

# 2022 · WHAT ISSUES SHOULD I CONSIDER DURING A RECESSION OR MARKET CORRECTION?



| CASH FLOW ISSUES  | YES                      | NO                       |
|---|--------------------------|--------------------------|
| <p><b>Will your cash flow be tight?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Reexamine your budget looking for areas to reduce spending, especially discretionary expenses.</li> <li>■ Fund any shortfalls strategically, using the most advantageous source of cash.</li> <li>■ You may need to prioritize your obligations, and take advantage of opportunities to extend due dates or alter payment schedules, minimizing fees, penalties, and any negative impact upon your credit.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you need to review or increase your emergency fund?</b> If so, evaluate the size of your fund and assess the number of months that it can support your living expenses.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Have you experienced a disruption in your employment?</b> If so, and you were laid off from work through no fault of your own, you may be eligible for unemployment benefits.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Were you planning to retire in the near future?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Review your options to make sure you are still comfortable with retiring or if you would prefer to work a little longer.</li> <li>■ Review your budget, and possibly reduce spending in non-essential categories in the first few years of retirement.</li> </ul>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Are you taking a distribution from an investment or retirement account?</b> If so, consider the impact of changing your distribution schedule to protect accounts (defer remaining distributions until the end of the year or spread the distributions over the rest of the year).</p>  | <input type="checkbox"/> | <input type="checkbox"/> |

| ASSET & DEBT ISSUES  | YES                      | NO                       |
|--|--------------------------|--------------------------|
| <p><b>Do you have a mortgage or debts?</b> If so, consider if you should refinance any debts now while interest rates are low.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you want to rebalance your investment and retirement accounts?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Revisit your target asset allocation and overall investment philosophy.</li> <li>■ Identify holdings that you have retained only because of their low basis, and consider reducing your position while valuations are low, minimizing realized gains.</li> <li>■ As always, exercise discretion and discipline, taking a long-term view and prudent action.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you have extra cash that is not earmarked for an upcoming expenditure?</b> If so, consider investing it to take advantage of low valuations.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you typically make contributions to a traditional IRA or Roth IRA?</b> If so, consider making a contribution now, to take advantage of low valuations.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Are you a small business owner?</b> If so, you may be eligible for a small business loan, or other forms of federal, state, and community relief.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |

| TAX PLANNING ISSUES   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| <p><b>Do you have a traditional 401(k) or IRA?</b> If so, converting some of the assets into a Roth IRA could be beneficial while valuations are low. If you are laid off, you may have more room in your tax bracket to do Roth conversions.</p> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b>Do you have any assets with a tax loss?</b> If so, consider harvesting the loss, which could reduce your tax liability.</p>   | <input type="checkbox"/> | <input type="checkbox"/> |

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| LONG-TERM PLANNING ISSUES   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| <p>Do you have an annual gifting strategy in place to pass assets to your heirs? If so, consider gifting assets (up to \$16,000, per person, gift tax-free) now, while valuations are low, and while support may be particularly helpful to the donee.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Are you in a position to help family members in need of financial assistance? If so, consider making intrafamilial loans when the AFR is low. This avoids gift tax, locks in a favorable interest rate for the borrower, and can act as an “advance” on an inheritance when structured with your heirs.</p>  | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>Do you need to update your estate plan? If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Review the impact of any change in asset values upon the ultimate distribution of your estate including probate and non-probate assets.</li> <li>■ Consider implementing wealth transfer techniques that take advantage of low valuations and rates (such as GRATs, CLATs, IDGTs, and private annuities).</li> <li>■ Reference the “What Issues Should I Consider Before I Update My Estate Plan?” checklist.</li> </ul> | <input type="checkbox"/> | <input type="checkbox"/> |

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*Wealth Management with Wisdom and Care*



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