Here’s How the Upcoming Market Crash Can Make You a Millionaire

**Description**

Whether you’ve been investing for 30 years or you’re just getting started, everyone knows the key to growing your money is to buy low and sell high. That’s why some of the best advice for investors is to buy during market crashes when everyone else is selling.



The trouble is, at the time, it’s impossible to tell what’s going to happen in the future. It’s much easier to look at a chart afterward and see when you should have bought and sold.

For example, when the **TSX** crashed earlier this year, it bottomed on Monday, March 23. There are probably very few investors who knew on Friday, March 19 that the market would bottom on the next trading day, and it would be the optimal time to buy.

So, how can investors ensure that when the market crashes, they are buying at the optimal price?

## Eliminate your emotions during a market crash

Investing should always be emotionless and driven by logic, facts, and fundamentals.

However, many investors can manage to do that during normal periods, but the fear of loss during a market crash leads to irrational behaviour.

These emotions have to be managed even more during a market crash. You don’t want to make the mistake of selling your stocks. You also don’t want to buy too early or wait too long. So, it can be quite confusing.

One of the main tips to remember is to be prepared beforehand. This way, when the market crashes, you know what you want to do, and you can execute your plan with minimal emotional impact.

## Be prepared for a market crash

While its crucial investors take advantage of a market crash, it’s illogical to wait years sometimes to put your cash to work. So, it's up to investors to invest a portion of their savings each year between major bear markets.

For example, in hindsight, it would not have made sense for investors to have been saving up cash since the last market crash in 2008 until this year when it finally crashed.

However, you don't have to invest all your savings each year. Maybe you invest 75% and let 25% accumulate in your cash position.

This way, you're still putting the majority of your capital to work while building a considerable cash position. Building a cash position is another critical step in being prepared for a market crash.

The longer we go between bear markets, and the more overvalued stocks are becoming, the higher the importance of having an adequate cash position.

It's not enough just to have cash ready to deploy. Investors must also have a good idea of which stocks they want to buy and what target price to buy at.

## Putting your plan to work



Having a plan is crucial to minimizing the emotional effect of the selloff, so you can focus on taking advantage of the opportunity.

For example, investors who knew **Pembina Pipeline** was a resilient company and had planned to buy Pembina in a pullback would have been massively rewarded after the market crash.

The stock fell by nearly 75% in the bear market, creating a major opportunity. Investors who bought near the bottom have not only been rewarded with capital gains but have also locked in a massive dividend yield.

So, this just goes to show, those investors who are ready with cash and know what they want to buy were rewarded with this top income stock way under its true value.

## Bottom line

A major market crash is something that doesn't happen too often. Investors must maximize the opportunity. The better you do, the faster you'll compound your investment portfolio to millionaire status.

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danieldacosta