**Warning: January Can Be Hazardous to Your *Wealth*!**

By [Austin Pryor](https://www.soundmindinvesting.com/about-smi/author/austin-pryor) | 12/19/14



Perhaps you’ve never considered it, but the beginning of each new year is an especially dangerous time for you as an investor. As yet another example of my never-ending quest to protect you from the investment media and yourself, allow me to explain why.

**January is when you read and hear all about last year’s investment “winners.”**

You know, the top-performing investment groups, mutual funds, stock picks, and so on. This emphasis is misleading and dangerous because:

* The information is largely irrelevant. Unless there is good reason to believe that all of last year’s stock leaders will repeat as performance champions again in 2015 (and history argues against it), the data is of little use in making better decisions about *this* year.
* The information makes you dissatisfied with your own results and undermines your commitment to your long-term strategy. When you hear that several of the leading biotech funds returned 30% or more last year, it can’t help but make your results for the year seem shabby and unacceptable. Never mind that previously you were pleased that you managed to a gain that kept you on track to meeting your long-term targets. Some investors are frustrated year after year by “what might have been” rather than being grateful for the progress they have made. Evaluate your results in terms of your own retirement goals and ignore the hoopla about this past year’s leaders.

**January is when you read and hear all about this year’s expert forecasts.**

For many of the participants, it’s a good-natured contest with their peers for bragging rights. For others, their jobs call for them to do the impossible and forecast what the future holds. Unfortunately, the media add undeserved credibility merely by publishing them. The risk is that:

* Investors might take forecasts seriously. Please don’t. These people are only guessing, as I demonstrate time after time in this newsletter. For example, as Paul Merriman [wrote in *MarketWatch*](http://www.marketwatch.com/story/danger-stock-market-predictions-ahead-2014-01-08) concerning 2013, “[This year] the U.S. stock market turned in its best performance since 1997.…Surely, the best minds in the business would have seen this coming a year ago, right? Unfortunately, in many cases the answer was no. In January 2013 the consensus was that the market in 2013 would be positive, though very few people were predicting a runaway success. Vanguard’s best guess was a gain of 6% or 7%.”

At the beginning of 2014, *Business Insider* gathered [forecasts from 14 leading Wall Street analysts](http://www.businessinsider.com/wall-street-market-predictions-2014-2013-12). Six of the 14 projected a gain of 4% or less for the S&P 500 last year. Another four said it might be as much as a 6% gain. This is being written before year-end so I don’t know the final 2014 outcome, but the S&P was up more than 12% in early December.
* The “experts” can sidetrack you from following through on your plan. The more you read about investing, the more you’ll encounter conflicting opinions and forecasts. There will always be another economic scenario, another argument for selling everything and putting your money in growth stocks, or gold, or Swiss francs, or whatever. If you’re like most investors I talk to, *you don’t need more knowledge; you need a greater resolve* to follow through with the knowledge you already have.

**January is when you are most likely to receive a ton of mail trying to sell you investment newsletters and magazines.**

* Studies show January and February are the two best months of the year for selling subscriptions to newsletters through the mail. Calm and reasonable copy in direct mail doesn’t sell as well as hype that plays upon human greed and/or fears. I receive mailings that contain the most audacious boasts concerning the alleged foresight of the Wizard who writes the newsletter being promoted. The impression is given I will soon be raking in 60%, 80%, and 100% returns on a regular basis if only I’ll avail myself of their wisdom. In the words of a popular cartoon strip of old, “There oughta be a law...”!

Few things cause investors more losses than a short-term, get-rich-quick mentality. Patience, a fruit of the Spirit, is in short supply among American investors today, many Christians included. God doesn’t expect us to have the foresight needed to lead the performance rankings each year. But He has given us the biblical guidance we need to “be found faithful” in our financial management. In today’s materialistic culture, that is an equally challenging task.

[**Written by Austin Pryor**](https://www.soundmindinvesting.com/about-smi/author/austin-pryor)**.** Austin Pryor has 36 years of experience advising investors, and is the founder of the Sound Mind Investing newsletter and website. He's the author of *The Sound Mind Investing Handbook* which enjoys the endorsements of respected Christian teachers with more than 100,000 copies sold. Austin lives in Louisville, Kentucky, with Susie, his wife of 49 years.