EMPOWER
FINANCIAL GROUP

HOW TO PREPARE FOR THE NEXT BIG RECESSION

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“Smooth Roads Do Not Make Skillful Drivers.”

It is natural for investors to become paralyzed when markets are volatile. However, this is not the time to act like an ostrich and stick your head in the sand. On the contrary, these market conditions are precisely where you can separate yourself from the pack.

At Empower, our investment philosophy centers around creating a financial plan that positions our clients to react, so they can benefit regardless of what happens in the market (including a global recession).

However, if you haven’t created a plan, it's **NOT TOO LATE**! Here are a few things you should be looking at to minimize risk and prepare your portfolio for the next big bear market.

DIVERSIFICATION

To be well diversified is more than having many different funds. When you look at what's inside those funds, the underlying holdings overlap. An analysis of portfolio intersection can show you areas that may be overconcentrated.

RISK MANAGEMENT

Investors attempt to manage risk by using a combination of stocks and bonds, but if stocks decline in price or liquidity risk causes bonds to default, this may not be an adequate strategy. An ***Asset Class Review*** can show you how to use alternative assets to deliver more security and minimize correlation.

NEVER STOP BUILDING YOUR WEALTH!

MINIMIZE FEES

Many people don't know how much they are paying in internal fees. Now more than ever, it is important to minimize the costs in your portfolio. An investment expense analysis will show you exactly what you're paying in fees.

PROTECTED PRODUCTS

More often than not, people avoid using bank and insurance products because they are concerned about the lower return. However, during market declines, security and guarantees can be highly valuable. A ***Stress Test Analysis*** can show how much portfolio protection is needed to sustain a long bear market.

QUALITY INVESTMENTS

Many people believe that this market will come back eventually. However, there will be some companies that will not make it if we are in a prolonged recession. A portfolio analysis will show which companies have enough cash and sustainable revenues to survive a deep recession (and which ones do not).

DEFENSIVE SECTORS

Many people think that the stock market will continue to decline over the next few weeks, months, or (possibly) years. However, there may be some stocks that are more resilient in bear markets. A sector analysis can show you how much exposure you have in cyclical, sensitive, and defensive stocks.

GATHERING ASSETS

Many people would like to take advantage of the next potential rebound in our markets. However, studies show that being invested during the best days in the market makes a significant impact on portfolio performance. It is important for investors to set themselves up to move swiftly and strategically. A liquidity analysis can show you the assets available to deploy on a rebound.

TAXES ON SALE

Many people miss out on tax advantages because they are too focused on performance. But in these market declines, it is important to take advantage of tax strategies like Roth conversions and tax-loss harvesting. A tax diversification analysis can provide valuable information to help maximize current tax deductions and minimize future tax liabilities.

If your financial advisor or CPA isn't speaking to you about all of this, that's a problem. If you're trying to manage your own financial life and you don’t know how to get started, that is DEFINITELY a problem!

This may seem like a lot of information and we understand that it can be overwhelming, especially when you're concerned about your personal and family health. We implore you to recognize your financial health is also as important. Take advantage of the extra time you have at home and do something to secure your financial well-being. You may have procrastinated on putting together a financial plan, but this might be the most important and relevant time for you to make positive change.

We are offering a FREE comprehensive financial analysis for you to review all the strategies discussed above and much more. Best of all, this analysis is done virtually and digitally from the comfort of your own home! There is no cost, commitment, or obligation. This is your opportunity to see what we do for our clients.

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