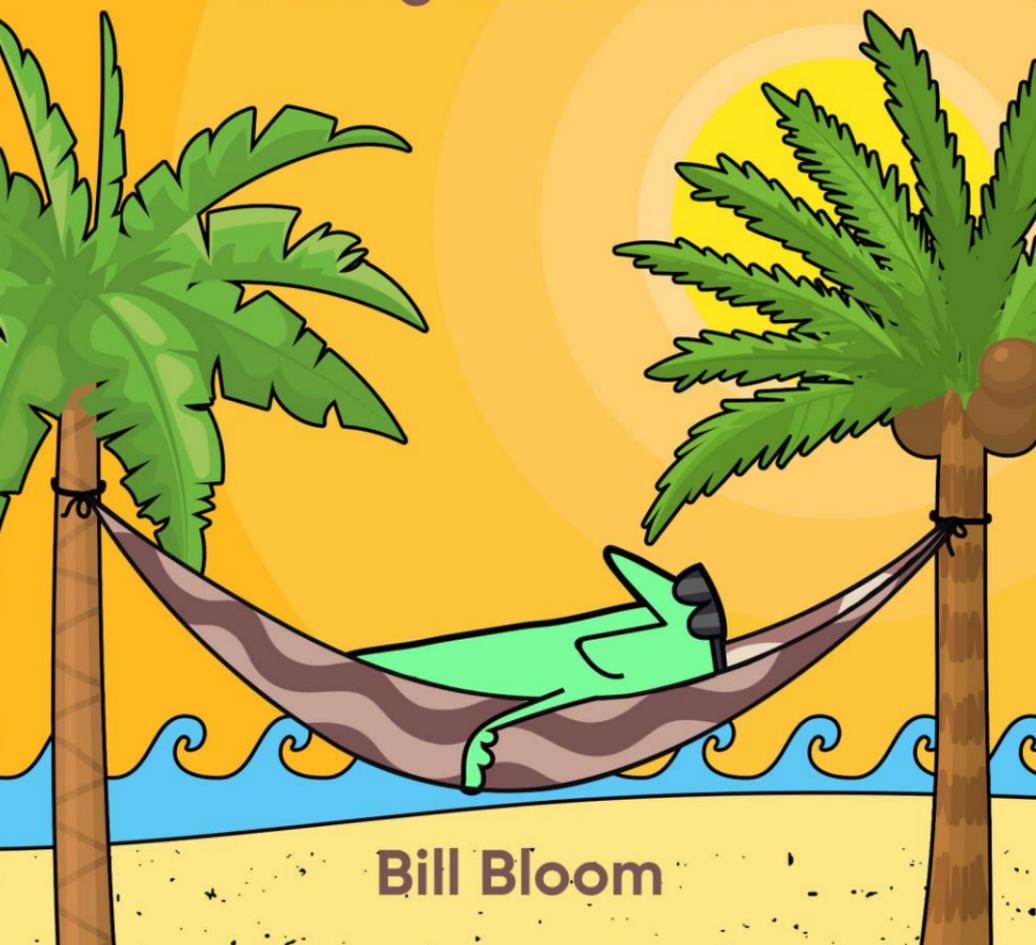


HOW TO RETIRE AS YOU DESIRE DURING A RECESSION

6 Money Mistakes to Avoid
During a Recession



Bill Bloom

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During a Recession*

by:
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Foreword

Recessions happen. They are a part of life. If you don't find opportunities when investments become volatile, then you may not want to invest. Be honest with yourself: if you can't take the ups and downs of the markets, you may want to think of a new way to invest for your future. If you are 50 years old today, there could be three, five or even 10 more recessions in your lifetime. What you do now will have a huge effect as to how your future dollars will turn out.

With the simple steps that I outline in this guide, I'm giving you my playbook, in the open, to show you how I help my clients with their investments during tough times.

Take Action

Acting is important to get ahead in life. Do you remember the first days of your investing? How scary that may have been? Imagine if you hadn't begun your investing journey. How difficult life would be without those savings and investments?

I have nothing but respect for you for being courageous enough to go out and try to make a better life for yourself. Investing is supposed to help with this.

During this downturn, which has been the same as many other downturns, I have seen friends and clients make mistakes with their money.

The first mistake that I've seen is wanting to put all your investments in your mattress.

Well, not literally your mattress, but in a money market or cash. When the stock market is down 20%, you need to make a 25% return the following year to break even.

How?

How in the world are you going to do that when your checking account pays .10% of a yield? It would take forever and ever to make your money back. Guess how many years it would take you to make back a 20% loss with a yield of .10%?

The correct answer is... a really, really long time!

A better strategy would be to look at investments that have holdings of solid companies that you truly believe will be around and in business 20 to 30 years from now. Selling at a low is a bad thing to do.

Safety?

Here is part two why you shouldn't sell at a bottom. You have no idea when to get back in!

A client of mine asked me to put his investments into cash. I asked him when he wanted me to put the money back into his investments.

He paused... and couldn't give me an answer. At that point I said to him that it is absolutely impossible to pick a point of entry to get back in when you think it will be safe.

Safety for him meant that the stock market had appreciated, but he wouldn't participate in the gains if he had kept his money in cash.

Luckily, we kept the money invested and we realized together that he could have another 30 to 40 years to live. Or more!

Order of Operations

Here's another mistake that could cost you dearly. Having the wrong risk tolerance in the wrong accounts.

I had a conversation with another gentlemen and he wanted to have all of his Roth IRA in a CD. That really confused me. I asked him why he wanted that, and he told me he wants it to make something. Some interest. The funds were sitting in cash at the time, and with the markets down about 20% during that conversation, I suggested putting the money into stocks that could pay a dividend that could possibly beat the yield of the CD. He declined. He did not see the upside potential in the stocks. That conversation didn't end with him making a better case decision.

This is why I describe my "Order of Operations" from an investment standpoint to my clients and prospective clients. When I received my RICP designation through The American College, they really emphasized the following to help people not run out of money in retirement. And it makes sense.

Cash – buy stocks or put the money into something with a yield. Since we are currently in a rising interest rate environment, dividends could be a great opportunity.

Traditional IRA's – Use these funds for income in retirement. The vast majority of people have money in this “Pre-Tax” bucket of money. Use these funds and possibly delay your social security if your health could allow for that.

Roth IRA's – These funds usually are used last in retirement, if they ever get used at all! These assets will pass down tax-free to your beneficiaries and could be used as a bridge of income if you are close to a Medicare premium increase, or your Social Security income could become taxable. These funds you usually want to be the most aggressive out of all of your investments.

Plan

Alignment is so critical in all our lives. When I take someone through their Retire as You Desire retirement plan, I really focus on what is most important to the prospective client. I want to know what gives them energy. What helps them keep going in life. What drives them to have a better life. I think that we have seen an adjustment in all our lives during the pandemic. Knowing what you want has never been more important.

I've given up certain activities, focused on my health, lots of running. I've focused in on making more time for my wife and two kiddos. This is what has become ever so increasingly important to me. I've given up two Board seats as well. Time and alignment along with energy is a winning criterion for personal success and happiness.

I'd challenge you to think about 3 to 5 things that you're doing in your life that you could stop doing or eliminate altogether to give you a greater joy.

Noise

Now, have you ever thought about eliminating the noise in your life? You're probably thinking... what noise!?! The noise is the news. The news is a very difficult way to make decisions about your money. The news is meant to scare you, get you worried and glued to watching the television. Could you imagine a life without being stuck to a news channel? I bet your life would be much happier. I've had clients call me to say I need to be more conservative because there may be a potential railroad shutdown. Or, this is my favorite one, the news anchor said this that or the other. Do you see where I'm going with this? The news gets PAID to keep your attention. The more they get people to watch, the more money they make. How do they do this? By scare tactics, scary headlines and things that keep you glued to the TV.

The financial channels are no better. One day the market is surging and the next, the market is plummeting. The truth is, the stock markets may not have moved much at all during those two days. But your emotions moved.

A lot probably and not in a good way. Take stock in how much the news is affecting your life and please slow down with making financial decisions based on the news. Make your decisions based on a long-term plan that can help keep you invested for the long haul.

Enjoyment

Here is a big one. I ask my clients what are five things that you hate doing. It could be the dishes, laundry, yardwork, cooking or something that you do that gives you stress or unenjoyment. Work could be one of those items.

I show people how they can afford to have these stressful or unenjoyable items to be taken off their plate to free them up to do more purpose-filled things with their time. This is what it means to Retire as You Desire. You don't have to give up work to "Retire" anymore. The retirement landscape has completely changed. If you love working and it gives you purpose and passion, don't quit. Keep going. Enjoy those days. That is so important. Being aligned with your purpose in life. I don't think I will ever retire. I love working, creating and helping people. Why would you stop doing something that gives you so much purpose and fulfillment? You shouldn't. This can help with your longevity as well. Live a longer and healthier life!

Final Words

Lastly, please don't stop doing activities that give you passion and make you money! I have an amazing client, who fixes pinball machines for a hobby and resells them for a profit. I had no idea that the pinball machines could be so expensive! If you have the opportunity to make money, do what you love, and still be fully retired from work – please don't give that up! It could really affect your life, your happiness and your future. Afterall, time is all we have. Might as well enjoy it!

Bonus Materials!

All of my books are free to read on my website. You can download them and read them at your leisure. Grab a cup of coffee and enjoy!

“Retire As You Desire”

“Money Habits for Success”

“Your Money Journal”

“The Yachter’s Guide to Early Retirement”

Avoid Mistakes. Retire As You Desire.

No matter where you are in life, money mistakes can creep up on you at any time. Especially surrounding your money. I lay out my playbook for you, step by step, how I help my clients "Retire As You Desire." Even during a recession.

The next steps are simple:

- 1) Read this short guide to educate yourself on critical mistakes to avoid during market downturns.
- 2) Subscribe to the Retire As You Desire Podcast that describes exactly how to plan for your own retirement.
- 3) Schedule a Retire As You Desire call when you are ready to live the retirement of your dreams!

Schedule a call at (773) 326-8472 so you can begin to live the Retire As You Desire lifestyle!

