INTRODUCTION

The share market has enjoyed a great run since the Global Financial Crisis. Will it continue or will a major fall in the markets put an end to it all? No one knows therefore, it is important to set proper financial goals and use strategies to factor in scenarios which may or may not occur.

**What to do if the share market crashes**

The 1987 share market crash known as "Black Monday" wiped out fortunes as many investors lost their life savings. Those of a generation who were around back then will be well aware of what can happen when you place all your eggs in one basket as many investors did. I mean there were stories of investors borrowing money to purchase shares using the value of their shares as collateral. When the markets went down, the value of their shares were a fraction of the money owed on the borrowed money.

The 1987 crash was the worst crash since the 1929 Wall Street crash. There were almost 60 years between 1929 and 1987 so investors need to reassure themselves that another crash may not fall within their lifetime.

So what should investors do when the markets are falling?

Here are my 5 tips:

1 KEEP CALM

Do not fret, markets go up and down like a roller coaster. Treat the markets as a long term investment. If you are young then you have time on your side. There is time for you to recover from financial setbacks. Even if you are say 50 you still have another 15 or so years before you reach the age of retirement so you do not really need to be too conservative, however, someone who cannot stomach the thought of rapidly falling markets would disagree. It all depends on your temperament.

A financial adviser is likely to steer you to more conservative investments if you are approaching what is termed "The retirement age."

2 STICK TO YOUR FINANCIAL PLAN

It is important to stick with your original plan despite all of the negativity in the newspapers which will no doubt arise after a crash. When planning your financial strategy your plan needs to factor in the possibility of a share market tumble. Shares can take investors on a roller coaster ride which reward persistence.

3 DON'T TRY TO TIME THE MARKET

It is time, not timing, which rewards share market investors. Few investors have the knowledge to predict the movement of a share price and those who do and take advantage of it are breaking the law because it is known as insider trading. Investors should do their homework first and trust their own judgment when deciding on which shares to buy.

4 KEEP SAVING AND INVESTING

The markets reward consistency. Investing into the markets when there is so much negativity which will follow a crash will pay off. As they say "Fortune favors the brave." The advantage of investing when there is not much negativity and uncertainty in the markets is that you will be able to snap shares up at bargain prices and as the market recovers, investors will gradually jump on the bandwagon and in doing so will give it a shot in the arm.

5 LISTEN TO THE RIGHT PEOPLE

A share market crash will dominate the news for weeks and all of a sudden there will be financial experts coming out of the woodwork with advice on what you should do with your money. A smart investor will be able to discern between good, bad, or downright stupid advice.

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