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Uncertainty in the Markets Doesn't Mean You Have to be Uncertain about Your Retirement
By Jarrett F. Solomon, CFP®, CIMA®

We all know that markets and the economy have the ability to change at any given moment. A groundbreaking or unexpected event, such as Brexit, can quickly turn the markets on its head, causing investors to enter a frenzy and make different financial decisions than they otherwise would pursue.

Recall the very beginning of 2016, when you heard some pretty excitable talking heads saying that the health of your financial world was about to take a turn for the terminal. Just as people were beginning to feel better about the economy and retirement, in just a couple of weeks, a horror show of red ink ensued all throughout media. The markets, however, ultimately recovered shortly after and the fear-inducing news diminished. But during those seeming apocalyptic moments when it seems like markets will continue to fall, it often becomes easy to neglect your financial advisor who is assuring you that "everything will be OK."

Now, as we get closer to this year's presidential election, we must neglect the frivolous and sensationalist noise, and focus on how to establish a comprehensive financial strategy with long-terms goals. Whether Hillary Clinton or Donald Trump is elected, we will undoubtedly hear ominous prognoses on what will happen to the country's markets and our retirement plans—we must look beyond that.

Still, it is critical that a financial planner and its clients establish a financial game plan at the very start of the client-advisor relationship, with long term goals and systems in place to ensure that hiccups in the market do not interfere with the end outcome. A well thought out plan takes into account meaningful – and inevitable – stock market declines during major global events so you can simply ignore the extraneous noise when one occurs.

Retirement, rather than being a reward for years of hard work and discipline, has become an anxiety inducing deadline. This is wrong. As advisors, it is our job to reframe how you think about retirement, especially when turning on CNBC feels like watching an episode of *American Horror Story*. Retirement is not about the "what-ifs" of today. Rather, it's about the "how can I's" of tomorrow.

To eliminate the risk of making emotional decisions during times of volatility – because, let's face it, the fear of a difficult (or non-existent) retirement can be a major emotional burden – it's more important to work with someone who will align the target risk/return profile of your portfolio with your spending needs, time horizon and tolerance for volatility. The 2016 Presidential election should be an eye-opener that an undisciplined, knee-jerk approach to managing risk in your portfolio is not conducive to long term success and not a reason to panic unnecessarily.

A comprehensive financial plan involves all aspects of your financial life, including retirement planning, investments, income tax planning, insurance, estate planning and more. All of these details should then be molded into a plan that details and dictates how much risk you need to take in the stock market to reach your goals and cash flow needs.

It is easy to stray from this concept when markets behave nicely, as they did a couple of years ago. While it is tempting to want to increase stock market exposure to more fully take advantage when things seem to be going well, you should remain disciplined in adhering to the risk levels that were laid out during planning. This way, when markets misbehave or the political environment shifts, we know that the planning work we have done in advance for times like these is putting our clients in the best defensive position to succeed in retirement and reach their goals. Most of all, remember that a well thought out financial plan is not about today – it is about tomorrow. So, when the election approaches and panic ensues, focus on the value of your relationship with your financial planner and how your strategy is designed to withstand volatility.

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