Ameriprise Perspectives: All Client Call
Date: April 30, 2020
Guests: Marcy Keckler, Colin Moore, David Joy, Russell Price, Bill Williams, Pat O'Connell

MARCY: Hello. I'm Marcy Keckler, Vice President of Financial Advice Strategy. On behalf of all of us here at Ameriprise Financial, and your advisor, welcome, and thank you for joining our call today.

The last several weeks have been unlike anything any of us have ever experienced. And we know that now more than ever, the conversations that you have with your advisor, and the ongoing advice that your advisor provides, are so important to help you navigate any short-term financial needs that you may be facing now, as well as to help you stay focused on your long-term financial goals.

Over the past several weeks, advisors have shared with us some of the important questions that they are hearing from clients. Today we're gonna provide some insights on those questions, and the advice that advisors have been providing, along with consideration that you may want to bring to your next conversation with your own advisor.

You'll also get a chance to hear from our top experts on the economy and the markets. They'll address your questions on what's happening in the environment, and what to expect in the coming weeks and months. And after our conversation, we invite you to stay with us, and we can answer any additional questions that you may want to share with us.

Of course, for your privacy and security, we won't be able to provide any individualized investment advice, so if you do submit a question, please don't disclose any of your personally identifiable information or any account details.

At this time, please note that you are in a listen-only mode. However, questions may be submitted at any time during the call by pressing the star-key and then the number 1-key on your touchtone phone. Or by using the chat feature on the webcast web page.

And so now I'd like to introduce my colleagues who are gonna be joining me for today's conversation. First is Colin Moore, who is the global chief investment officer at Columbia Threadneedle Investments. Welcome, Colin.

COLIN: Hi. Thank you. And I appreciate the invitation to be here.

MARCY: Next is David Joy, who's our chief market strategist. Thanks for joining me, David.

DAVID: Hello, Marcy. Nice to be with you today.

MARCY: Next is Russell Price, who's our chief economist. Welcome, Russell.

RUSS: Hi, Marcy. Thank you for having me on.

MARCY: Next, it's Bill Williams, who's the Executive Vice President of the Ameriprise Franchise Group. Welcome, Bill.

BILL: Hello, Marcy.

MARCY: And finally, Pat O'Connell, who's the Executive Vice President of the Ameriprise Advisor Group, and Ameriprise Financial Institutions Group. Welcome, Pat.

PAT: Thanks, Marcy. Glad to be here.

MARCY: We've seen many ups and downs in the markets and the economy over many decades, and I know Colin, David, Russ, in the analysis that you do, and in the audiocast series that I've had a chance to talk with all of you on, you've shared perspectives really about kind of how we should take a long-term view on markets and the investments. But I also know that after an 11-year bull market, some of our memories around markets and economy and history over time might have faded just a little bit. So I'd like to talk with each of you about your perspective given the many market cycles you have seen over the years.

And Russ, starting with you, what should investors understand about the U.S. economy right now, and where things may be headed?

RUSS: Well Marcy, as we all know, economic activity here in the United States and in many places around the world has been brought to a near halt, as to limit further spread of the virus. But over the last several weeks we've seen four primary factors that have lent support to the outlook.

First, the Federal Reserve has moved with unprecedented speed to make sure the financial system continues to function smoothly, and in our view, it has. Should also note that the banking system entered this period in good health, quite unlike conditions leading into the financial crisis in 2008.

Second, the federal government has also moved with remarkable speed in passing unprecedented levels of support for the economy through this period. These actions will boost government debt at a time when the debt levels were already high, but with support from the Federal Reserve, the government debt outlook remains manageable over the intermediate term, in our view.

Third, we've seen generally positive developments related to the virus itself. Can't expect economic activity to return to normal without reducing the prevalence of the virus, and in fortunately many areas, both here and abroad, the number of new cases is falling.

And fourth, medical developments related to improving the outcomes for those that do contract the virus have been pretty remarkable.

So, in the weeks and months ahead, intention will turn to reopening the economy. And economic activity here in the second quarter will be down very sharply, but we think that the recovery should start in the third quarter. But by the end of this year, the U.S. economy will still likely be about 5 to 6 percent smaller than where it was before as the year began. The unemployment rate is also likely to be closer to 10 percent, than the 50-year low of 3.5 percent that we saw in February.

So recovery prospects still have a lot of support, in our view. And consumers came into this period with relatively low debt levels – again, quite unlike the experience of 2008, 2009, when consumer debts were quite high.

So we should see continued, steady, incremental – week-to-week, month-to-month, quarter-to-quarter – incremental recovery, well into 2021, with the unemployment rate continuing to steadily decline.

MARCY: Thank you, Russ. And so with that as the economic backdrop, David, I'd love to turn to you next and ask you to share your thoughts on what investors should keep in mind about economic disruption and market downturns or market volatility. What should investors remember or keep in mind as they look in the current environment and into the future?

DAVID: Yeah, thank you, Marcy. I think there are several points worth noting.

First is I think it's important to remember that stock markets tend to look forward by an estimated 6 to 12 months. And I think that's why you've seen a strong rally in the stock prices over the past several weeks, despite what has been really a steady stream of weak economic news, as markets are anticipating a recovery in the second half of the year, as Russ just outlined.

Now this particular market environment is unusual, and it's unusual for several reasons, and presents its own set of challenges. First, the catalyst for the selloff was health-related; it was a pandemic. It was not financially related, which is usually the case for these types of market dislocations. Second, the response has been unprecedented by terms of virtually shutting down

the economy and issuing widespread stay-at-home directives. But it's important to note also that the effort by the federal government, through both fiscal and monetary policy, is also unprecedented, and has succeeded in stabilizing markets, and as a result, volatility has subsided. And the speed at which stock prices initially fell, beginning in mid-February and subsequently recovered beginning in late March, is also unprecedented.

Now in the weeks ahead, it's quite possible that stock prices could fall somewhat – history tells us that market recoveries don't go straight up – but neither is such a pullback inevitable. But what we do know is that trying to time markets, waiting for the optimal time to invest, is most often a futile exercise. Rather, we would say stay focused on the long-term, and a well-structured, diversified portfolio will serve you well.

MARCY: Thank you, David. Colin, I'd like to next turn to you. We've heard from both Russ and from David about the swift and unprecedented actions that we've seen from the U.S. Federal Reserve, central banks around the world, as well as governments around the world, including the U.S. And so I would like to ask you your thoughts on why those actions are important, and really what they mean for our future outlook.

COLIN: You're quite right to point out the two elements, Marcy, that it was both the speed of the movement and the size of it. That is absolutely critical. And both, I think, have been based on learnings from 2008 and 2009.

So the speed is really unprecedented. Analogy we use is about a train moving across the country and you come across an unexpected large canyon. Think about how long it would take to build a viable bridge to get you to the other side. Well that deep economic canyon that we've fallen into is really the analogy here, and yet we have built a bridge across that, or to help us get across that, in record time. And that still allows the economy to move forward. It may be moving very slowly now, and will pick up speed again later, as Russ described, but it allows it to keep moving forward. That was an incredible feat, and we should be very proud of that.

The scale of it is also important, not just in the amounts of money – people hear about trillions of dollars – but also who the money is going to. The scope needs to be wide so that it gets down to people, so that they can pay their bills. It gets down to small business, so that they can pay their wages, they pay their rents, et cetera. And that was absolutely critical as well.

Cash flow is like air to the body. Think how long you could survive without oxygen in your body. It's only a few minutes. You can survive a few days without water, and you can survive a few weeks – may not be pleasant – but without food. But only a few minutes without oxygen. And that's what cash flow is to a small business, or cashflow is to somebody who's trying to buy their groceries or pay their rent.

And so the size of it in terms of trillions of dollars is important, but also the scope and scale when it gets into every aspect of the economy, so that we're still functioning when we get to a better situation.

That itself is also supplemented by some of the points that Russ made around the improvements in healthcare. It has been, as he noted, unprecedented. We're getting more ventilating machines. We're clearly better aware of hygiene standards. We are developing drugs that are related to treating the symptoms of this disease, like the lung infections, et cetera. And as he also noted, we are beginning to see very encouraging signs about vaccines, for example.

All of this is moving at an unprecedented speed, and it just shows you how we can produce really amazing things when we all focus on one particular crisis. Sometimes there's a benefit to these situations.

MARCY: Thank you, Colin. And so to wrap up my conversation with the three of you, I'd like to ask each of you for really one final thought, something you think is important for our clients who are listening to keep in mind, and to think about especially as they talk to their financial advisors. And I'm gonna start with you, Colin.

COLIN: As we have tried to indicate, there are many positive things to focus on now as we try to resolve some of the issues in this crisis, but it still will take quite a long time to get fully back to where we were in the fourth quarter of 2019. So there will be fits and starts, and people need to be aware of that. There may be setbacks in the economic recovery, recurrences also the virus, or setbacks in the market. It's very important to focus on your long-term plan here, working with your advisor, and focus on getting across the canyon, on the destination, and not some of the bumps along the journey.

MARCY: Thank you, Colin. That's a great reminder that we may need to be patient, and I really appreciate that. (Russell), what are your final thoughts for people to keep in mind?

RUSS: Well to build on the perspective of what Colin just mentioned, Marcy, I think although this period is certainly unique in many ways, as we all know, challenges to economic growth are fairly common throughout history. In every instance throughout history, we have recovered. Economic growth has recovered and continues to move forward. Because simply, we as human beings, we all strive for a better life for ourselves and our future generations. And we will get through this period, and growth will resume, and daily lives are very likely to resume back to normal in the months and quarters and years ahead.

MARCY: Thank you, Russ. And finally, David, turning to you. Would like your final thoughts on what clients should keep in mind about the current environment and what's coming.

DAVID: Well Marcy, I'm gonna reinforce what my colleagues have just mentioned, and that is suggesting that all investors continue to focus on their long-term investment goals. In the short run, it's absolutely critical to talk with your advisor so that you get an understanding of really what's going on in the present time; get your questions answered. But beyond that, focus on the long term. As my colleagues have mentioned, history tells us repeatedly that there are always headwinds in the marketplace, that we will overcome; we will eventually get back to normal. We just don't know how long it's going to take in this particular circumstance. But rest assured that we will get beyond this, and sooner or later we will get back to normal.

MARCY: Thank you, David. And thanks to all three of you. I really enjoyed talking with you, and I appreciate your sharing your thoughts and perspectives.

So next we're gonna turn to a conversation with my colleagues Bill Williams and Pat O'Connell, who are gonna share some thoughts about things that we know advisors are talking to clients about. And Pat and Bill, thank you for joining us today. And I know you both started in your careers as financial advisors – at this point, actually, decades ago – and so you have a lot of experience working with clients yourselves, but you also now lead the thousands of advisors for Ameriprise in communities around the country as they work with clients, and I know you get a chance to hear from advisors about those conversations. And so I'm excited to hear some of the important things that we know clients are talking to advisors about.

And Bill, I'd love to start with you. What are some of the important ways that clients can continue to lean on their Ameriprise advisor for support in this environment?

BILL: Sure, Marcy, and thanks for the opportunity to be on. It's clear that when we see market swings, or our account values go down, that we naturally start to have questions or concerns. And so you might ask yourself, Can I retire? Can I reach my goals? What should I do right now? And I think it's important to know that your Ameriprise advisor knows you and cares a great deal about you. And they know what's important to you – your goals, your personal financial situation. And your advisor will continue to provide ongoing advice and support, just as they have always done.

In a situation like this, it may feel really uncertain, but there's always a good set of decisions to make in an environment like this. Whether it's rebalancing, whether it's taking advantage of low prices, whether it's additional actions you can take in your financial plan, there's always good actions to take. And your advisor is there to help you figure that out, and

help you make good decisions, and not just revisit your investments, but take a look at your full financial picture, Marcy.

MARCY: So that's a great point, Bill, when you talk about, you know, a full financial picture or looking at our full financial plan, that there are important things that really do go beyond investments. Can you highlight a couple things that are especially important that clients and advisors are talking about now?

BILL: Sure. One of the things that we focus on is making sure clients have an updated will, a healthcare directive, power of attorney in place, the right beneficiaries assigned to their accounts. Those are critical decisions that need to be made as part of the comprehensive financial plan.

Also, clients are looking for ways to provide support, maybe to their children or their parents at this time, or causes, like charities or nonprofits that they really care about, and how to make donations at this time to make a difference in the world. And so our advisors will help them think about which assets are best to use, how best to create that support, and how to make a difference in the lives of others. But one of the analogies I'd like to quickly use here is that if you're flying on an airplane, a flight attendant will say put your own oxygen mask on first before helping others. And so our advisors want to make sure that our clients have a good financial plan in place and have their own goals taken care of, and then they figure out how to help others and make a difference in the world.

MARCY: Thank you, Bill. I appreciate those thoughts. And Pat, would like to turn to you now. What are some of the things that you would add in terms of important topics that advisors and clients are talking about now, and that matter in this environment?

PAT: Sure. Well for younger investors who, for them, might be experiencing their first market correction, we're hearing questions about whether they should step out of the market or adjust to their savings. And advisors are helping them just understand that they have time on their side, many years and in some cases many decades, and can participate in recovery that will occur over time, and reminding people that as they systemically invest, they're buying more shares at a lower price. For the more experienced investors that are still in wealth accumulation mode, just working with them to look for opportunities, whether it's to increase their savings, make some adjustments to their investments or their asset allocations. Those are some of the things that we're hearing and working on right now.

MARCY: Thank you, Pat. And Bill, I'd like to turn to you now for a particular concern that I know some people have, and that's for people who maybe are beyond their core working and saving years, and they are either on the verge of retirement or maybe they have already retired. What kinds of topics are advisors helping clients like that with, and how should clients think about this chapter?

BILL: I think every client's situation is unique. I'm personally not a fan of one-size-fits-all formulas, or rules of thumb. And so you need to talk with your advisor about your own unique retirement situation, and understand your expenses, your current retirement account, additional income that you may be receiving or plan to receive from Social Security or a pension, and then figure out what's right for you in this environment. And our advisors help you figure out what are your essential expenses, i.e., things that, or examples like the, you know, paying for your home or food or your light bill, and what are your lifestyle expenses that are more discretionary. In an environment like today, if account assets are down, you may want to consider adjusting your drawdown strategy or how much money you're pulling out to meet expenses, or you might want to adjust where your cash flow is coming from, depending on the asset class that has moved. And so your advisors will make those strategic decisions with you and side by side. And in some cases you might want to consider working longer, if you haven't retired yet, and you want to know your options to make the best decisions possible.

So that's really what an advisor does personally with you, Marcy.

MARCY: Thank you, Bill. And so you've made a couple references to the importance of really, you know, looking at a comprehensive financial plan, and kinda taking a long-term view as a key part of that. Can you talk a little bit more about how Ameriprise advisors can really help clients, you know, sort of stay grounded in their overall plan and, you know, consider the current environment but also look a little bit more broad? What are the important factors to keep in mind to help with that?

BILL: Well, I think that there are fundamental elements to any successful portfolio management strategy. And it really starts with some basics. You need to know what your goals are, how much they're going to cost, when do you need the money for your goals. You need to also figure out what your risk tolerance is, or how much you can stand in terms of your account values moving as the markets move.

Generally, in financial services, we talk about there being four principle investment classes. There are equities, fixed income, alternatives and cash. And your advisor will customize the right allocation to each of those. And in a situation like today, where equities have gone down but fixed income has generally remained steady, you may want to use this as an opportunity to rebalance, to get back on target with your asset allocation. Or you might want to assess your risk tolerance at this particular time, or whether or not the goals that you set are still

on track. All of those things would be things that you would discuss with your financial advisor, and make real-time decisions, and the best decisions for your current situation.

MARCY: Thank you, Bill. It's a great reminder. And, you know, one of the fundamentals is around, you know, making sure that people can really stick with their investment approach. Because we do know that markets, you know, they move up, they move down, but on a over time generally upswing, and that it's important to not miss some of those best days. And I think that's another great reminder as a fundamental, to be able to stay invested.

Pat, what are some of the other decisions that really go into a personalized financial plan for clients, and why are some of those core things so important for clients in times like this?

PAT: Yeah, Marcy, so all the things that have been discussed are really connected to a comprehensive – think about it as a strategic financial plan. And all of these decisions are incredibly important. It is, though, important to start with the big picture, because that's what factors into the specific decisions that are being made related to your goals and your situation.

Let me give you an example. So, the amount of cash that you have, whether you're early in the stages of accumulating wealth, or you're a pre-retiree or you're already retired, the amount of cash you maintain to ride through difficult times like this, without having to tap into investments, that's a strategic decision. And what I see is clients working with advisors, working together on these strategic decisions, to really make sure the plan is closely well connected back to what's really important; that is the goals that the clients have.

MARCY: Thank you, Pat. And I do think one of the things that kinda the current environment really emphasizes, for all of us, is what does matter, what is most important to us, and staying focused on that is a key part of making those great strategic decisions.

We also know that there are many people in the current environment who are challenged, whether that's because they've maybe lost their job, they have experienced unemployment themselves or someone in their family, or maybe somebody who owns a small business and that business is either completely shuttered or maybe just operating in a reduced manner with reduced revenue. And all of those things can cause some concern or, you know, challenge. Bill, how can clients and even maybe their families get support from advisors in that kind of set of challenges?

BILL: That's right, Marcy. You know, every day our advisors are helping multiple generations within families. And this time is no different. And so we're helping to create a financial plan for maybe the younger people in the household, or as part of the family, in some cases, helping out some people who are older in the family. But it comes down to some of the basics. What's the cash flow that's needed? Is there a negative situation right now because of potentially a layoff or a job loss or a furlough? What is that shortfall? And we, as Pat said, we're trying to strategically plan for these events before they occur. And is there cash available

to cover it so you don't need to dip into investments at this time? But your advisor will help you figure this out and make good decisions.

And recently, of course, the government has passed the CARES Act, and provided a series of options to access retirement accounts, like your IRA. Or if you've got a 401(k) or ERISA plan, in some cases you can access that money without a penalty before 59-1/2. And that may be an option for you, but there are obviously trade-offs with every decision. And what your advisor does is looks at every potential option you have to meet your needs and to meet your cash flow, and then lays out the pros and cons for you to make the best decision possible.

MARCY: Thank you, Bill. I appreciate that. And Pat, would love to get your thoughts on any other ideas you think are important, and that we know clients and advisors are talking about for people who maybe have a cash flow challenge or, you know, reduced income at this time.

PAT: Marcy, I'd share a couple thoughts there. So first of all, for cash and liquidity, advisors can help clients explore a couple of different options. So, you know, things like home equity lines of credits, where clients that need it down the road could tap into that for essential expenses. You know, things like margin loans, which would enable the clients to borrow against the value of the securities that they own. And pledge loans, right, which allows you to pledge the assets for a loan while still retaining ownership, including dividends and earnings. So those are some options related to cash and liquidity.

I also would make sure reviewing, revising expenses in times like this is important. Managing expenses through periods of times like this is important. But being balanced. So you want to not go to an extreme there. So think about things like insurance premiums, where if you don't maintain coverage, the outcomes could be beneficial from a cash flow point of view short term, but really provide some significant exposures, that you probably wouldn't want to take that type of a risk.

So I think there are a number of different things you can look at to help manage through periods of times like this.

MARCY: That's great. Thank you, Pat.

And so I want to transition to a different topic, but it is related. And that is, you know, in times of market movement and market volatility, you know, many people are seeing reduced account values, which isn't particularly enjoyable to look at, but we know it can provide some opportunity at the same time, to take advantage of that situation. And we know advisors are helping clients in a number of ways. Pat, what are some of the things that clients and advisors should be thinking about together and considering when we do see some reduced account values?

PAT: Yeah, great question, Marcy. And, you know, an important strategy that your advisor provides is tax diversification, which gives you more control over the long term across really three different categories of assets. So think about like tax-deferred assets, which are your IRAs, your 401(k)s and your annuities. Then you have that second tranche are your tax-free assets, so things like Roth IRAs, 529s, muni bonds, cash value and life insurance. Those can all serve a tax-free need downstream. And then there are the taxable accounts. Right? The traditional mutual funds, brokerage accounts, checking accounts, managed accounts, et cetera.

So as you start to use these investments down the road to produce retirement income, your advisor will help you develop that strategy, or today, help you to refine that strategy a bit, to make sure that your withdrawals that you're taking are taking into serious not just market conditions, but also your overall tax situation as well.

Another consideration, real quickly, is around converting traditional IRAs to Roth IRAs. So it does require that clients pay taxes today, but those balances now, in many cases, are lower, and therefore the taxation on those accounts would be lower today, and would then give you the opportunity for those securities to be put into a Roth IRA which can become then tax-free over time. And as dollars are taken out down the road, right, you avoid the taxation 'cause those dollars were paid, those taxes were paid on a lower amount today.

MARCY: Thank you, Pat. That's an important strategy to think about, so that people can have some flexibility and control over their tax situation throughout retirement. So that tax diversification, an important thing to think about.

Bill, what other things might people want to consider as, you know, potential opportunities at a time when maybe some of the assets that they own in their accounts have gone down in value?

BILL: Yeah, one thing that immediately pops to my mind, Marcy, is tax-loss harvesting. And that may sound complicated, but it simply means that you're selling an account that's lost some value, to pick up either a short-term or a long-term capital loss that you can use to offset future gains. So if you believe that your accounts will come up in the future and you'll have some taxable gains, the losses you take today could be used to offset those future gains. And so typically what an advisor does is they'll look at your portfolio, look at your equities, see what's down, and see if there's a like-kind investment. You sell one that's down to buy another similar kind that may come up in the future. Now of course that's a conversation between you as the client, your advisor who knows your accounts and your asset allocation, and a tax professional, to make sure that you can benefit from those trades. But that's one thing that I think about.

The other thing that right now, for retired clients that are 70-1/2 and older, traditionally they're gonna have to take required minimum distributions out of their IRAs, and now they have an opportunity, through the federal government, to not be required to take that required minimum distribution and take the taxable result of that. And so something else they should be considering

right now is deferring that required minimum distribution. If they don't need the cash flow, they probably shouldn't take it out of their IRA right now, and they should defer that tax.

And so those are a couple of ideas, Marcy, for people to consider and to bring to their advisor.

MARCY: Thank you, Bill. Appreciate those important ideas, and really the importance that advisors can work with clients and their tax professionals to make decisions about any tax-loss harvesting or required minimum distribution decisions in a way that is really coordinated as part of their total financial picture. And of course, I do want to highlight that for people who have already turned 70-1/2, they won't have to take any required minimum distributions in 2020; that was part of the CARES Act. But for people who aren't yet 70-1/2, the required minimum distribution start date has now changed to age 72. And so your advisor can help you work through all those important retirement withdrawal decisions, and make the right decision with you and our tax professional.

So with that, Pat, I'd love to turn back to you and ask, beyond those important ideas, what else should retirees consider talking with their advisors about so that they can make smart decisions during retirement?

PAT: Yeah, so Marcy, we talked earlier about some of the ideas around, you know, expense management during periods of times like this – you know, in some cases being able to defer, delay large purchases. But you also should be thinking about using your investment income, potentially, instead of reinvesting it. So a broadly diversified portfolio should continue to produce some income, even while the price of the securities are down today. In addition, bonds in the current environment should continue to pay interest, which is income coming into your account. So instead of taking those payments, an idea is to sweep those payments into your cash account, which then gives you further flexibility with your cash accounts downstream if you need that money to cover expenses.

MARCY: Thank you, Pat. And thank you both, Bill and Pat, for sharing those thoughts and the insights based on what advisors and clients are already talking about.

Now what we'd like to do is ask any of our clients who are listening if they have questions that they'd like to get answers to. And so since we began our conversation, we have been getting some questions submitted online, but I want to let people know who have joined via the phone, if you've got a question that you want to share, here's how you can do it. You can, on your phone, press the star-key and then the number 1-key, and that will get you hooked up with an operator who can get your question. And if you are online and have questions, you of course can use the chat feature. If you've got yourself in the queue using your phone and your question

gets answered, or you have something else that you need to tend to, you can get out of the queue by pressing the pound sign or the hash-key. And if you do have a question, it's great if you're using a speakerphone, if you can pick up the handset; that way we'll be able to hear you a lot more clearly.

So while we gather any further questions, I'd love to start with this first question that we received earlier during the call. So I'm gonna turn this question to you, Russ.

The question is, While the Fed stated interest rates will stay as is for the short term, do you see a rise in inflation in the second half of 2020 or in 2021?

So Russ, what are your thoughts on interest rates and inflation?

RUSS: Sure, Marcy. I think interest rates are going to remain quite low, even through the end of this year. The 10-Year Treasury is likely to remain around just under 1 percent, and that's likely to continue through the end of 2021 as well, where interest rates are likely to remain low. Inflation is also likely to remain very well-contained. So through this period we're likely to see a little bit of deflation. Eventually, as the economy continues to recover, we're likely to see some further inflationary pressures, but those will likely be pretty transitory in nature and short-lived.

MARCY: Great. Thank you, Russ. Really appreciate your thoughts.

MARCY: I know we have a lot of questions, and I know we are not going to get to all of them, but I am gonna pick a few that are really kind of consistent with the larger themes. And I also want to say I know, as we've been having our Q&A, we've had some audio challenges. So I apologize for that. Hopefully you are able to hear us.

I'm gonna turn my next question to you, Pat. And the question is about retirement. And it is, As consumers who are within 5 to 10 years of retirement, are we supposed to just ride this out? And so Pat, we'd love your thoughts on that.

PAT: Yeah, Marcy. Well my short answer would be yes, so with a couple of caveats and assumptions. So assuming the plan you have in place is well-grounded and connected to your financial goals, which I'm assuming it is, and that asset allocation that you have is also connected back to your financial goals, the systematic savings you're doing right now, and the portfolio you have, especially with that 5- to 10-year time frame, that would be exactly the guidance I would give you, is stick to the plan. Stick to the asset allocation and the savings program you have, and actually take advantage of the volatility that's in the market today with some of your systematic savings. And in fact, you will ride this out.

MARCY: Thank you, Pat. I really appreciate your thoughts on that. I think we have time for one final question. And David, I'm gonna turn this one to you.

The question is, The pandemic is worldwide. Other countries seem to be recovering ahead of the U.S. Should we be considering increased international exposure in our diversified portfolio? What are your thoughts on that, David?

DAVID: Well, there are some countries that are a little bit ahead of us. They experienced the outbreak of the virus before we did, so they're a couple of weeks ahead of us. Some are experiencing, you know, a good experience in terms of reopening. Others are worried about and seeing some signs of a second wave, so-called. But a number of these economies overseas have experienced even more extreme weakness than we have. Some of these first quarter economic numbers from the Eurozone were released just this morning, and their contraction in the first quarter was far more severe than in the U.S. At the same time in Asia, generally speaking, they've had a better experience, and also they're coming out of it sooner, particularly China. So in the second quarter you're likely to see better economic data coming from Asia than you will in either the U.S. or in Europe.

I think all things being equal, we've got a preference for U.S. equity markets. I think we have a more diversified economy and we're exceedingly resilient as a result. But certainly there are some cheap equities in other parts of the world. I wouldn't abandon them, by any means. I think any well-diversified portfolio should always have an appropriate allocation to international equities. But the experience is going to be a little bit variable, because even in Europe, the experience is different from country to country, as you know, as has been the economic impact.

So, if you want to stay invested overseas – which again, I would recommend to some extent, depending on your individual circumstances, of course – do it in a very well-diversified way. But you're going to have to be patient there for the recovery as well.

MARCY: Thank you, David. And thanks to everybody who asked questions.

Unfortunately, we have reached the end of our time, and so we're not gonna be able to answer the rest of our questions. But I would ask all of you to take those conversations and talk with your advisor, 'cause they stand ready to help you. And with that, I think we'll have to close our Q&A line.

Thank you to all of my colleagues who joined me today. For all of our clients who are listening, I hope you found today's conversation helpful, and that the ideas and insights you've heard can help inform your ongoing discussions with your own advisor.

As we conclude our time together today, I'd like to leave you with just a few words of hope and optimism.

First, remember that by working with your advisor, you have prepared for days when markets are challenging. As we've heard from our experts, there are many signals pointing to a better financial environment ahead, and a return to future growth. For more than 125 years we have stood behind our clients and successfully navigated uncertain economic periods and volatile market environments. Our advisors have proudly helped generations of individuals and their families stay on track to achieve their long-term financial goals, and we are committed to doing the same for you. Your financial advisor will continue to provide personalized advice for you. And they'll also help you sort through the uncertainty that can help you feel more confident about the actions you're taking, and help you find the best path forward for you.

At Ameriprise, we care about you and your loved ones. Please continue to take care of yourselves and those around you, and above all, stay safe.

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

The views expressed are as of the date given, may change as market or other conditions change, and may differ from views expressed by other Ameriprise Financial associates or affiliates. Actual investments or investment decisions made by Ameriprise Financial and its affiliates, whether for its own account or on behalf of clients, will not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not account for individual investor circumstances. Individual securities referenced are for illustrative purposes only, subject to change and should not be construed as a recommendation to buy or sell.

Ameriprise Financial, Inc. and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

The S&P 500 Index is a basket of 500 stocks that are considered to be widely held. The S&P 500 index is weighted by market value (shares outstanding times share price), and its performance is thought to be representative of the stock market as a whole. The S&P 500 index was created in 1957, although it has been extrapolated backwards to several decades earlier for performance comparison purposes. This index provides a broad snapshot of the overall US equity market. Over 70% of all US equity value is tracked by the S&P 500. Inclusion in the index is determined by Standard & Poor's and is based upon their market size, liquidity, and sector.

An index is a statistical composite that is not managed. It is not possible to invest directly in an index.

In general, equity securities tend to have greater price volatility than debt securities. The market value of securities may fall, fail to rise or fluctuate, sometimes rapidly and unpredictably. Market risk may affect a single issuer, sector of the economy, industry or the market as a whole.

There are risks associated with fixed-income investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities.

Alternative investment strategies and structures may involve substantial risks, may be more volatile than traditional investments, and are designed to be low or non-correlated to traditional equity and fixed income markets.

International investing involves certain risks and volatility due to potential political, economic or currency instabilities and different financial and accounting standards.

Diversification and asset allocation do not ensure profit or protect against loss.

Past performance is not a guarantee of future results.

Margin loans through Ameriprise Financial carry certain risk. They include, but are not limited to: potential to increase investment losses, clients can lose more money than they deposit in a margin account, risk that clients could be forced to sell investments if maintenance requirements are not met, we can sell securities (with or without advance notice to the client) to meet margin calls at our discretion, and clients are not entitled to an extension of time to meet any margin calls. Ameriprise reserves the right to change margin maintenance requirements at any time.

Third-party pledge loans carry certain risks. These include but are not limited to suspension and/or termination of the Borrower's access to the line of credit extended by the lending bank. The lending bank can declare the Borrower to be in default on the loan and deem all indebtedness immediately due and payable, and direct Ameriprise to sell any collateral in order to pay off the loan or maintain the loan to value requirement. The bank may also require the Borrower to provide additional collateral in order to meet the loan to value requirement or require the Borrower to pay down the principal in order to meet the loan value requirement to avoid defaulting on the loan.

Margin lending and brokerage clearing services provided by American Enterprise Investment Services, Inc. Member FINRA and SIPC.

Investment products are not federally or FDIC-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

###