



Subject: Making sense of the new financial reality

March 19, 2020

Dear Client:

Since our last letter, the Federal Reserve has cut interest rates by another 1 percent, to near zero. Employers are announcing layoffs and furloughs. The airline industry has requested more than \$50 billion in federal aid to avoid bankruptcy. The government is about to announce a massive aid package to support the economy, and President Trump has requested that all Americans engage in “social distancing” to reduce the rate of infection, causing schools, churches and public venues to close.

Consumer spending accounts for 70 percent of our economy; by staying home, Americans aren’t spending as usual, businesses aren’t generating their usual revenues and the stock market has reflected this phenomenon. The S&P 500 has dropped more than 25 percent since the virus took center stage.

What should you do with this new reality? Is “diversify, stay focused on the long-term and rebalance” still the right approach?

I’m addressing that very question on my radio show this weekend. It’s probably the most important broadcast I’ve produced since the 2008 Credit Crisis — so we wanted you to get this urgent information first, before the public hears it on the weekend. Be sure to listen to at least the first segment. You can access it here: <https://www.edelmanfinancialengines.com/insights/financial-planning-and-investing/stock-market-update-from-ric-edelman>

On my show, you’ll see that my message for you is simple:

If you have ample cash reserves, if your portfolio is well diversified, your outlook remains long-term and you are allowing us to rebalance your portfolio (as we have with more than 80 percent of our clients in the past three weeks) – you should leave everything as-is. And if you’ve spoken with your financial advisor in the past few weeks, you’ve likely heard this same, sound advice.

Yet we want to acknowledge that other options do exist – especially for my radio show audience of more than 1 million people. These folks aren’t always getting sound advice, and I’ve spoken with many of my listeners who are growing concerned about their investment strategy in the midst of this crisis. You might be feeling similar emotions. So, the ideas I’m sharing on this weekend’s show include:

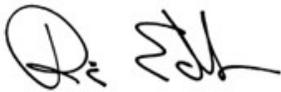
- Adding to your portfolio and increasing contributions to your retirement plan, to take advantage of today’s rare buying opportunity – made possible by the recent decline in stock prices.
- Shifting your portfolio temporarily toward one that features a reduced equity position.

- Reducing or stopping monthly withdrawals for retirees taking income from their portfolios and using cash reserves instead to meet income needs for the next few months.

Long-term, we have utmost confidence that, in time, the stock market will enjoy fresh, new all-time highs — even though the markets might be volatile between now and then. So, please listen to this weekend’s show, either via the attached link or live on the air, for your peace of mind and your financial well-being.

Your advisor and all of us at the firm are here to help you. Together, we’ll provide you with the investment and financial planning strategies that are best for you. Enjoy the show, and feel free to share it with friends and family for their benefit as well.

Regards!

A handwritten signature in black ink, appearing to read 'Ric Edelman', with a stylized flourish at the end.

Ric Edelman
Founder

P.S. This past weekend, WCBS in New York preempted my radio show to deliver news about COVID-19. Although we were disappointed, we understand the station’s decision. It’s possible that other news stations might do the same in upcoming weeks. You can be certain that we’ll continue to produce the show just as we’ve done for nearly 30 years. So, if you tune in to my normal time slot and don’t find me, you can get the show via our website (<https://www.edelmanfinancialengines.com/ric-edelman-radio>). And for those in and around the Big Apple, last week’s show is available there, too!

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