

Financial planner's advice with debt ceiling decision looming? Go with your gut

BY COURTNEY COLE

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BOSTON - President Biden will meet with congressional leaders Tuesday to discuss the impending deadline on whether or not to raise the debt ceiling of the United States.

The debt ceiling is set by Congress. It's the maximum amount of money the federal government can legally borrow to pay for things like Social Security and Medicare, interest on our national debt and tax refunds.

On June 1 we'll reach the debt ceiling. If there's no deal in Congress to raise it, Treasury Secretary Janet Yellen has warned that the U.S. might not be able to pay its bills and default on its debt.

Congress has actually increased or suspended the debit limit 78 times since 1960, according to the Treasury Department.

So what does this mean for you and your investments? The stock market and the value of the dollar would likely crash if the ceiling isn't raised.

Dana Levit, a certified financial planner with Paragon Financial Advisors, told WBZ-TV you should go with your gut if you're thinking of making changes.

"For younger people, it's a little less worrisome in terms of, that there is time to recover, if you have lots of years for the market to have gone down and then come back up," Levit said.

If you're worried, protect yourself, especially if you are within a few years of retiring. So, should you move some of your 401k funds from stocks to something safer, like a money market account?

Levit says you can do that, but you'll need to know if your account is "tax protected" first. But she warns there is also a downside.

"That's the one thing to think about is, what's going to feel worse for you? If you didn't do something and you felt like you should have and you didn't and then the stock market crashes, or if you pulled out and then you were wrong, the stock market was fine, it rebounded. What's going to feel worse?" Levit said.

Overall, she believes this is a good moment for a financial and emotional check-up. Take a closer look at your portfolio and ask yourself if you could be earning more in cash or even if you have enough in your emergency fund.

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