



Well, I didn't plan for THIS.

Financial Planning in Turbulent Times

For anyone who doesn't have a financial plan, now probably feels like a terrible time to start one. Portfolio values can change drastically depending on what day the plan was created on. Many people are facing uncertainty about their job security, or they have found themselves unemployed. Business owners are unsure if their company will still be around in several months. It all feels like a very shaky foundation on which to build a long term plan. The thing is, we all tend to focus on the elements we can't fully control under even the best of circumstances. Portfolio returns, job security, business success can all be dependent on external factors under even much sunnier days. What we want to be planning for are the things we can at least somewhat control. How much are we spending and saving, when do we plan on retiring, what will our retirement look like? These are all factors which are primarily driven by our choices, and they just so happen to be the most important factors in any long-term retirement plan.

The basis for any good financial plan remains unchanged – realistic pessimism (financial planners are big hits at parties). It is the job of any good plan to try to allow for the worst realistic scenario. We knew there would be a market correction at some point, just not when or why. There will be others in the future. What we all need now is clarity on where to go from here and what we need to do to remain financially stable.

A plan today starts with where we are today. We can't predict tomorrow. Rather, we are trying to anticipate the big picture over the next 30 or so years. Do I have enough to meet my retirement goals if there's no quick recovery in the markets? What happens if I lose my job and have to live on savings for six months? What if I can't rely on selling my business anymore? While we hope these concerns don't come to pass, we can plan as if they do. How can I be financially responsible now so I have the means and the confidence to weather the storm? How concerned do I really need to be? What are the choices I choose to make to keep the ship afloat rather than waiting and having the choices made for me? A good financial plan helps build for these contingencies.

A good financial plan also considers factors that are just as relevant today as they are in periods of relative stability. Tax planning, insurance, estate planning, business succession planning, having an emergency fund, saving for children's educations, new homes, or other major purchases. Not every component of a financial plan is related to our portfolios, and a lot of these decisions can, in many cases, be made regardless of portfolio volatility.

Already have a plan? No financial plan is meant to last forever; even the most robust plans should be revised every five years, and closer to every three for plans with less certainty. Those who don't expect to retire for many years or who have a significant cushion built in can reasonably stick to their regular revision schedule. As stated above, we knew this kind of market uncertainty would come, just not exactly when or why. For those who may be considering retirement within the next 24-36 months, however, it may very well be prudent to revise your plan now to ensure that your retirement date is still sustainable. If not, it may be helpful to start considering alternatives. For anyone who has lost employment or seen other material downturn in their earnings, that may also be cause to update their plan. Any financial plan should be updated for a material change; what is considered material depends on your individual circumstances.

Financial planners always seem to think that right now (whenever that happens to be) is the best time to make a plan. It feels especially true today as stress and uncertainty pose greater threats to our mental and physical health. And the best cure for uncertainty is having a plan to deal with the chaos. Contact your Raymond James advisor to discuss your financial plan and help bring some certainty to these uncertain times.

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