CPA Practice Advisor

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With all the hype surrounding the recent Brexit vote by the citizens of Great Britain to leave the European Union after more than two decades, many investors here in the U.S. are left to wonder how this overseas event will affect their retirement savings now and into the future.

Global stock markets, including those here in the U.S. saw huge declines in the first few days of trading after the Brexit vote, primarily due to the uncertainty of what this decision by British voters will mean for not only their economic future, but for the

certainly continue in the aftermath of the Brexit vote. While separate trade agreements between Great Britain and other countries including the U.S. will now have to be enacted, since they will no longer be part of the E.U., this should be a mere formality to be worked out over time. While in the short-term, some U.S. companies currently doing a lot of business in Great Britain may see their bottom lines somewhat affected, most others probably won't since Great Britain is not among the top five trading partners for the U.S.

By most accounts, the Brit's were fed up with the power that the E.U. had in determining sovereign issues such as immigration through open borders, the national defense of each member country, as well as the expense of subsidizing other E.U. nations like Greece. They view the Brexit vote as a way to take back their country's independence once again, being able to make their own decisions on economic policies including trade, immigration policies, and border control. The exit from the E.U. will not be an overnight process, but one finalized over time.

Thanks to 24-hour financial news channels as well as the internet, there is so much more information about the markets available these days. You might assume that would help investors get better results, however in many cases the opposite is true as emotions take over that can negatively affect our investment decisions. This may be the reason the average investor underperforms market indexes, often making emotional, reactive decisions and trying to time the market. In fact, on average over the past 20 years, individual investors have earned just half the return of major stock and bond market indexes. Other recent bouts of volatility due to global slowdown fears (August 2015 and February 2016) were followed by gains in U.S. major market indexes. It's best to avoid reacting to daily news and remain focused on long-term objectives.

Obviously, if you're within 5 years of retirement, your financial advisor should have

He holds a Series 7 stockbroker license, a Series 22 for limited partnerships and a Series 24 Securities Principle license. He also holds insurance and annuity licenses in Florida and several other states.

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