

## **Ameriprise Client Audiocast**

Managing your financial path during uncertainty

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Speakers:

**Marcy Keckler**

**Amy Diesen**

Marcy Keckler:

Hello and welcome. I'm Marcy Keckler, vice president of Financial Advice Strategy at Ameriprise Financial. Our conversation today is part of a series of audiocasts and you can find more at [Ameriprise.com/marketvolatility](https://ameriprise.com/marketvolatility). Recently, we invited clients to join a call with some of our experts on the markets and economy, and financial planning and our purpose really was to hear insights on what's happening today and things clients might want to consider talking about with their Ameriprise advisor and during that call clients submitted questions for our panelists and we weren't able to answer all of them. And so we're going to take a few of those questions for today's conversation and joining me to answer them is my colleague Amy Diesen, who's the vice president of Retirement Plans at Ameriprise. Welcome Amy.

Amy Diesen:

Thank you, Marcy. Nice to be here.

Marcy Keckler:

So Amy, I want to start with a question that we got from a client, which was what can you say to retirees to keep us from “freaking out” and that's a verbatim question but I think the sentiment is certainly one that many retirees share which is how can they think about their situation today?

Amy Diesen:

Well, Marcy, I think about this in terms of life in general. You cannot control what is happening to you. You can't control what's happening to the market, but you are able to control your reaction. So now is a great time to think about your financial plan, speak to your advisor and really focus on your long-term goals, so in volatile times, I always suggest that people behave in a non-volatile manner. And so if you can there are some things you can think about – think about waiting to retire maybe for a few months or even some years. You may want to resist the urge to make any dramatic decisions. Give it some time. You don't need to sell things right away. Again, go back to your financial plan and talk to your advisor. And now might not even be the right time to make dramatic asset allocation changes, but the key is stay calm because what is happening today looks incredibly different than what was happening four weeks ago. And I think what's going to happen in four weeks from now.

Marcy Keckler:

So it's a great reminder that there is uncertainty and that, you know, keeping control of our emotions and avoiding any emotionally driven decisions as, as a really good strategy. One of the things we know that retirees especially are thinking about is their spending. Any ideas you have for retirees and how they should think about what they're spending on and, and how much they're spending?

Amy Diesen:

Well, there's a great place where you have a lot of control. You have the ability to think about how you're going to spend your money, how you're going to budget, certainly travel right now is something that people have really pulled back on but you also might want to think about delaying other major purchases like a new car or maybe a second home. But the hardest thing I think to do is to delay helping your family members, and I know you have some thoughts about that Marcy, too.

Marcy Keckler:

I do and I think it's one of the things we have done some recent research on the idea of financial setbacks and its research that we did early this year prior to really the emergence of this pandemic. And we asked people about financial setbacks and what had caused them in the past and how they have been able to recover. And there was so much interesting information but on the topic you just asked about, one of the top five reasons that people in the past told us they had a financial setback was they were supporting family members financially and certainly that is something that's natural for people to want to do. And I just would always urge a little bit of caution because depending on the circumstances, you know, if you were retired or about to retire or hoping to retire in the near term and you're, you know, maybe drawn to help your adult children with things in their financial life, I really do encourage people to make sure they're looking at the full picture and if you do decide to help family members financially, I think it's a great idea to make sure you are being clear. Is the support temporary? Is it time-bound? Is it alone or is it a gift? If it's a loan, what are the repayment expectations? Those are all things, it's important for families to talk about. We do know that having open conversations across generations and among family members really raises people's financial confidence. So certainly there is a lot of economic challenge going on in people's lives today and that draw to help out family members can be natural, but I do think it's something to it, you know proceed with some caution to make sure you put your own financial future at risk.

Amy Diesen:

Certainly when we think about clients that have children that need help, it's almost easier to say no to those adult children, but say no to grandchildren is a real struggle for a lot of grandparents. And one of the things that I've recommended is set a budget. Helping is great and I love the privilege of being able to help people that you care about but be very specific to yourself, even. This is how much I'm able to do this year and really stick to it and I think that that can really help as well.

Marcy Keckler:

That's a, that's a great recommendation. One of the other things that we know is on the minds of people who are retired or nearing retirement is impact of income taxes on their

financial situation. And I wonder if you could share some thoughts for people on how they can manage their income tax exposure and how that really relates to their investment picture?

Amy Diesen:

And a great question and to some degrees you even have control when it takes a thought around managing your taxes and this year and even in the future. One thing even though we've seen a lot of market recovery recently, the value of your investments may still be lower and your income could even be impacted. So now might be a great time to consider doing a Roth conversion. Also something to remind folks if their over 70 and a half, you don't need to take your required minimum distribution this year. So you could consider converting what you would have taken as a required minimum distribution, which can be really helpful and don't forget even people that aren't itemizing their taxes have the ability to deduct up to \$300 for charitable contributions. Now, I know you have some thoughts about asset allocation, which is really helpful as well. So, how do you think about exerting some control over your portfolio when it comes to asset allocation, Marcy?

Marcy Keckler:

Well you already mentioned one of the interesting ideas, Amy, to keep in mind is that the market really was down substantially in March, but we have seen also meaningful recovery since then. And, and I think it's a great reminder of what you mentioned earlier that we don't really have control over that so we need to try to just be objective and, and I think just a reminder focus on what your asset allocation strategy is and revisiting your risk tolerance and your timeframe for your goals, and adjusting if needed but trying to stick to a disciplined approach I think is really important now. And I also think it's important that people think about, especially in retirement, how they want to think about getting the income that they need from their, their investments from their portfolio, even if the price of some of their specific holdings is down. So for example, we know that bonds if you own them in the current environment that may be paying you interest should continue to do that and that's income that you can continue to count on. But you may also find if you have excess income coming in that instead of withdrawing it, you might want to reinvest it or sweep it into your cash account and that gives you some greater flexibility, in terms of your overall approach to your portfolio. So Amy, what are some other ideas that we haven't touched on that you think are important for investors to keep in mind right now?

Amy Diesen:

Well as you're getting close to retirement don't forget different ways in which to generate income. That first one is really important. You do have some control over your retirement date. So if you can, think about working for a little bit longer if that makes sense. Consider being a contractor in the profession that you already have. We see a lot of people coming back to work for a few months or for a few weeks or even for a few hours, part-time work can always be beneficial. And lastly, instead of taking your dividends right now, it might be a great way to save dollars by sweeping those into cash.

Marcy Keckler:

I really like your comment there about thinking about retirement date, you know, we know many people have had a retirement date in mind for a long time. It's an important thing they look forward to and so it also can be something that can be, you know, approached with some trepidation. What's that next chapter going to look like and I think your reminder that you, you may want to proceed with your planned retirement date or you may want to give it a fresh look and think about continuing to work if that's possible for you because that could just give you some greater reassurance. I think a couple reasons to think about it and give it a fresh look, one, we know if you do continue working, you can obviously continue saving and that can really help, you know, shore up your retirement savings, but also you delay the time when you need to start tapping into those retirement savings, giving them more time to recover from any market impacts, but also time to continue to grow. And so, you know, Amy, what are some, some final thoughts you have for people on how they can think about managing their financial situation particularly now and particularly with an eye on retirement?

Amy Diesen:

So a couple things just to recap, you do have more control than you think. The first one is in volatile times try to react in a non-volatile manner and stay calm and look for ways to really fulfill yourself in a new way in this new normal that we're living in and one of the things that I want to go back to that we talked about a little bit earlier you're able to help your kids and your grandkids potentially without actually investing cash. You could help with childcare, cooking meals and those sorts of things and those are benefits that people appreciate as well. They absolutely are and really appreciate you sharing your thoughts and joining me today Amy and for all of our clients who've joined us today to listen. We hope you found these questions and answers and insights helpful, and that you've gotten some ideas that you might want to bring to your next conversation with your own advisor. Your financial advisor is really focused on understanding you, your goals your personal financial situation, and can help you make smart objective decisions that make sense for you and your family. So thank you for joining us. I hope you'll join us for our forthcoming conversations.

And before we leave I'd like to share some important disclosure information.

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The Financial Comebacks Study was created by Ameriprise Financial, Inc and conducted online by Artemis Strategy Group January 2 through 20 of 2020. For further information and details about the study, please contact Ameriprise Financial or go to [ameriprise.com/comebacks](http://ameriprise.com/comebacks).

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