

SCHEDULE TIME WITH
YOUR DEDICATED
EDUCATIONAL
RESOURCE HERE:

hnighbert@mcfadvisors.com
859.967.0990



Weathering a Market Downturn - Near or During Retirement

When you are decades away from retirement, down markets may not feel like a big deal. After all, you can keep saving, buy when stocks are cheap, and position yourself for an eventual recovery. However, a significant loss in the years preceding or just after retirement is more likely to negatively impact the amount of income you will receive over the course of your retirement. Unlike losses that occur earlier in life, there isn't the same opportunity to recover. It's key to have a long-term plan in place that's built for good times and bad. If you don't have one—or are not sure your plan is still right for you, it's a good time to meet with a financial professional.

4-STEPS TO WEATHER MARKET DOWNTURNS WHEN YOU'RE APPROACHING OR IN RETIREMENT:

- 1. Start with a strong plan.** Your retirement income plan should be based on conservative market assumptions and a withdrawal rate that has been stress-tested and shown to work in the vast majority of likely market scenarios. A rule of thumb is to limit withdrawals to 4% of your initial balance when you enter retirement and make annual adjustments for inflation.
- 2. Your plan should account for essential expenses.** A "bucket" or segmentation investment strategy divides your portfolio assets into different "buckets," depending on the time remaining until withdrawal and your risk appetite. For example, the first investment bucket may contain cash and cash equivalents needed over the next five to seven years or sometimes more, while the last bucket may contain riskier equities that won't have to be sold for a decade or more.
- 3. Rebalance back to your plan.** If a downturn in stocks has left your portfolio tilted to bonds, you may want to sell bonds first. That could help raise cash while leaving your stocks invested for a potential rebound. If, on the other hand, your portfolio has more stocks than your long-term strategy calls for, consider rebalancing out of stocks.

A "bucket" strategy can be rebalanced at any time to reflect changes in income requirements or risk tolerance.

SCHEDULE TIME WITH
YOUR DEDICATED
EDUCATIONAL
RESOURCE HERE:

hnighbert@mcfadvisors.com
859.967.0990



4. Reconsider Social Security. If you are short on cash, and you have not claimed Social Security, you may want to look at your strategy. For many people, it makes sense to delay claiming Social Security, since the higher monthly benefit that you receive if you delay claiming can help fund your retirement over the long term. But, if you are cash strapped and considering selling stocks in a down market, you may want to reconsider. If you are between 62 and your full retirement age, you could claim retirement benefits now, and then suspend benefits any time after your full retirement age and before 70—this strategy allows you to gain income now while leaving your money invested during a potential recovery. Although your Social Security benefit will be reduced due to claiming early, you limit the impact by suspending the benefits after you reach your full retirement age. After you suspend your benefits, your future monthly benefit will grow about 8% for each year you suspend, until age 70.

Learn more at www.ssa.gov.

**SCHEDULE TIME WITH
YOUR DEDICATED
EDUCATIONAL
RESOURCE HERE:**

hnighbert@mcfadvisors.com
859.967.0990



IMPORTANT DISCLOSURE INFORMATION

MCF Advisors, LLC ("MCF") is a SEC registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. More information about the adviser can also be found by visiting: <https://adviserinfo.sec.gov/firm/summary/130372>. The above commentary is for informational purposes only. Information prepared from third-party sources is believed to be reliable though its accuracy is not guaranteed. This is not intended as an offer or solicitation with respect to the purchase or sale of any security. MCF may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by MCF), or any non-investment related content, made reference to directly or indirectly in this blog/newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this blog/newsletter serves as the receipt of, or as a substitute for, personalized investment advice from MCF. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. MCF is neither a law firm nor a certified public accounting firm and no portion of this content should be construed as legal or accounting advice. A copy of MCF's current written disclosure statement and customer relationship summary ("Form CRS") discussing our advisory services and fees continues to remain available upon request. The scope of the services to be provided depends upon the needs of the client and the terms of the engagement. If you are a MCF client, please remember to contact MCF, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.