have the advantage of keeping it simple](#). "Even though Wall Street would like you to believe that investment success requires a complex strategy, it's simply time and the power of compounding that are the biggest drivers of building wealth," says Peter Lazaroff, a wealth manager at Plancorp in St. Louis.

Next: [Taxes are even harder to bear.](#)

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/10>

Taxes are even harder to bear.

11 of 12



(iStockPhoto)

You could actually lose a lot more dough from failing to open a retirement account and defer taxes as opposed to, say, hiding from down markets. "Tax-deferred retirement plans such as 401(k)s offer a great way to save as investors take out the temptation to time the market," says Curtis Holden, senior investment officer at Tanglewood Wealth Management in Houston. "Discipline beats timing all the time."

<http://money.usnews.com/money/personal-finance/mutual-funds/slideshows/10-reasons-new-investors-should-enter-the-market/11>