

THE UNCERTAINTY OF NOW

Proactively addressing your clients' concerns regarding market uncertainty can help build trust. Reaching out with strategies that can be used to immediately address their fears and help them stay invested can go a long way in deepening client relationships.

Markets are in turmoil. And significant downside volatility, inflation's continued rise, contentious political divisions, war, and eroding savings can make for scary times—especially for those in or nearing retirement who can be hardest hit from these equity shocks. So, what can you do to help clients stay cool amid all the current challenges?

Calming the Waters

Before your clients panic, reach out to add perspective and provide tools that make them feel more confident and less fearful about staying invested. One way to do this is by helping them avoid making irrational moves. Let them know you are there, monitoring their situations, and implementing necessary (not panicked) measures to ensure they can achieve their goals. Explain that market volatility is part of the journey, and go over the risk mitigation measures you already have in place.

What Strategies Are Available?

Depending on your clients' needs or fears, many tools are available to help them navigate these choppy markets.

- **Use buckets to ride out markets.** By keeping several years of cash on hand to cover current spending, investors are more likely to ride out market swings and stick to their plans.

- **Use a flooring strategy.** This involves securing predictable income streams to cover their needs and wants. Building an income floor in retirement typically starts with an honest assessment of spending, and then breaking that down into a spectrum of needs and wants. Many investors will want all their needs and some of their basic wants covered by this predictable stream of income. Typically, existing sources such as Social Security benefits and available pensions are the building blocks for a floor-income strategy. However, if there is a shortfall—and there often is—a variety of strategies using existing assets can be used to provide additional income:

- Income annuities – single-premium, immediate annuities (SPIAs), deferred income annuities (DIAs), and qualified longevity annuity contracts (QLACs)
- Income benefits
- Bond/CD laddering
- Going back to work/continuing to work/working second jobs
- Rental income

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- **Opt for a lifestyle change.** This typically means keeping a current withdrawal-income strategy, but choosing to live on less, such as taking smaller withdrawals to minimize drawdown in a down market. While some are willing to make these sacrifices, many are not or are unable to as necessary expenses (housing, healthcare, food, and taxes) can't be reduced.
 - **Protect their assets.** The few years before and after retirement are when investors are the most at risk. A bad market here may impact their visions of a stable retirement and their abilities to maintain their lifestyles.

There are several options to help de-risk portfolios:

- Principal-protection-type benefits to provide a floor should the market drop
- A registered index-linked annuity (RILA) annuity to provide a buffer and offset the percentage of losses
- Fixed indexed annuities to offer the potential for some upside market participation without a chance for loss
- Options strategies to hedge against market downsides
- Equity strategies that seek to reduce risk

All of these involve some cost and can potentially limit upside. They are used to preserve assets, not necessarily grow them, although that can certainly happen.

Next Steps

Look at your client's portfolio and identify the protection measures you have in place or have previously advised him or her about for just this scenario. Remind your client that you have tools to use just for such a reason, and these downturns are an inevitable part of the market cycle.

Build Stronger Relationships Today!

Remember, solid relationships are built when you reach out to your clients first, versus waiting for them to reach out to you. Go into the conversation with the tools to help reduce their concerns and reinforce why they chose you to help them realize their retirement visions.

Additional Resources and Links

[Buckets for Bears Annuities Can Help](#)

[Insuring Investments In A Time of Crisis](#)

[Understanding the Role of Protected Income in a Flooring Strategy](#)

For more information about retirement planning,
please contact our Retirement Strategies Group at
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