Investment Portfolios Facing Volatile Markets:

A Simple Flowchart to Determine What (if Anything) You Should Do

After the end of the 2008 financial crisis, investors rode a wave of optimism for close to a decade, pushing markets past historic highs, and giving investment portfolios a healthy boost after the losses sustained during the bear market downturn. However, there are signs that the relentless market optimism is petering out and I want you to be prepared for volatility.

Though we can't predict the future, expecting the next few years to be volatile is a smart bet.

Whether you are in retirement or close to it, or many years away, this simple flowchart will guide you through the questions you need to ask to help determine whether you're on the right track for volatility or dangerously off course with your investments.

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Start here if you're

within 5 years of retirement

Like sailors, smart investors keep an eye on the weather and trim their sails ahead of choppy weather. If you're close to retirement, you are in one of the most vulnerable periods of your life because losses could debilitate your portfolio and hurt your ability to retire. You no longer have the luxury of waiting out challenging markets.[1]

START

Has a financial professional discussed volatility with you and helped you rebalance your investments for downturns within the last 12 months?

Adjusting your investment strategy before turbulence strikes is critical. A professional can "stress-test" your portfolio to see how it holds up under challenging market scenarios.

Y

Do you feel confident and knowledgeable about your strategy?

Confidence in your strategy will help you avoid panicking and selling when volatility hits.

Y

When you've got a strategy and you're confident it reflects your needs and risk tolerance, the best course of action may be to stick to it. Want a second opinion? Give me a call at the number below.

N

Sounds like you've got questions. Get a professional opinion before you make any changes that could hurt you. Call me at the number below and we'll review your investments together.

N

Stocks and growth investments are typically harder hit by volatility. But they don't all react the same way. Understanding how your investments could be affected by volatility is critical to reducing potential losses.

Do you hold a significant percentage of historically volatile investments like stocks?

Y

In 2008, some 401(k) portfolios for employees retiring within 5 years lost as much as 28.07%.[1] At this stage of life, it's critical to have enough cash or alternate income sources so you aren't forced to liquidate investments at a loss.

Could you still retire if your portfolio were to lose 20%+ of its value in a downturn?

Y

Losing too much of your portfolio so close to retirement could be extremely damaging to your future. I strongly recommend you speak to a professional. Call me at the number below and I'll put you on my schedule.

N

Your investments are at risk. You need to speak to a professional ASAP. Call me at the number below and I'll put you on my schedule.

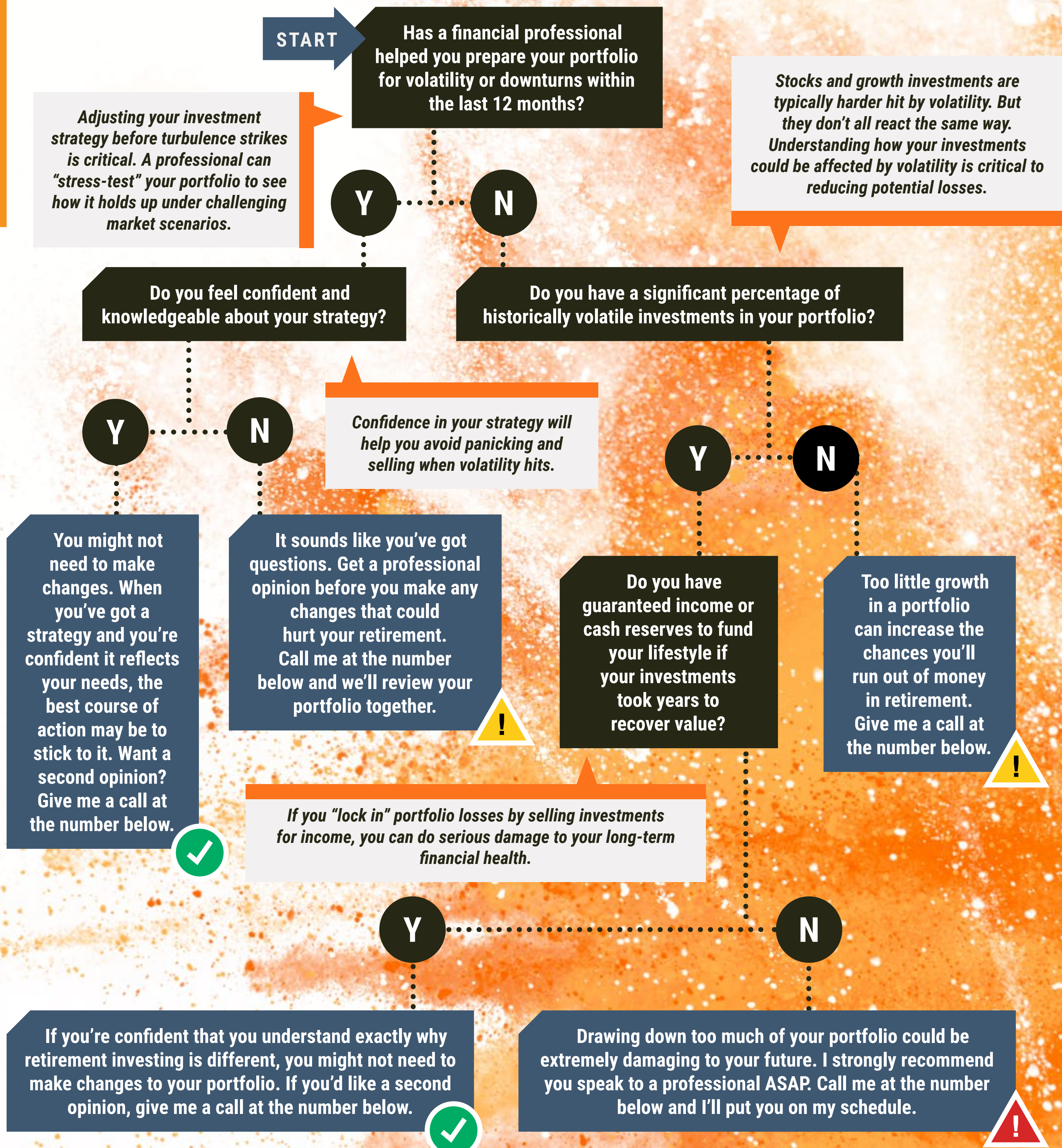
N

If you're confident that you have the right mix of investments, you might be ready for volatile markets. However, I'd recommend getting a professional review to make sure they support your retirement goals. Call me at the number below and we'll review your investments together.

Start here if you're

already retired

If you're already retired, you're especially vulnerable to market volatility because you need your investment portfolio to generate income and may not have the luxury of time to let your investments recover from losses. Ask yourself these 4 key questions to help determine what you should do next:



Start here if your
retirement is at least 10 years away

If your time horizon is long enough, you've got a greater ability to withstand the waves of volatility that may be coming. However, you still need to be confident in your investment strategy and ready to take advantage of any tactical opportunities that may appear. The right decisions now could compound over time and may help you turn volatile markets to your advantage.

START

Has a financial professional discussed volatility with you and helped you rebalance your investments for downturns within the last 12 months?

Adjusting your investment strategy before turbulence strikes is critical. A professional can "stress-test" your portfolio to see how it holds up under challenging market scenarios.

Y → **Do you feel confident and knowledgeable about your strategy?**

Confidence in your strategy will help you avoid panicking and selling when volatility hits.

- Y → When you've got a strategy and you're confident it reflects your needs and risk tolerance, the best course of action may be to stick to it. Want a second opinion? Give me a call at the number below.
- N → It sounds like you've got questions. Get a professional opinion before you make any changes that could hurt you. Call me at the number below and we'll review your portfolio together.

N → **Do you have a significant percentage of historically volatile investments in your portfolio?**

Stocks and growth investments are typically harder hit by volatility. But they don't all react the same way. Understanding how your investments could be affected by volatility is critical to reducing potential losses.

- N → If you're confident that you have the right mix of investments, you might be ready for volatile markets. However, I'd recommend getting a professional review to help make sure you're not being too cautious. Call me at the number below and we'll review your investments together.
- Y → **Are you ready to watch your portfolio lose 30% or more?**

In 2008, some 401(k) portfolios lost as much as 41%.[1]

- N → You need to speak to a professional ASAP. Call me at the number below and I'll put you on my schedule.
- Y → **Do you have a plan for managing your emotions if your portfolio takes a beating?**

Panic selling is one of the biggest risks of downturns or sustained volatility. "Locking in" your losses by selling can do long-term damage to your investments.

- Y → If you're comfortable accepting the risk of loss, and you're unlikely to make emotional decisions that could hurt your future, you might not need to make any changes to your investments. If you'd like to hear about the tactical opportunities market volatility can offer, give my office a call and I'll put you on my schedule.
- N → You need to speak to a professional ASAP. Emotional decisions and short-term thinking can be extremely damaging to your portfolio. Call me at the number below and I'll put you on my schedule.

If you’re not 100% confident in your investment strategy, please give me a call.

To confront volatility with confidence, you need a strategy. If you’ve done the work to prepare and are feeling confident, I’m glad to hear it. If you’re not, I want you to take action now.

There are no simple answers to volatility because every market is different and every investor is different. When you’re surfing a wave of optimism, it’s easy to feel confident. But when the clouds gather and the waves grow choppy, a smart sailor trims the sails before the storm.

My team and I specialize in helping people like you during these challenging markets by finding opportunities that may help protect and grow your investments. Volatility can offer “tactical” investing opportunities I don’t want you to miss.

Unsure of your answers to any of these questions? Please, reach out. *Call the number below and we’ll figure it out together.*

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[1] https://www.cnbc.com/2018/09/13/these-retirement-funds-took-a-beating-in-2008-it-could-happen-again.html

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