

Financial lessons from the pandemic

The COVID-19 pandemic has rocked the world in unprecedented ways and created hardship internationally over the last year. It continues to affect our daily lives, but in every difficult situation, there are lessons that help us grow and learn. Here are some financial take-aways that we have learned from living through a global pandemic.

The market pattern always repeats

2020 was a wild ride on the stock market, with extreme volatility – there was a huge market downturn in February/March of 2020 as the impact of COVID affected the markets. But since hitting a low on March 23, 2020, most asset classes have settled into a strong rebound pattern. This is the typical market pattern we know from previous market corrections: a downturn, followed by unusually strong returns immediately following the downturn.

During a market downturn, consider carefully before selling

The market has always recovered eventually. If you experience a loss, the best thing to do is: Nothing! Be patient and hold your investments, and they should recover their lost values in time. Those who sold off their equity assets last year during the downturn (putting them in cash with the intent of protecting from further loss) have missed out on the huge recovery and excellent rates of return that investors have experienced in the last year.

Always have your emergency fund at the ready

So many people have experienced job loss or other financial difficulties this year. Those who had saved up an emergency fund were more able to tide themselves over without going into additional debt. We recommend having 3 to 6 months' worth of expenses in your emergency fund. You should be sure to top it back up if you have to withdraw from the fund.

Make sure your loved ones are protected

You never know when a serious illness could strike. Be sure that your beneficiary designations are up-to-date, and that you have adequate insurance protection (life / disability / critical illness insurance). Ensure that your will is up-to-date, and consider putting Powers of Attorney in place in the event that you're ever unable to communicate your financial or medical wishes.

Have emergency supplies on hand

We've all learned the importance of having adequate basic supplies on hand (such as toilet paper, cleaning supplies and non-perishable food items) at all times, to avoid price-gouging or product outages if a surge in demand occurs.

We can help

The Reuter Benefits team consists of licensed advisors, including Certified Financial Planners who can assist you with your financial and retirement plans. We can be reached toll-free at 1-800-666-0142 or by email at retire@reuterbenefits.com.

