

Our Current Retirement Picture

An update on how the year 2020 has affected our retirement and retirement plans.

Focusing on the "right" actions.

How we can plan for the future.

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2 Overview

- How the year 2020 affected our thinking about retirement
- Hope for the future by looking at history
- Actions we can take now to plan for the future

Disclosures: Investment diversification does not ensure profit or eliminate the risk of loss. All investments involve risk. There is no guarantee of successful results. This graph is intended for informational purposes only. The examples used herein are for illustrative purposes and are not intended for use in determining future outcomes of any transaction. The information contained herein does not constitute an offer, or a solicitation of any offer, to buy or sell any security, investment or other product. The above summary/prices/quotes/statistics have been obtained from sources we believe to be reliable, but we cannot guarantee its/their accuracy or completeness. Past performance is not a guarantee of future results.


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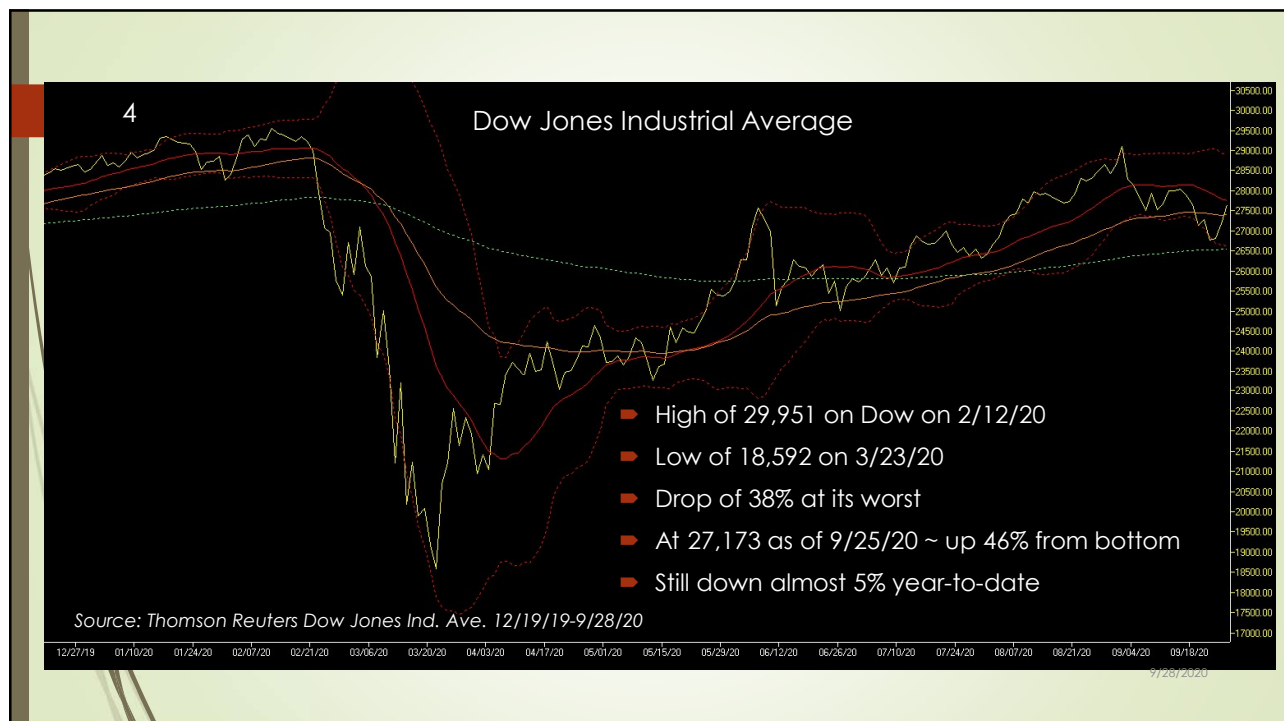
Sides of our Brain

- ▀ Thinking side
- ▀ Emotional side

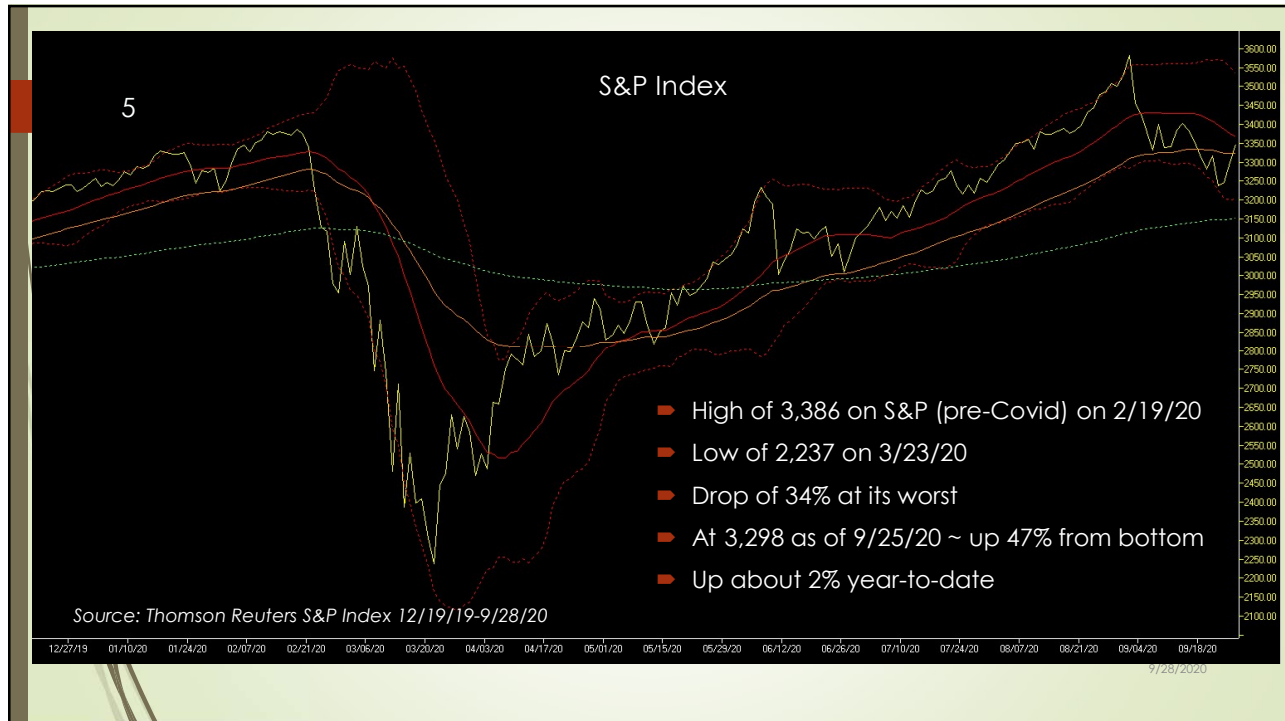


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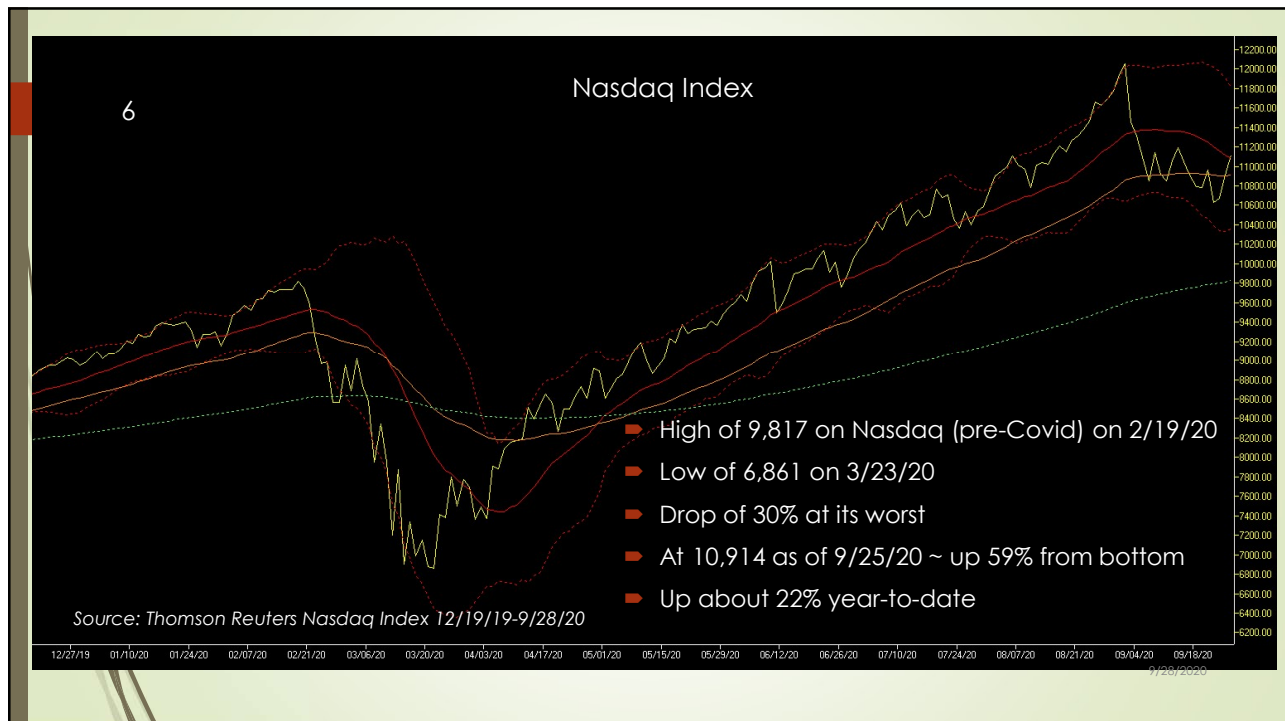
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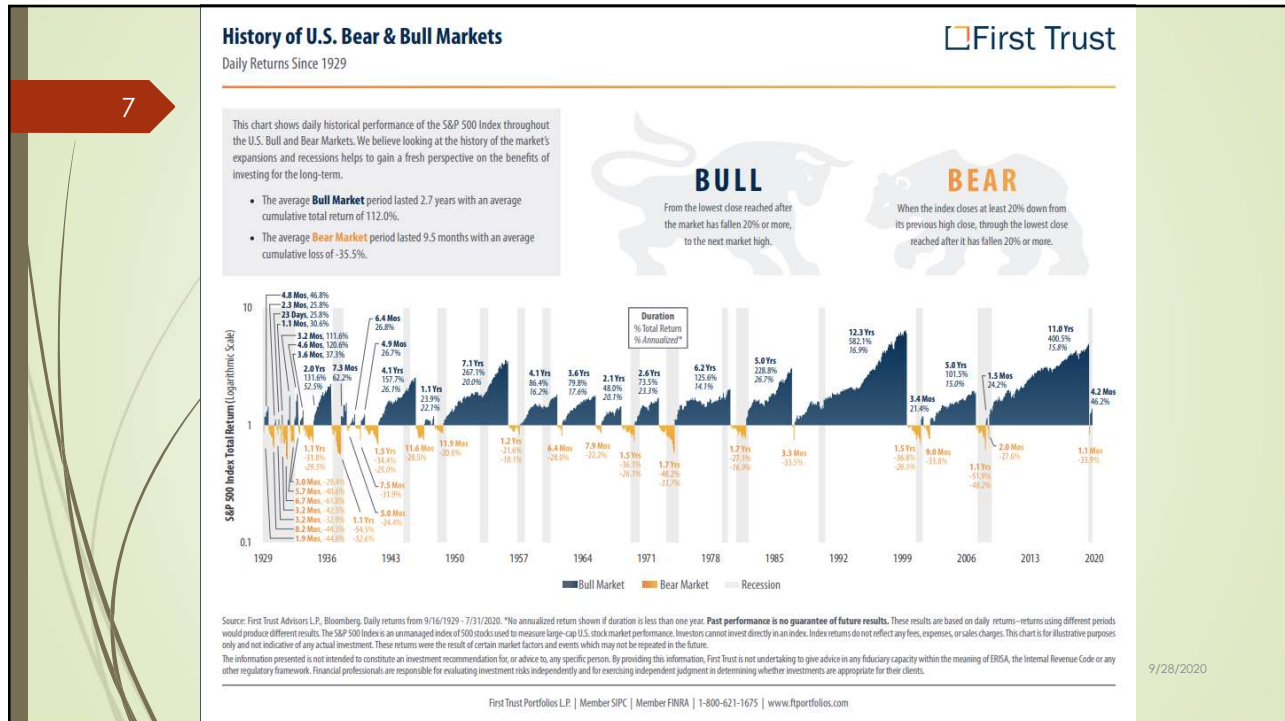
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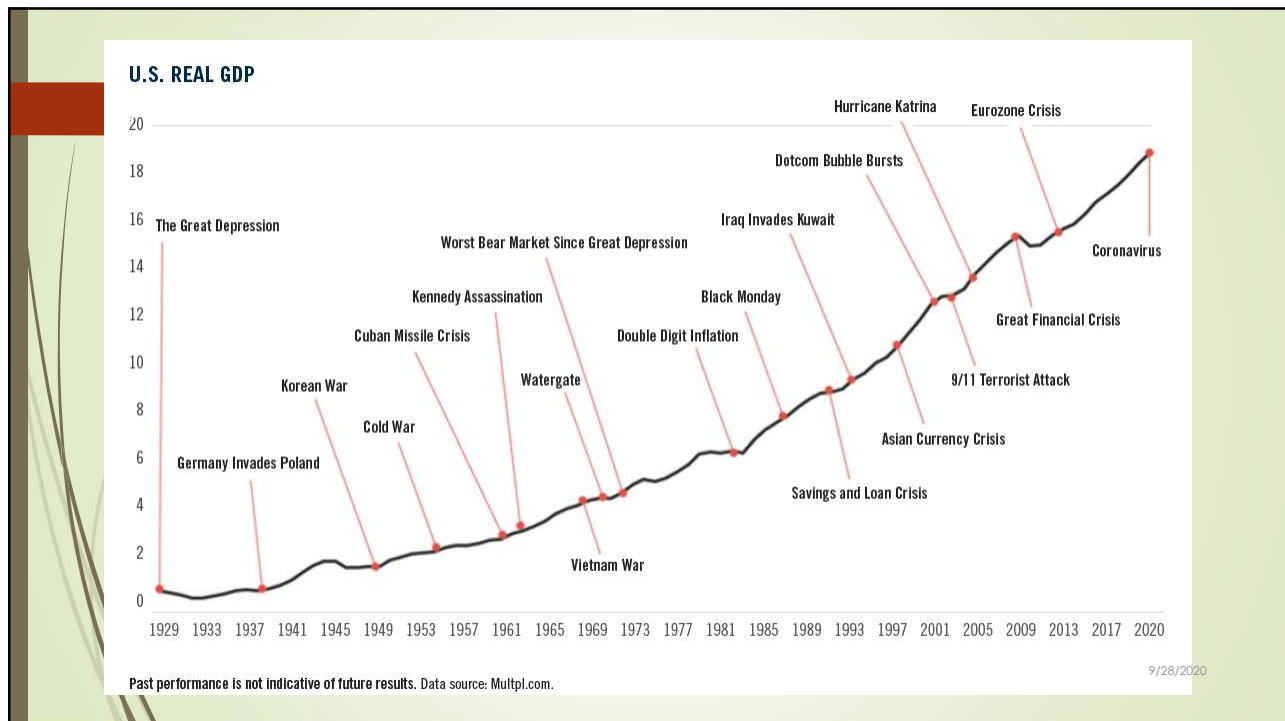
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New normal?

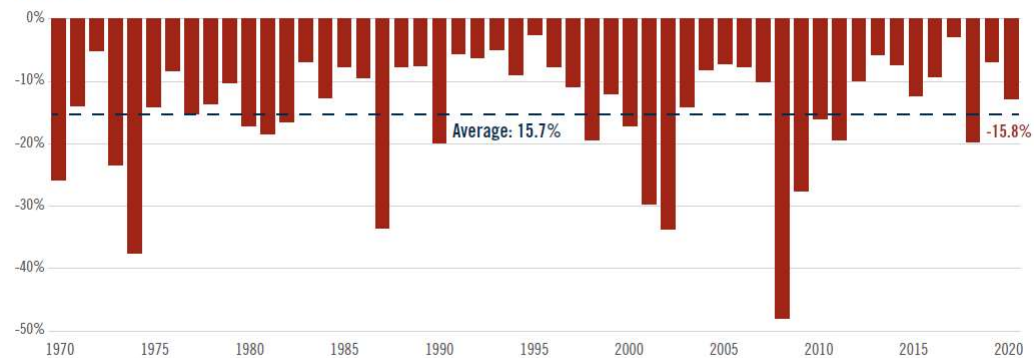
- Following two slides of what is the normal for the market...
 - Normal is a relative term
 - One of the most dangerous terms is "This time it's different."
 - Not in terms of the specific causes, but in terms of financial effects and how it affects the market.
 - Look at history. Look at the worst times in history. Look at where we are now. (this slide originally written in April 2020)

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S&P 500® INDEX MAXIMUM INTRAYEAR DRAWDOWNS




Past performance is not indicative of future results. Source: YCharts.

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Staying the Course


Investors tend to see short-term volatility as the enemy. Volatility may lead many investors to move money out of the market and "sit on the sidelines" until things "calm down." Although this approach may appear to solve one problem, it creates several others:

1. When do you get back in? You must make two correct decisions back-to-back; when to get out and when to get back in.
2. By going to the sidelines you may be missing a potential rebound. This is not historically unprecedented; see chart below.
3. By going to the sidelines you could be not only missing a potential rebound, but all the potential growth on that money going forward.

We believe the wiser course of action is to review your plan with your financial professional and from there, decide if any action is indeed necessary. This placates the natural desire to "do something," but helps keep emotions in check.

INTRA-YEAR DECLINES VS. CALENDAR YEAR RETURNS

Volatility is not a recent phenomenon. Each year, one can expect the market to experience a significant correction, which for the S&P 500 has averaged approximately 14% since 1980. History has shown that those who chose to stay the course were rewarded for their patience more often than not.



Year	Calendar Year Returns (%)	Intra-Year Declines (%)
'80	26%	-17%
'81	15%	-17%
'82	17%	-7%
'83	1%	-13%
'84	26%	-8%
'85	15%	-9%
'86	2%	-34%
'87	12%	-8%
'88	27%	-8%
'89	26%	-7%
'90	4%	-6%
'91	7%	-5%
'92	4%	-6%
'93	7%	-5%
'94	-2%	-9%
'95	34%	-3%
'96	20%	-6%
'97	33%	-11%
'98	27%	-19%
'99	20%	-12%
'00	-10%	-17%
'01	-13%	-30%
'02	-23%	-34%
'03	26%	-14%
'04	9%	-8%
'05	3%	-7%
'06	14%	-8%
'07	4%	-10%
'08	-38%	-49%
'09	23%	-28%
'10	13%	-16%
'11	0%	-19%
'12	13%	-10%
'13	30%	-4%
'14	11%	-7%
'15	-1%	-12%
'16	10%	-11%
'17	3%	-3%
'18	19%	-6%
'19	29%	-7%
'20	1%	-34%

Source: Bloomberg, First Trust Advisors L.P., as of 7/21/20. Past performance is no guarantee of future results. The benchmark used for the above chart is the S&P 500 Index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Returns are based on price only and do not include dividends. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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Preparing for the future

- Be Prepared
 - Have an Emergency Fund
 - Get debt paid off
 - Live within your means
 - Budget- (whatever that means for you)
- Have faith in the future
- Plan to Succeed (in whatever you focus on)
- Have a coach
- Do better next time

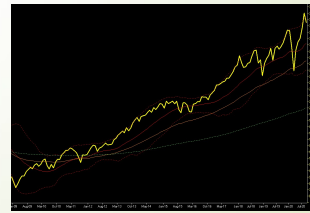
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The Big Picture

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- Defined Benefit Plans (Pensions)
- Defined Contribution Plans (401k's, IRA's, Roth's, etc.)
- Being responsible for our own destiny.
- Controlling what we can control.
- Making a plan
- Seeking advice, not sales pitches



Source: Thomson Reuters S&P Index 12/19/19-9/28/20, 11/30/2008-9/25/2020

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The Basics of a Retirement Plan

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- *What is planned for is more often achieved!*

- Controllables
 - When do I want to retire?
 - How much do I want to spend each year?
 - When will I take Social Security?
 - What adjustments should I make to my retirement funds when I start withdrawals?
 - Should they stay the same or become more conservative or income oriented?
 - What will I do about healthcare?
 - How much do I need to save each month now?
 - Do I want to have debt paid off before retirement?
 - What impact will that have on retirement spending?
 - How do I control my emotions during difficult markets?
 - The list goes on...

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S&P 500 Index Returns In U.S. Presidential Election Years

Since 1928

There are many factors that impact stock market returns, but one common concern of investors is how the stock market will be impacted by a change in America's President. In past election years, the S&P 500 Index has seen more positive performance than negative. Below we take a look at S&P 500 Index performance during presidential election years, which have historically provided positive gains for stocks.

S&P 500 Index Total Returns During Presidential Election Years (1928-2016)

U.S. Presidential Election Results	Average Return
A Republican was elected	15.3%
A Democrat was elected	7.6%
All election years	11.28%

Observations

There have been 23 elections since the S&P 500 Index began. In these election years:

- 19 of the 23 years (83%) provided positive performance
- When a Republican was in office and a Republican was elected (or reelected), the total return for the year averaged 11.9%
- When a Republican was in office and a Democrat was elected, the total return for the year averaged -2.6%

Source: Morningstar/Ibbotson Associates. **Past performance is no guarantee of future results.** For illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. These returns were the result of certain market factors and events which may not be repeated in the future. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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Historical U.S. Presidential Election Results

Election Year	President Elected	S&P 500 Index Total Return
2020	?	?
2016	Trump	12.0%
2012	Obama	16.0%
2008	Obama	-37.0%
2004	Bush W.	10.9%
2000	Bush W.	-9.1%
1996	Clinton	23.1%
1992	Clinton	7.7%
1988	Bush H.W.	16.8%
1984	Reagan	6.3%
1980	Reagan	32.4%
1976	Carter	23.8%
1972	Nixon	19.0%
1968	Nixon	11.1%
1964	Johnson	16.5%
1960	Kennedy	0.5%
1956	Eisenhower	6.6%
1952	Eisenhower	18.4%
1948	Truman	5.5%
1944	Roosevelt	19.8%
1940	Roosevelt	-9.8%
1936	Roosevelt	33.9%
1932	Roosevelt	-8.2%
1928	Hoover	43.6%

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Questions?

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