

Avoiding **DISASTER** in Retirement

Comprehensive retirement planning includes planning for the worst. With the outbreak of Covid-19, we have seen stocks fall more than they have since 2008, with no sign of stopping. The economy continues to take even more of a massive hit as businesses close, travel is restricted, and many are confined to their homes.

When the stock market is overvalued, (as it was a few weeks ago) it needs to be reset. This typically happens when political, environmental, or other events “trigger” the downward tumble, and we enter a “Bear Market”, or even a recession. Those in the financial industry have been foreseeing a recession as an inevitability for a couple years now—and now it’s here..

What does this mean for your retirement plan?

If you are more than 5-10 years away from retirement, there is some good news for you. Looking at the stock market historically, we have seen the stock market tank time and time again. Think back to the crash of 2000-2002, or the more recent 2008 recession. Many suffered economic hardships, foreclosures, and some thought things would never recover. After a time, things eventually did get back to normal.

Sure, a market correction can be ugly, but if history repeats itself, we know that those that can weather the storm will be OK in the end. If you can afford to do so, don’t stop contributing to your 401(k). The “discounted” stocks you buy as the market falls will be worth much more later on. Keep in mind, if you don’t have a reserve fund of 6-12 months in the bank, it may be necessary to take it out of the stock market in the event you need to make ends meet or search for new employment. However, if you don’t need to use it, don’t touch it!

What if I am retired or retiring soon?

The closer you are to retirement, the more a recession can derail your plans. Do you have time to wait for the

market to recover? Maybe not! Planning for a bad market should be on your mind in the earlier phases of retirement planning—before it is too late. One way to avoid the heartache of market volatility is by incorporating Principal Protected Accounts into your retirement plan, such as Fixed Indexed Annuities and Universal Indexed Life Insurance. These products allow you to lock in gains during good times, but do not subject you to the risk of taking a hit during times like these. If you are feeling a panic during this market correction, you may have too much risk in the market, or maybe you don’t have a good plan.

What can I do to protect myself financially?

If you haven’t spoken to an advisor or don’t have a comprehensive retirement plan, we suggest you do so. Having a game plan not only helps put you a little bit more at ease, but helps you make educated decisions rather than just “hoping for the best.”

Due to the spreading coronavirus, we have now started taking appointments via video call. If you feel that you could benefit from a strategic retirement consultation, please reach out to us at 520-780-9059. The world might feel scary and chaotic, but that doesn’t mean you can’t make a game plan, and come out of this just fine.



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