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# AM I STILL ON TRACK?

Impact of Market Downturn on Retirement Accounts



**Cardinal** Retirement Savings  
*at Work* Benefits



## We want to hear from you!

### Join by Web



- 1 Go to **PollEv.com**
- 2 Enter **TIMOTHYSHIRK857**
- 3 Respond to activity

### Join by Text



- 1 Text **TIMOTHYSHIRK857** to **22333**
- 2 Text in your message

When poll is active, respond at [pollev.com/timothyshirk857](https://pollev.com/timothyshirk857)  
Text **TIMOTHYSHIRK857** to **22333** once to join

## What is your favorite track and field event?

- Sprints
- Long Distance
- Long Jump
- High Jump
- Pole Vault
- Is it baseball season yet?
- Other

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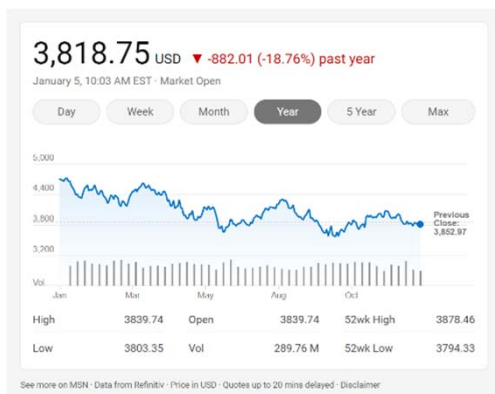
1	Understand the Race
2	Stay On the Track
3	Choose the Level Course
4	Lean into the Hills
5	Focus on the Finish
6	Talk with your Coach

**Am I Still On Track?**



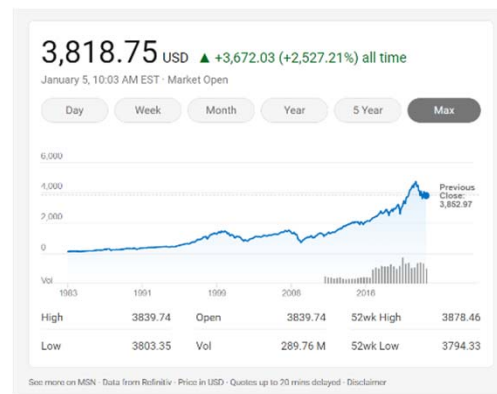


## Sprint



S&P 500  
01/05/2023 1 Year

## Marathon



S&P 500  
01/05/2023 40 Years

Source: <https://www.msn.com/en-us/money>



# Marathon

- Pace Yourself
- Don't be discouraged
- Understand what you are saving



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## The Assets held by the trust company in your retirement account are . . .

- A dollar value by fund
- A number of shares per fund
- Just fancy numbers on a page
- Both A and B
- None of the above

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# What's in Your Retirement Plan?

Share Balance - 14,618.5929 12/31/2021

Investment	Future Allocation	Number of Shares/Units	Ending Price	Ending Balance	Existing Allocation
Other	100.00%	14,618.5929	25.18	\$368,090.31	100.00%
<b>Account Total</b>	<b>100.00%</b>			<b>\$368,090.31</b>	<b>100.00%</b>

Balance - \$368,090

Your Asset Allocation

Share Balance - 15,486.6636 09/30/2022

Investment	Future Allocation	Number of Shares/Units	Ending Price	Ending Balance	Existing Allocation
Other	100.00%	15,486.6636	18.28	\$283,125.64	100.00%
<b>Account Total</b>	<b>100.00%</b>			<b>\$283,125.64</b>	<b>100.00%</b>

Balance - \$283,125

Your Asset Allocation

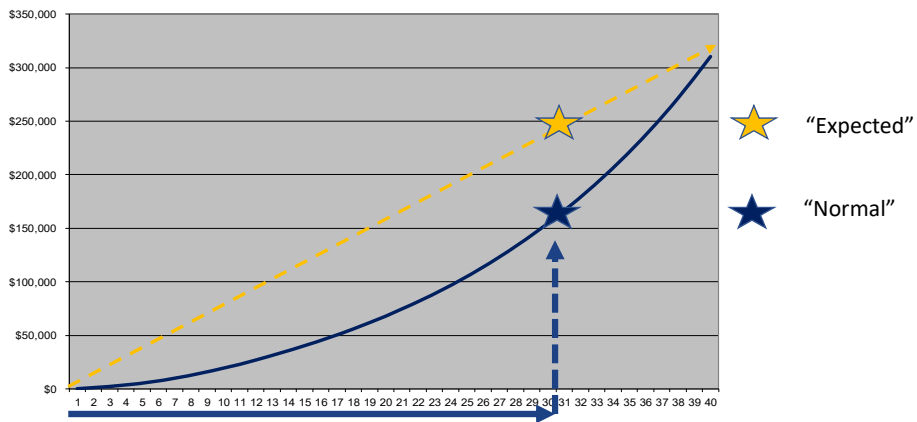
# Marathon

- Pace Yourself
- Don't be discouraged
- Understand what you are saving
- Be ready for the  $\frac{3}{4}$  -  $\frac{1}{2}$  conundrum



## The $\frac{3}{4}$ and $\frac{1}{2}$ Conundrum

The Geometry of Retirement Savings



Assumes income of \$25,000, 10% contribution and 6% Rate of Return. For illustration purposes only. Actual results can vary. Does not assume any company contributions.





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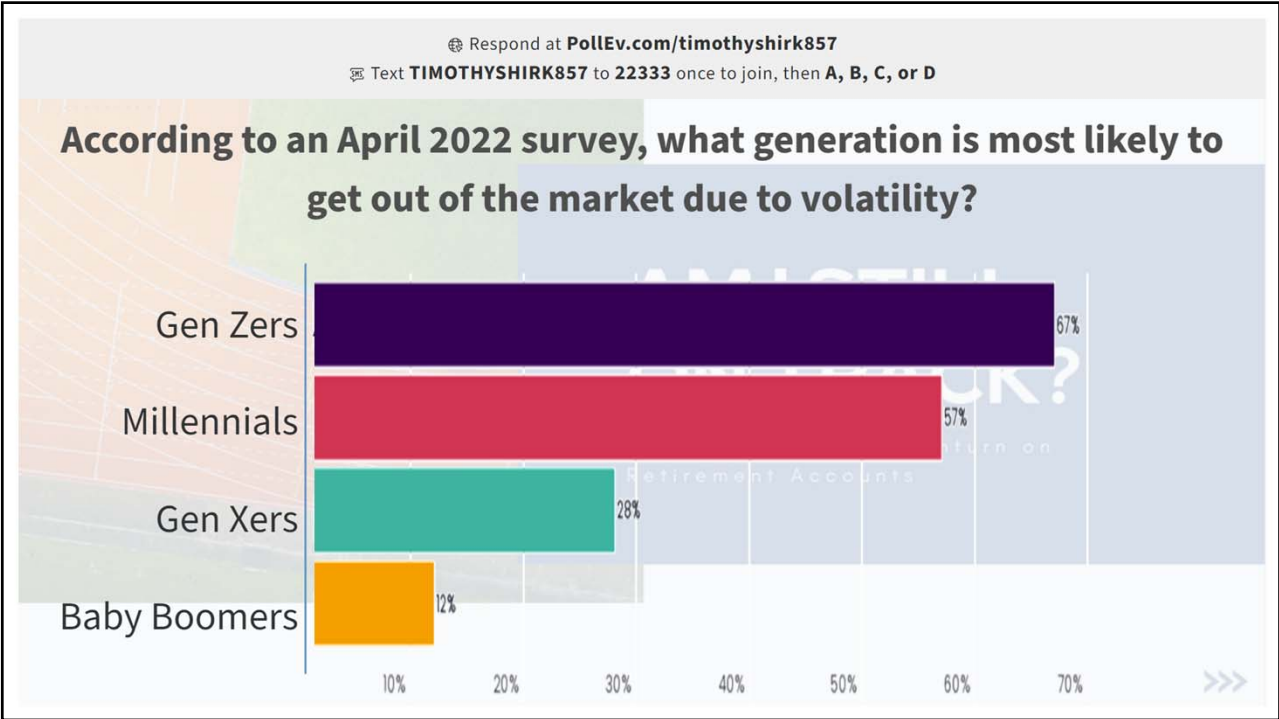
## According to an April 2022 survey, what generation is most likely to get out of the market due to volatility?

Gen Zers  
Millennials  
Gen Xers  
Baby Boomers

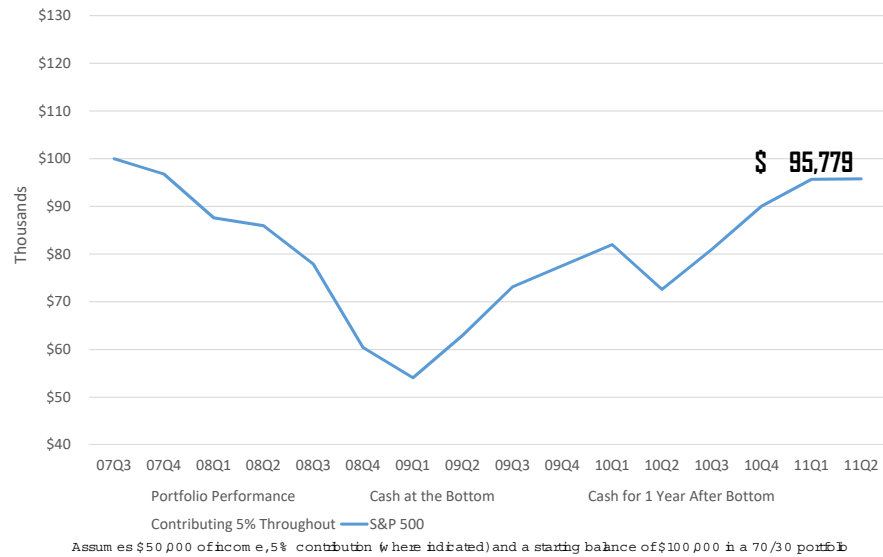
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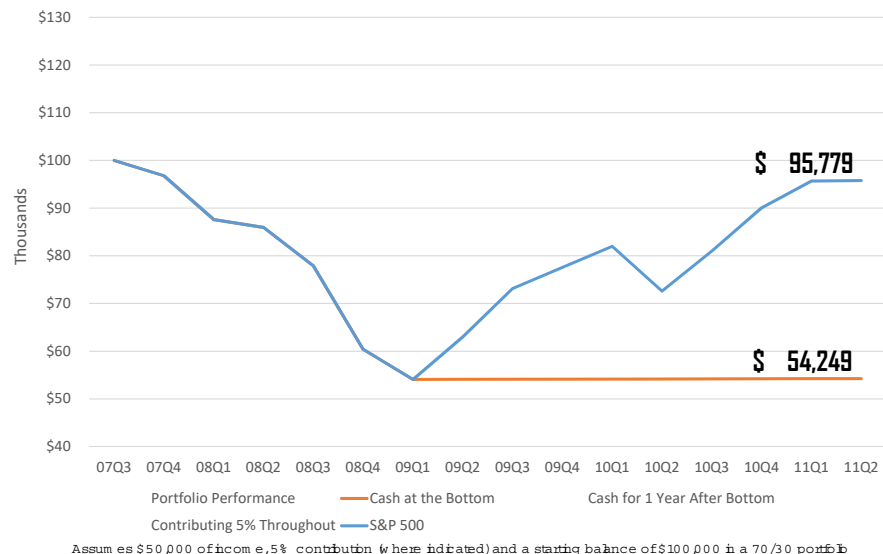


## Staying on the Track 2007 -2009



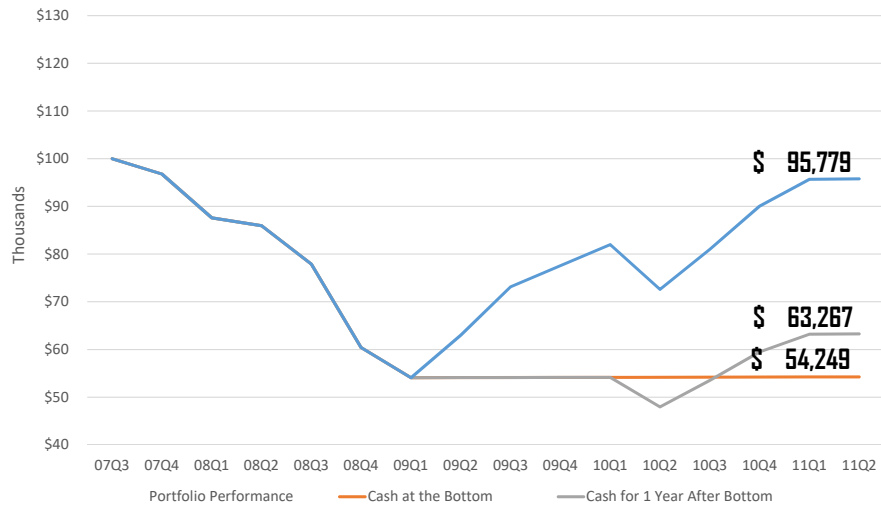
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## Jumping off the Track 2007 - 2009



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# Getting Back On the Track 2007 - 2009



Assumes \$50,000 of income, 5% contribution (where indicated) and a starting balance of \$100,000 in a 70/30 portfolio

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## Stay on the Track

- Resist the temptation to get out
- Timing out requires timing back in



# Resist the Urge to Flee

S&P 500 Index Annualized Returns for 20-year period ending 12/31/19



A horizontal bar chart with a light gray background and vertical grid lines. The chart compares the annualized returns of two investment strategies. The first strategy, 'Invested Every Day', is represented by a blue bar extending to the 6.1% mark. The second strategy, 'Missed 5 Best Days', is represented by a shorter blue bar extending to the 3.9% mark.

Investment Strategy	Annualized Return
Invested Every Day	6.1%
Missed 5 Best Days	3.9%

Invested Every Day 6.1%

For illustration purposes only. Past performance is no guarantee of future results. Information provided in this analysis/presentation is from source believed to be reliable, but we cannot guarantee its accuracy or completeness. Source: Morningstar.

# Resist the Urge to Flee

S&P 500 Index Annualized Returns for 20-year period ending 12/31/19



A horizontal bar chart with a light gray background and vertical grid lines. The chart compares the annualized returns of two investment strategies. The 'Missed 5 Best Days' strategy is shown with a blue bar at 3.9%. The 'Invested Every Day' strategy is shown with a longer blue bar at 6.1%.

Investment Strategy	Annualized Return
Missed 5 Best Days	3.9%
Invested Every Day	6.1%

Missed 5 Best Days 3.9%

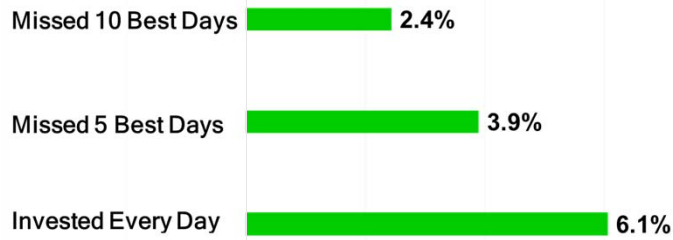
Invested Every Day 6.1%

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# Resist the Urge to Flee

S&P 500 Index Annualized Returns for 20-year period ending 12/31/19



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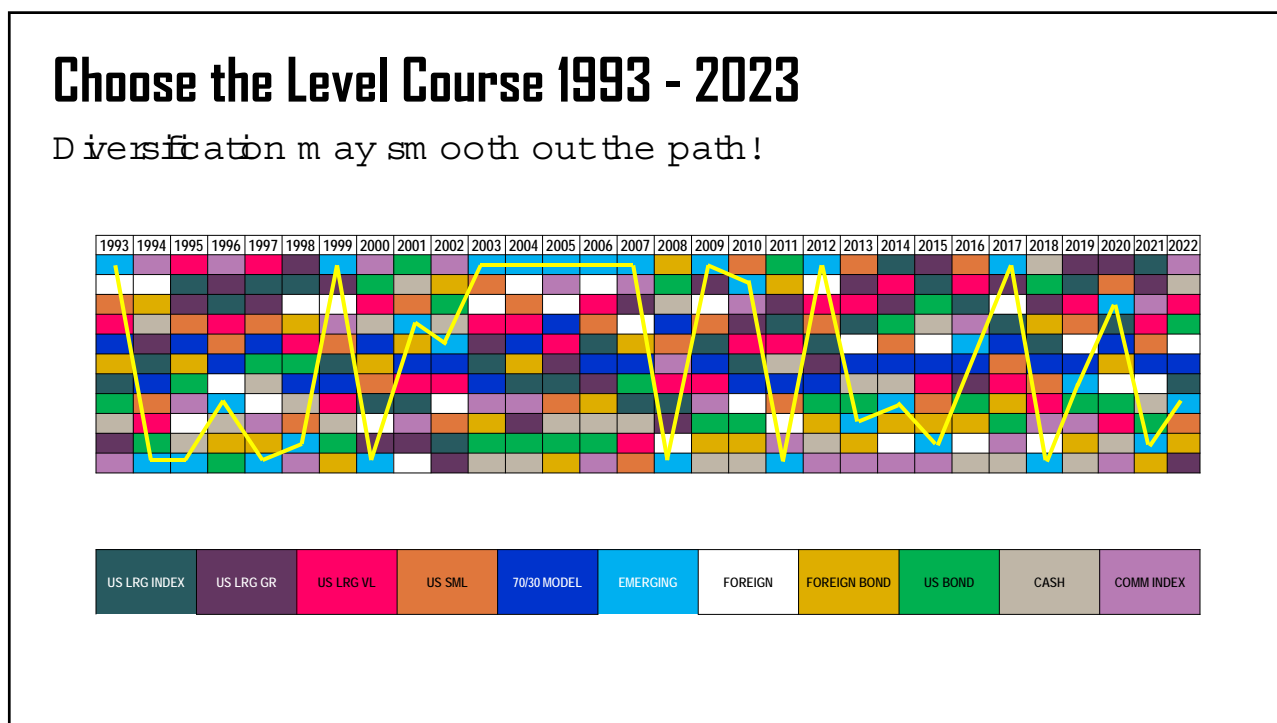
# Resist the Urge to Flee

S&P 500 Index Annualized Returns for 20-year period ending 12/31/19



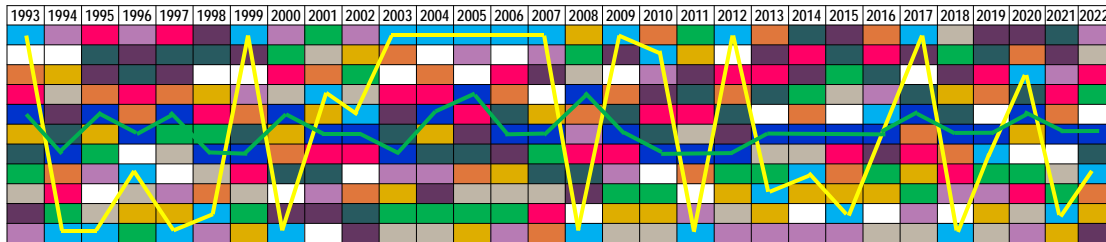
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1	Understand the Race
2	Stay On the Track
3	Choose the Level Course (Diversify)
4	
5	
6	
Am I Still On Track?	

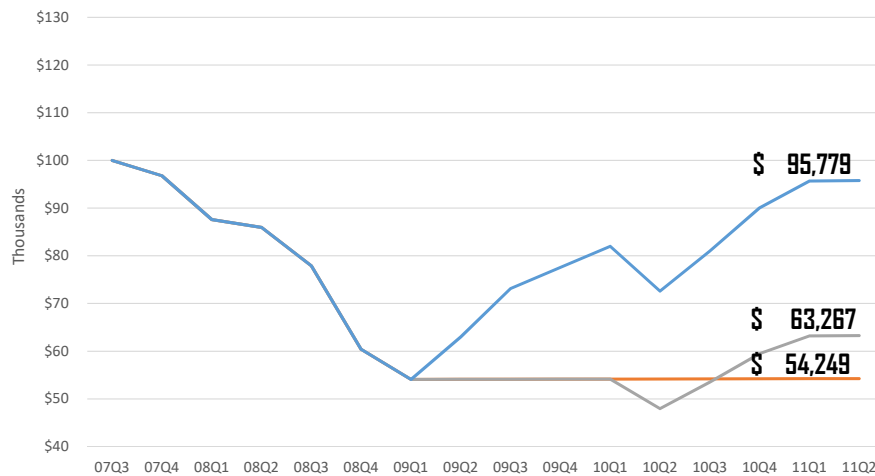


# Choose the Level Course 1993 - 2023

Diversification may smooth out the path!



# Choose the Level Course 2007 - 2009



Assumes \$50,000 of income, 5% contribution (where indicated) and a starting balance of \$100,000 in a 70/30 portfolio

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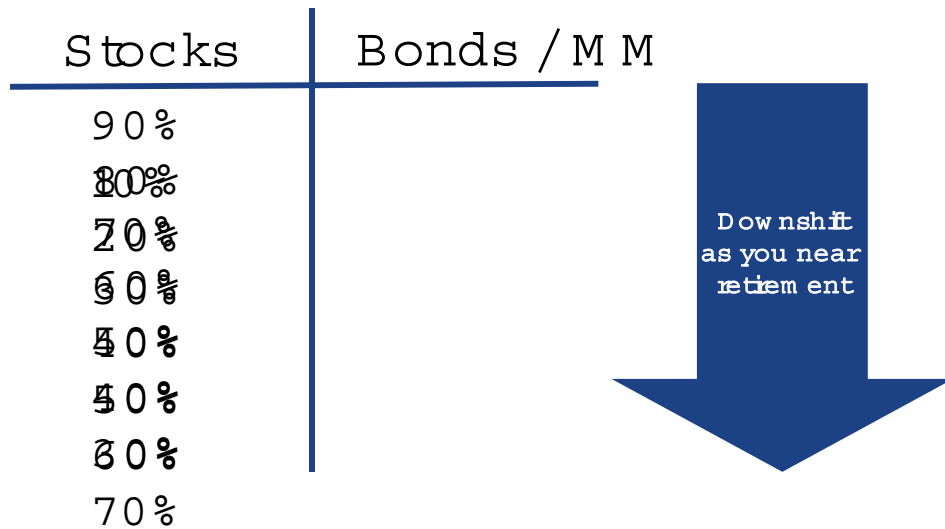
## Choose the Level Course 2007 - 2009



Assumes \$50,000 of income, 5% contribution (where indicated) and a starting balance of \$100,000 in a 70/30 portfolio

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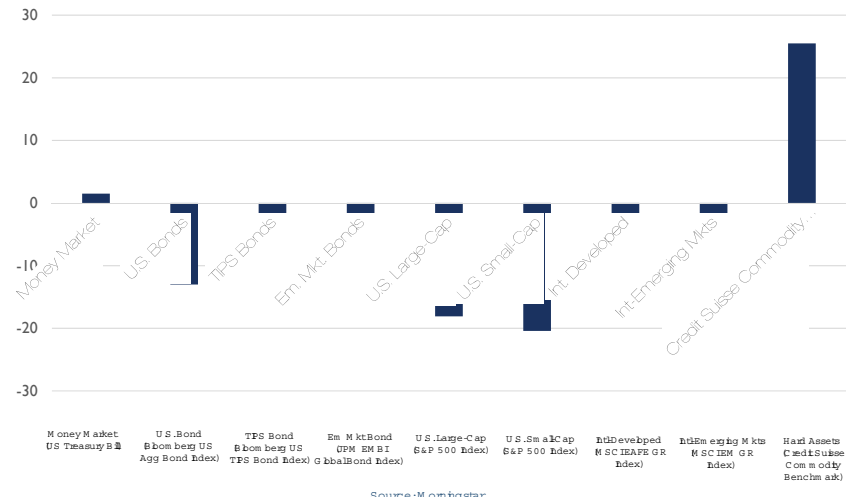
## Downshift Your Risk Approaching Retirement







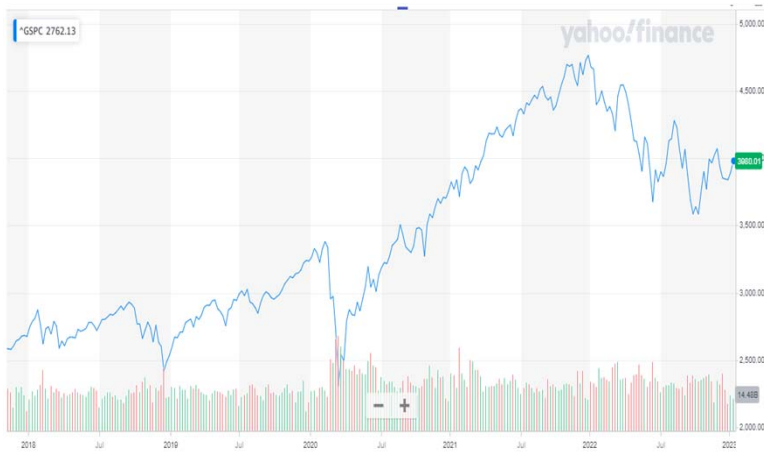
# Capital Market Returns 2022







37



**S&P 500  
Last Five Years**

Source: Yahoo Finance

## COVID Brought Unprecedented Fiscal Stimulus

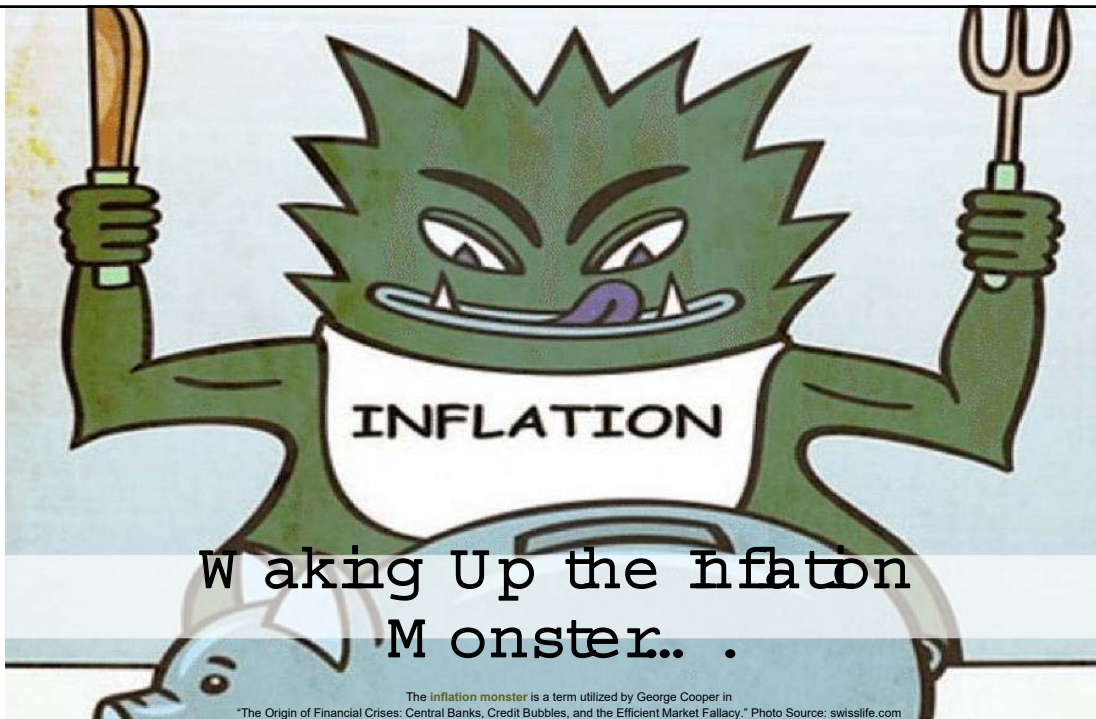


2009 Stimulus:  
55% of GDP



2020-21 Stimulus:  
25% of GDP

Source: FRED

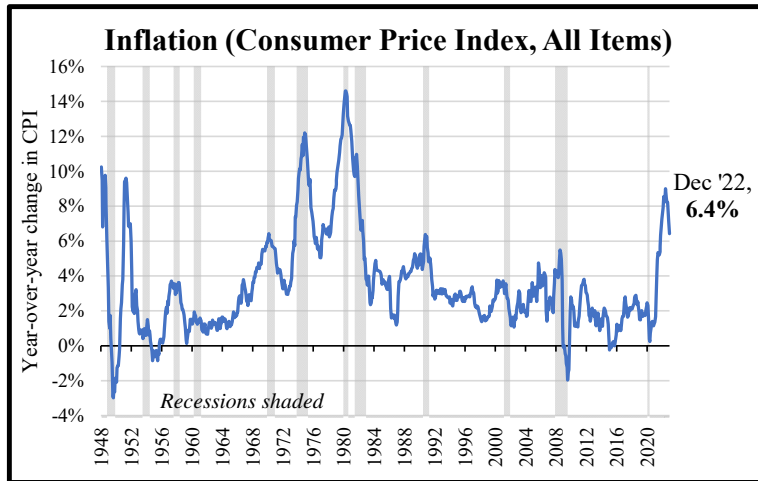


40

The inflation monster is a term utilized by George Cooper in "The Origin of Financial Crises: Central Banks, Credit Bubbles, and the Efficient Market Fallacy." Photo Source: swisslife.com



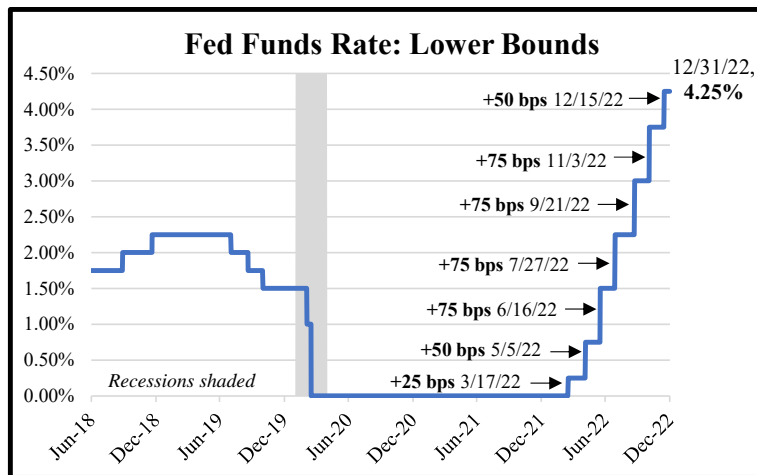
# Inflation is Here



Source: U.S. Bureau of Labor Statistics



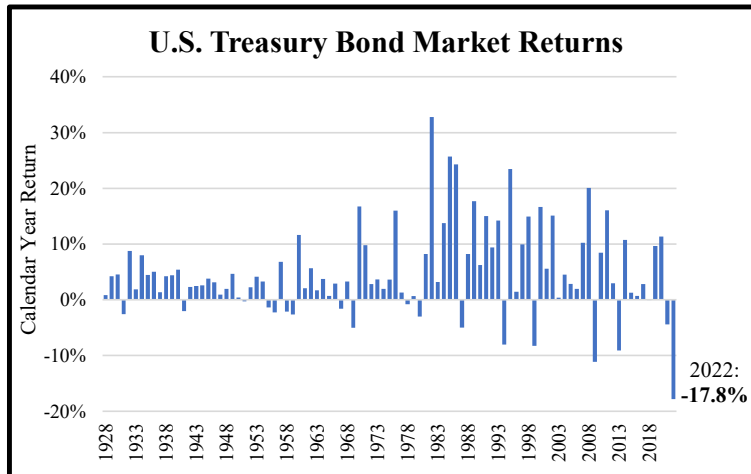
## The Fed is Taking Action... In a Big Way



Source: Board of Governors of the Federal Reserve System



# WORST BOND MARKET EVER

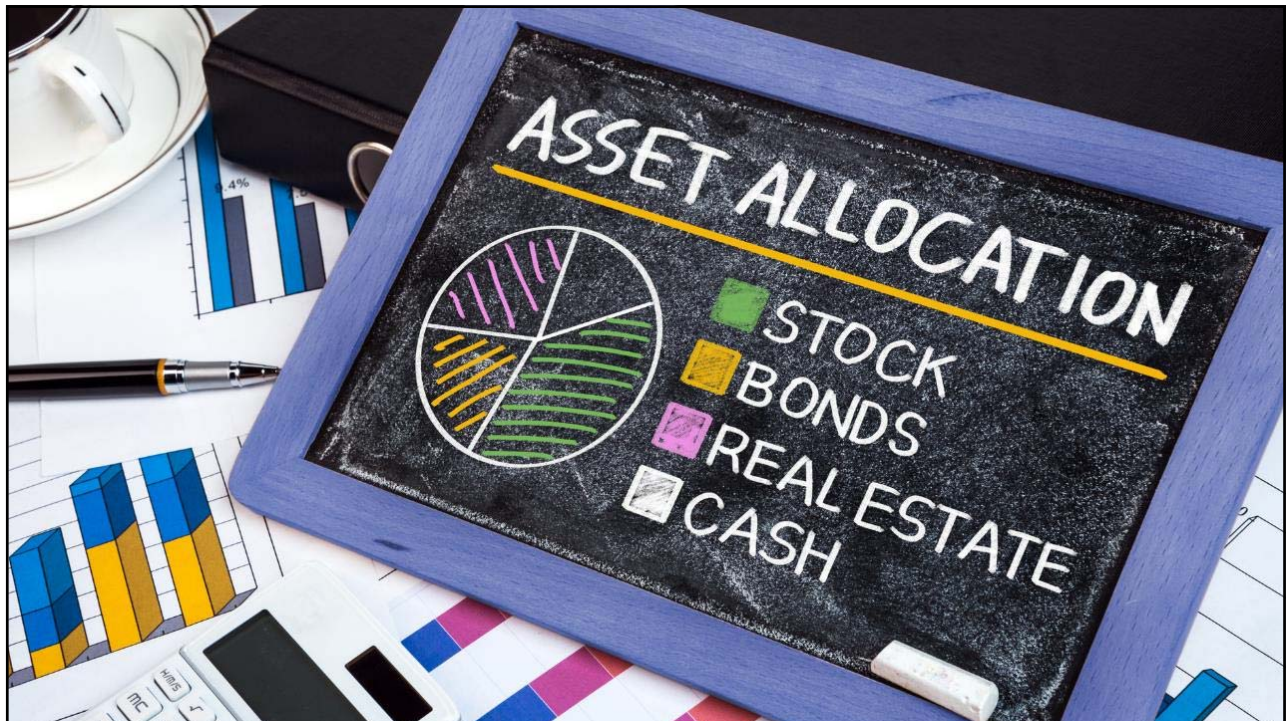


Note: Returns are for 10 year U.S. Treasury bonds as calculated by Aswath Damodaran. Data and methodology can be found at <https://pages.stern.nyu.edu/~adamodar/>.



## Now What?

- This time will pass
- Diversification helps
- Build cash as you near retirement
- Rebalance





# Build retirement cash position



Cash Bucket



Growth Bucket

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**Your portfolio of 50% stocks and 50% bonds enjoys 4 years with an average 8% growth in stocks and 2% growth in Bonds. What will your new portfolio allocation be?**

48% Stocks/52% Bonds

50% Stocks/50% Bonds

51% Stocks/49% Bonds

56% stocks /44% Bonds

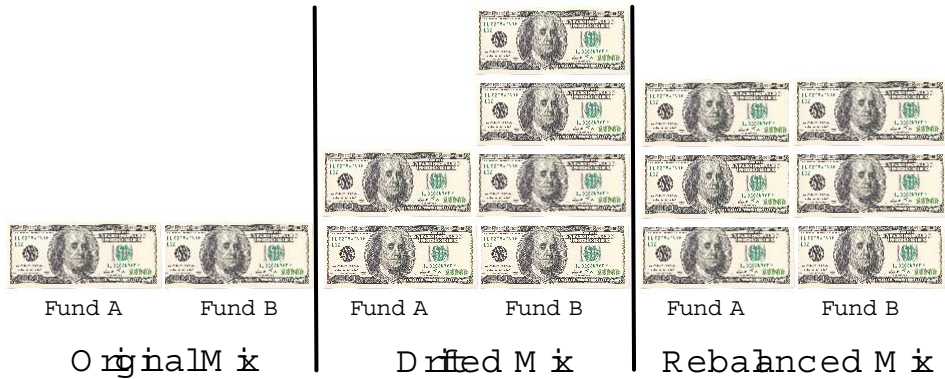
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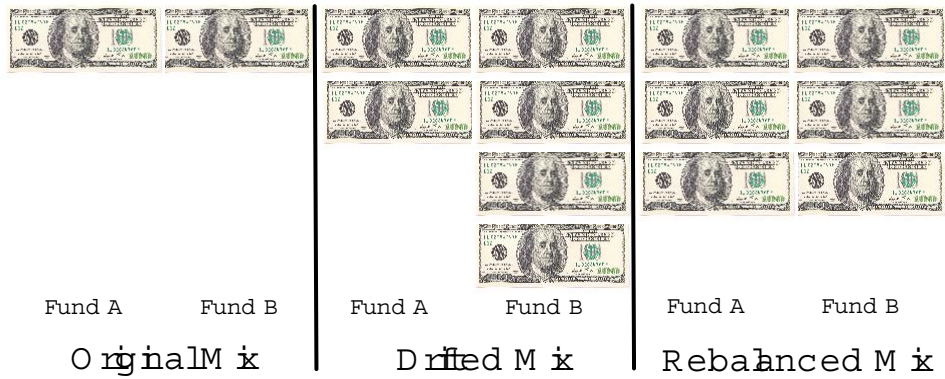
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Monitoring risk & rebalancing | Vanguard

# Rebalance (Positive Market)



# Rebalance (Negative Market)





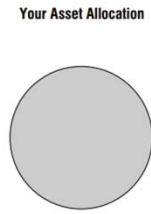


\$100 Buys 3.42 Shares

12/31/2021

Price - \$25.18/Share

Investment	Future Allocation	Number of Shares/Units	Ending Price	Ending Balance	Existing Allocation
Other	100.00%	14,618.5929	25.18	\$368,090.31	100.00%
<b>Account Total</b>	<b>100.00%</b>			<b>\$368,090.31</b>	<b>100.00%</b>

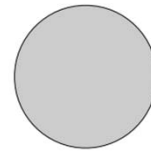


\$100 Buys 5.47 Shares

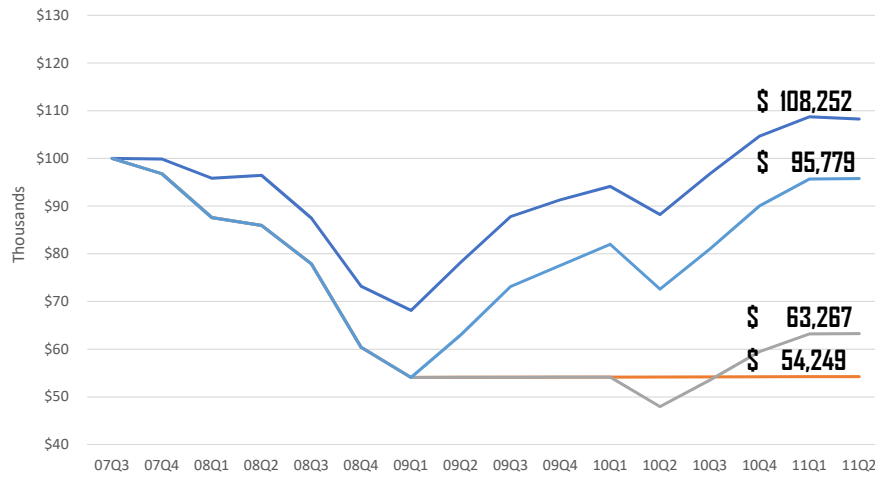
09/30/2022

Price - \$18.28/Share

Investment	Future Allocation	Number of Shares/Units	Ending Price	Ending Balance	Existing Allocation
Other	100.00%	15,486.6636	18.28	\$283,125.64	100.00%
<b>Account Total</b>	<b>100.00%</b>			<b>\$283,125.64</b>	<b>100.00%</b>



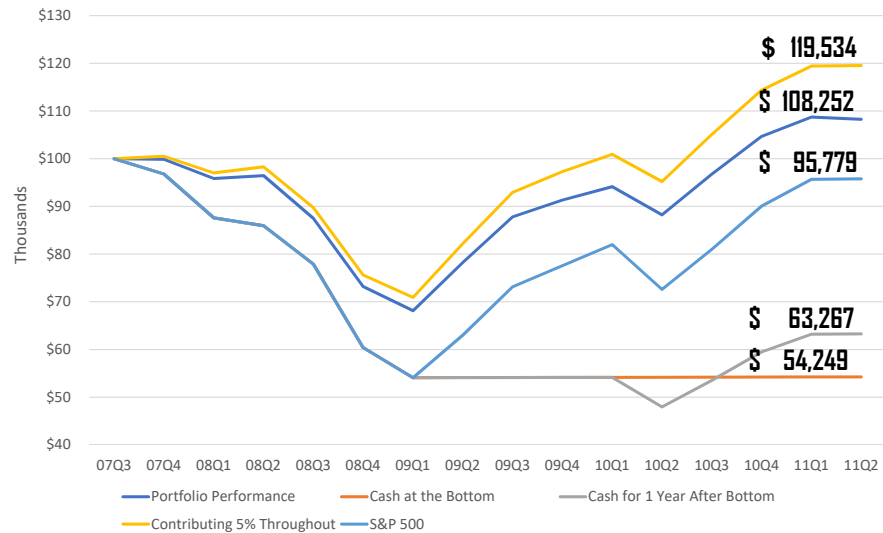
## Lean Into the Hills 2007 - 2009



Assumes \$50,000 of income, 5% contribution (where indicated) and a starting balance of \$100,000 in a 70/30 portfolio

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# Lean Into the Hills 2007 - 2009



Assumes \$50,000 of income, 5% contribution (where indicated) and a starting balance of \$100,000 in a 70/30 portfolio

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1	Understand the Race
2	Stay On the Track
3	Choose the Level Course
4	Lean into the Hills
5	Focus on the Finish
6	
<div style="background-color: #003366; color: white; padding: 10px; display: inline-block;">Am I Still On Track?</div>	

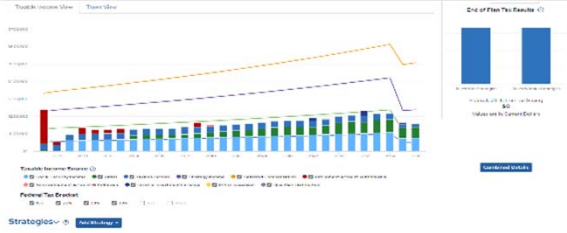
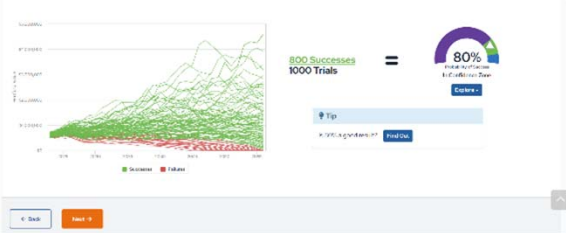


Focus on the Finish!

# Run a Projection

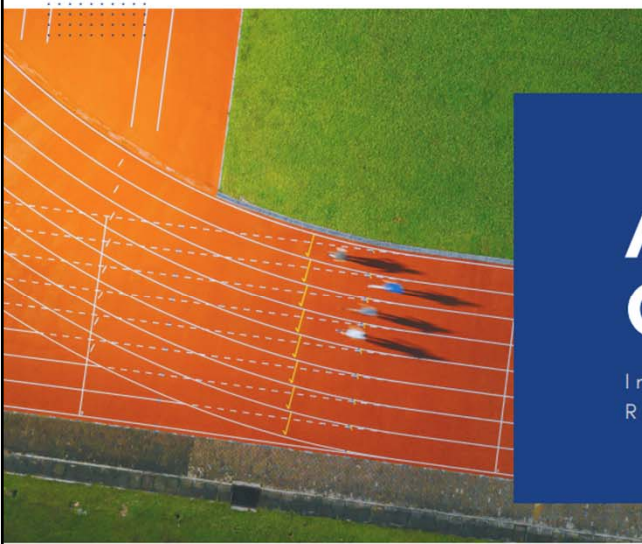
Which Social Security Strategy is best for you?  
 Strategy 6 provides the most money and Strategy 6 has the highest Probability of Success.

Social Security Strategy	Strategy Used in Scenario 6	1 As Soon as Possible	2 At Retirement	3 At FRA	4 At Age 70	5 To End of age 70 and then begin at FRA
Start Date	67	62	66	67	70	70
Final Year	67	72	76	77	77	77
Final Year Income	\$47,400 (\$17.0)	\$4	\$26,944 (\$7.9)	\$4,466 (\$12.3)	\$23,267 (\$62.3)	\$23,267 (\$62.3)
Total Income Available for Retirement	\$174,830	\$1,395,058	\$465,045	1,311,393	1,261,268	1,261,855
Probability of Success	75%	4%	65%	76%	79%	79%
Bill & Eileen's FRA	67	N/A	67	67	77	77
Bill	67	N/A	67	67	77	77
Eileen	67	N/A	67	67	77	77
Spouse	Spouse	Spouse	Spouse	Spouse	Spouse	Spouse






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Thanks for Attending!

tin othyshik@ francisinvco.com



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*at Work*

Retirement Savings  
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>>>