



STEVE ROBBINS, CFP®
WEALTH MANAGEMENT FOR A
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Delayed Election Results...

Two-hundred and seventy. That's how many electoral votes it takes to win. As of this writing, on the morning of Wednesday, November 4, 2020, neither candidate has reached that magical number yet – and it may be some time before we know who will.

As you've probably heard me say before, *uncertainty* is the thing investors fear most, and as of right now, there's still a lot of uncertainty regarding this election. It's no surprise, then, that many of my clients have asked me about the election lately and how it may affect their portfolio. I'll get to that in a second, but the first thing I want to say is: If you're nervous, you can relax. And if you're relaxed, you can stay that way! In this case, all this uncertainty was expected, and it's no surprise the election is still up in the air.

In a normal year, most Americans are accustomed to either watching the TV on election night, waiting for the media to call the various states in favor of one candidate or another. Or maybe you're the type who prefers to just go to bed early and see who won in the morning, (which is probably the healthier option). But this is not a normal year...and it's certainly not a normal election.

Here's the situation. Due to the COVID-19 pandemic, more Americans are voting by mail or ballot box than ever before. That means election officials have to do things a little differently. Some states have laws preventing mail ballots from being counted until after a certain point. Take Pennsylvania, for example. In 2019, the state approved "no-excuse" absentee ballots, where any voter can request a mail ballot without needing to cite a reason.¹ At the same time, however, Pennsylvania law requires officials to wait until *after* the polls closed on election night before they could begin counting those mail ballots. And many counties in the state waited until Wednesday morning to start processing those ballots. Since mail-in ballots often take longer to verify than in-person ballots, the result is a delayed timeline. In fact, it may be several days before all the votes are counted there.

Another variable at play here is that some states – Nevada and North Carolina, for example – will count mail ballots that arrive *after* the election but were postmarked *before*.² So, some states may not officially declare a winner until next week, although the media may call those races earlier if they feel there's enough data on who will win.

As luck would have it, nearly all the states we're still waiting on are key "battleground" states that both candidates are desperately trying to win. Many of these so-called swing states, each coming with a hefty number of electoral votes, are still processing their ballots. That's why many states remain "too close to call" by the media, although some will finish counting sooner than others.

As of this writing, the following states are still up in the air: Alaska, Arizona, Georgia, Maine, Michigan, Nevada, North Carolina, Pennsylvania, and Wisconsin. Some will almost certainly finish counting today. Others, like Pennsylvania, may take several more days or even weeks. So, while we may have a strong idea of who the winner is by the end of the day, it also may take much longer.

The important thing to remember here is that the media does not decide the winner of each of these states. Nor, frankly, do the candidates. It's true that the media will "call" each race as soon as they feel certain of the outcome, and they're usually – but not always – right. But these calls are technically meaningless. Every county in this nation conducts their *own* election overseen by a county clerk. Those votes are then tabulated – and the results certified – by each state's Secretary of State. Sometimes this process takes longer than others, and it's been expected for *months* that the process

would take particularly long in 2020. So, my advice is to relax and focus on other things. Most importantly, try to ignore all the gossip being thrown around on social media. Much of it is fearmongering, and both sides of the aisle are guilty of it. (That said, let's all spare a thought for the thousands of people across this country who have volunteered their time to man polling locations and count ballots. Many stayed up all night; many more will continue working for days. It's a hard, thankless job – but there is no more important responsibility in our nation right now. If you know one of these people, please thank them for me! If you are one of these people, THANK YOU!)

Before I put the final period on this message, I wanted to leave you with a quick thought about your portfolio. I mentioned before that uncertainty is what investors hate most, but as of this writing, the markets are handling *this* uncertainty rather well. I also know that politics and emotion go hand-in-hand. It's easy to react emotionally and fear what the election will mean for your hard-earned money. That's why I want to reassure you of three things:

1. Historically speaking, the outcome of a presidential election has a relatively small impact on the markets. Historically, the S&P 500 has gone up 10.8% under Democratic presidents and 5.6% under Republicans.³ Either way, the markets have risen over time. Of course, we must always remember that past performance is no guarantee of future results. But the point is, making investment decisions based solely on who sits in the White House is not a good idea.
2. From a policy standpoint, both Trump and Biden could bring positives *and* negatives when it comes to the markets. I'll send more info about this when we know who the winner is. In the meantime, remember: *our investment strategy is designed to get you through more than one election cycle, and its success does not depend on politics.* While political developments may prompt us to make tweaks here and there, our strategy is based on far more important factors.
3. Regardless of who wins, my team and I will be constantly studying the markets and keeping an eye on your portfolio. If our technical indicators reflect changes need to be made, as you know, we will stick to our strategy and relay any updates in our ongoing client communications.

In the meantime, as always, let me know if you have any questions or concerns.

Have a great day!

-STEVE ROBBINS, CFP®

No investment strategy, including asset allocation and diversification can guarantee a profit or protect against loss in periods of declining values.

SOURCES

¹ “Why Pennsylvania won’t finish counting absentee ballots until Friday at the earliest,” *ABC News*, <https://abcnews.go.com/Politics/pennsylvania-finish-counting-absentee-ballots-friday-earliest/story?id=73993649>

² “When We Might Know Election Results,” *The New York Times*, <https://www.nytimes.com/2020/11/04/us/politics/election-results-day-2.html>

³ “Democratic presidents are better for the stock market and economy than Republicans, one study shows,” *Business Insider*. <https://markets.businessinsider.com/news/stocks/stock-market-election-democratic-republican-presidents-better-performanceeconomy-gdp-2020-8-1029528932#>