Intellectual Capital Blog

Regain confidence and control in volatile markets| February 2022
By Wealth Planning Sales

Financial planning helps you regain confidence and control during volatile times, mitigates the risk of emotionally driven behaviors and helps you make better overall decisions. Consider these five action steps during volatile times.

01 Determine your Liquidity strategy

Inform your advisor of your short-term liquidity needs. Review your budget with your advisor considering all sources of income, discretionary and non-discretionary spending and have a conversation about your overall liquidity strategy. Your liquidity strategy helps provide cash flow for short-term expenses and represents assets held in cash and cash equivalents. One way to address this need is by creating an emergency fund. An emergency fund should have approximately six months of spending money in liquid assets that you can easily access in case of an expected event.

02 Refocus on long-term goals

Next, review your long-term goals and objectives. Update your advisor if anything has changed in your personal circumstances (new job, marriage, death, etc.) and have a discussion about your Longevity strategy. Your Longevity strategy invested in a well balanced portfolio represents the resources you will need for longer term needs.

03 Develop your financial plan

Make sure your advisor has an updated view of your net worth by providing values for your assets held at other institutions. To make this process simpler, consider signing up for My Total Picture. Next, review your plan's results with your advisor to ensure you are on track to accomplish your goals. Your plan takes into account the potential of volatility in the markets, so you can feel confident about your financial future in times of volatility. If you do not have a financial plan, speak to your advisor about starting one.

As part of the planning conversation, in addition to your Liquidity and Longevity strategies, speak with your advisor about your Legacy strategy. Your Legacy strategy is for needs that go beyond your own. Legacy represents surplus resources which can be used to grow your family wealth for future generations or to have a positive impact on society through philanthropy. It can serve as a starting point for further estate planning such as establishment of trusts, philanthropic giving and other wealth transfer techniques.

04 Consider potential planning opportunities

Don't miss out on planning opportunities that may be appropriate for you during volatile times:

- **Roth conversions –** Capitalize on lower IRA values as assets converted are valued as of the close on the date the conversion is processed.
- **Maxing out retirement plan contributions –** Decrease current income taxes and take advantage of the market rebound.

Timeframes may vary. Strategies are subject to individual client goals, objectives and suitability. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.

05 Don't forget the planning fundamentals

Take action on these core planning techniques as they are important regardless of volatile markets.

- **Beneficiaries –** Review the beneficiaries of your IRAs, qualified plans, insurance policies and estate documents to ensure they are still applicable.
- **Estate documents –** Ensure your estate plan is up-to-date by reviewing your will, powers of attorney and overall estate planning intentions. If you don't have an estate plan in place, consider meeting with an attorney to get started.
- **Insurance –** Ask your advisor to review your life, disability income, long-term care, and property and casualty insurance policies to ensure the coverage amount and overall strategy is appropriate for your current and future needs.