# SWART FINANCIAL **PLANNING STRATEGIES** DURING A DOWNTURN

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The content of this webinar is for educational purposes only. We recommend investors consult with professionals and experts in the topics covered to analyze their specific situation to determine an appropriate course of action.



#### **JILL NOVAK, SHRM-CP**

Chief People Officer jill@humaninvesting.com SHRM-CP certified for HR professionals



#### MARC KADOMATSU CFP®, ChFC®, CLU®

#### **Director of Financial Planning**

marc@humaninvesting.com Prior Board Chair and President of the Financial Planning Association (FPA) of Oregon and Southwest Washington

### WELCOME, THANKS FOR JOINING US





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5 Smart Financial Planning Strategies for a Downturn

🌛 Q&A





#### **Financial Plan**

- Projections that accounts for all assets, debts, income, expenses, taxes
- Plan Implementation (Emergency Funds, Sufficient cash/bonds)

Recognize our human emotions

Mindset: Focus and discipline

#### Be ready for opportunities

• "Be fearful when others are greedy and be greedy when others are fearful." - Warren Buffet

# OI ESE HOW TO APPROACH THE CONTRIBUTIONS TO YOUR INVESTMENT ACCOUNTS

Accounts with frequent contributions 401(k), 403(b), 457(b), Employee Stock Purchase Plan (ESPP)

#### Accounts with less frequent contributions

IRA, Roth IRA, After-Tax Investments, Health Savings Account (HSA)

Continue the discipline of your current contributions

Consider increasing or accelerating contributions

Opportunity to "buy low" on stocks

# O2 A REBALANCE YOUR INVESTMENT ACCOUNTS NOW

Adjusts the mix of investments back to the original target as the stock market grows or declines.

#### Example:

- 1. Before Market Downturn: 401(k): 70% stocks + 30% bonds/cash.
- 2. During Market Downturn: 401(k): 62% stocks + 38% bonds/cash.
- 3. After Rebalancing: 401(k): 70% stocks + 30% bonds/cash.

# Simple and disciplined way to follow Warren Buffet (sell high and buy low)

Manages the level of risk in your investments

# 03 📈 TAX-LOSS HARVESTING

Capture and store tax losses to lower future taxes

Sell investments that are at a tax loss and reinvest the funds

Be careful of the IRS "wash sale rule"

#### Lower Future Taxes

Offset capital gains
Tax deduction up to \$3,000/year

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# 04 TAX-LOSS DIVERSIFYING

Opportunity to diversify a large stock position without negative tax consequences

#### **Common Situations**

- 1. From Company Stock Benefits (Restricted Stock Units (RSUs), Employee Stock, Purchase Plan (ESPP), Stock Options
- 2. Inheritance

Sell stock at a tax loss and reinvest into many diversified stocks/stock funds

Create tax losses to "harvest"

# 05 💽 Consider a roth Conversion

Roth Accounts: After-tax contributions, growth and distributions tax-free\* = "Tax-Free Land"

Entrance fee into "Tax-Free Land" = ordinary income taxes on the contributions

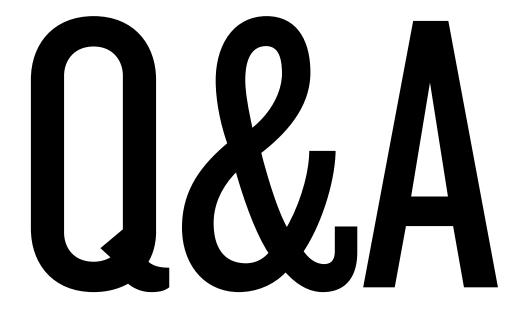
Roth Conversion = Use IRA or 401(k) funds that will be taxable upon distribution and transfer to Roth ("Tax-Free Land")

Timing is Key

- 1. Lower entrance fee when in a low tax bracket
- 2. Get more for your entrance fee in market downturn

# Can lower long-term tax burden since no required minimum distributions

\*Assumes withdrawals taken after age  $59\frac{1}{2}$  and after the five-year holding period requirement



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# THANK YOU FOR Joining US!



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