Gallagher

Insurance | Risk Management | Consulting

Tips for Navigating **Market Volatility**

As inflation and market volatility continue, our Gallagher Retirement Plan Consultants get asked the same question from employees: "Shouldn't I be doing something?" A quick web search will turn up thousands of variations of "tune out the noise," and while this guidance is correct in many cases, we understand you often need to feel in control.

Maintaining Your Lifestyle During Market Uncertainty

In a few steps you can build confidence in your financial position and/or make changes if you conclude your finances are at risk. This checklist can help you review your lifestyle and make changes, if necessary.

1. Set your perspective. Market downturns are normal. Inflation and rising cost of living is normal. We have experienced pullbacks before and time and time again it's been proven that jumping out of the market at this stage can put you in a tough position. Your goal is to focus on time IN the market, not timing the market.

2. Check your "parachute." The best way to protect your financial state and save yourself some financial anxiety is to have a strong emergency savings account. The rule of thumb is to have 3-6 months of your household living expenses in a liquid savings account. Gas, housing, and food costs are rising – don't be afraid to use this account if your budget can't weather the prices. Your emergency fund is there to keep you from riskier borrowing options like a retirement plan withdrawal or high-interest loan.

3. Assess your life stage. Daily expenses feel larger right now. Saving might be more intimidating. In the wake of the pandemic our consumption patterns shifted. Regardless of age and income, this is a good time to ensure you are prepared to pull in your spending if the downturn continues. If you are nearing retirement, your mindset should be more focused on installing some guardrails and developing a safe withdrawal rate.

4. Review your asset allocation and risk tolerance. Be a consistent retirement investor and avoid scaling back your contribution rate. Instead, make sure your risk tolerance matches your investment portfolio. It's important to choose a level of stock market risk you can live with every day. If you're losing sleep over the recent volatility and thinking about selling at a low point, then you should consider scaling

MARKET VOLATILITY

TIPS FOR MAINTAINING YOUR LIFESTYLE

back your risk. Ensure you have a diversified portfolio to insulate your risk over time.

5. Focus on the long game. Everyone's timeline looks different, but we are all saving for retirement in some capacity. Understand your financial goals and your time horizon. You might consider reducing your risk if you're nearing retirement or have a short-term savings goal in mind like a down payment on a home or college education.

6. Ask for the help of a professional if you need it. It might be a sign to talk to a qualified financial advisor if...

- You're continually anxious about the market and want to review your allocation with a professional and take a more hands-off approach.
- You are financially secure and looking to capitalize on the market downturn.
- You'd like to reevaluate your contribution's tax status.
- You are approaching or at retirement and want help shifting your accumulation strategy to one that focuses on retirement income.

7. Feel better about your financial health by staying engaged in your education. Join Gallagher's monthly *Getting Better with Gallagher Financial Wellbeing* webinars!

Scan the QR code with your smartphone camera or register here.

Gain perspective on today's market uncertainty from Gallagher Retirement Plan Consultants.

"I keep reminding myself of the fundamentals. As a pre-retiree with kids in high school and college, I'm still in the buy/hold stage of my financial life. I do my best to avoid making emotional financial decisions based on the 24 hour news cycle – that's not always easy!"

Michele Kocak
Area Vice President

Paul Grutzner
Area Senior Vice President

"We try to remind participants this is an opportunity to make sure you are comfortable with your current asset allocation of funds and current risk profile. Perhaps when was the last time they reviewed or adjusted this to reflect their current age and risk parameters.. (if not already using a target date fund) and let's adjust accordingly."

"Today's environment highlights the importance of including an asset-allocation vehicle in your retirement plan. A prime example is a target-date fund that periodically rebalances asset class weights to gradually shift your asset mix to an appropriate level based on your age. These vehicles are designed to appropriately protect investors from several risks such as inflation, volatility, longevity, and many others."

Tom McLaughlin
Senior Investment Analyst

Gallagher

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