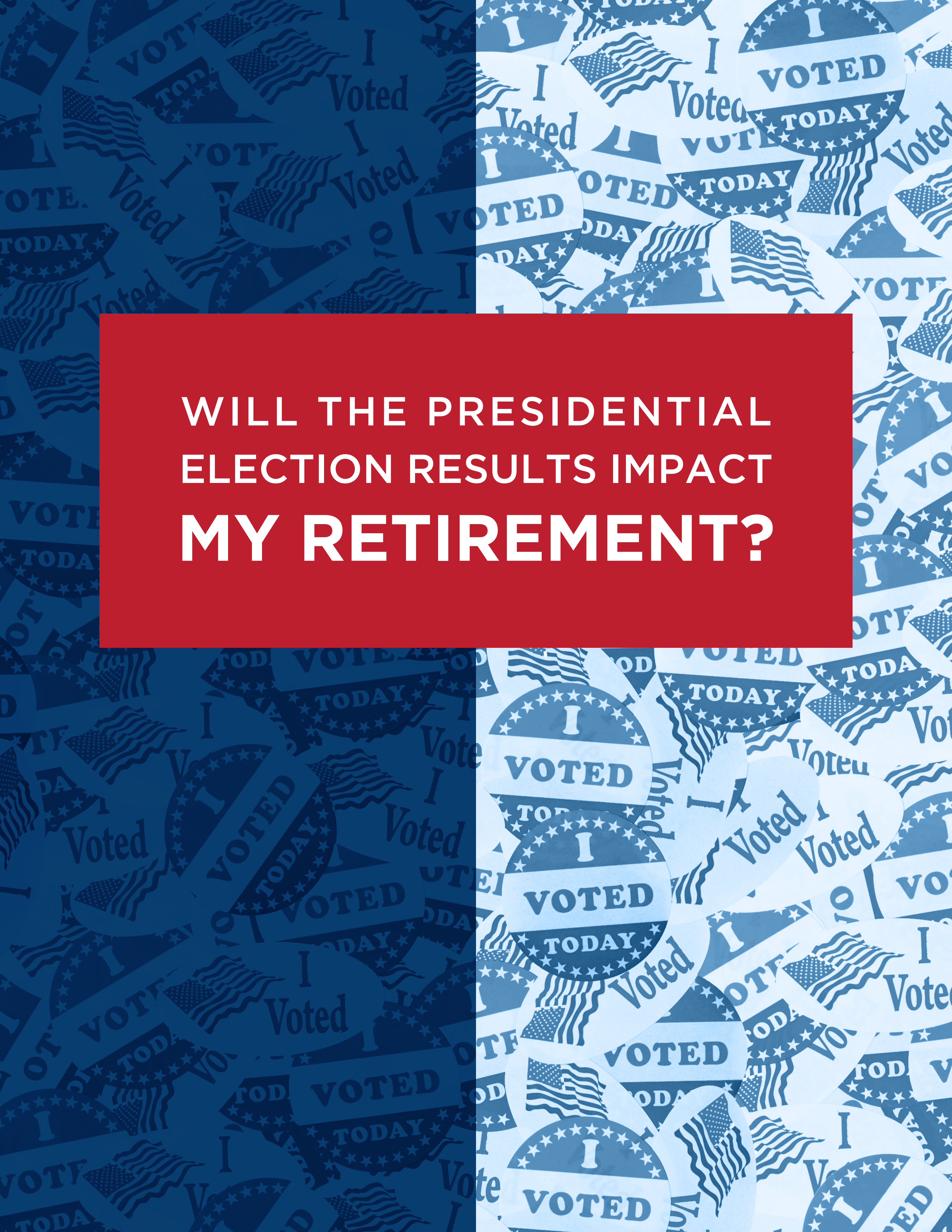
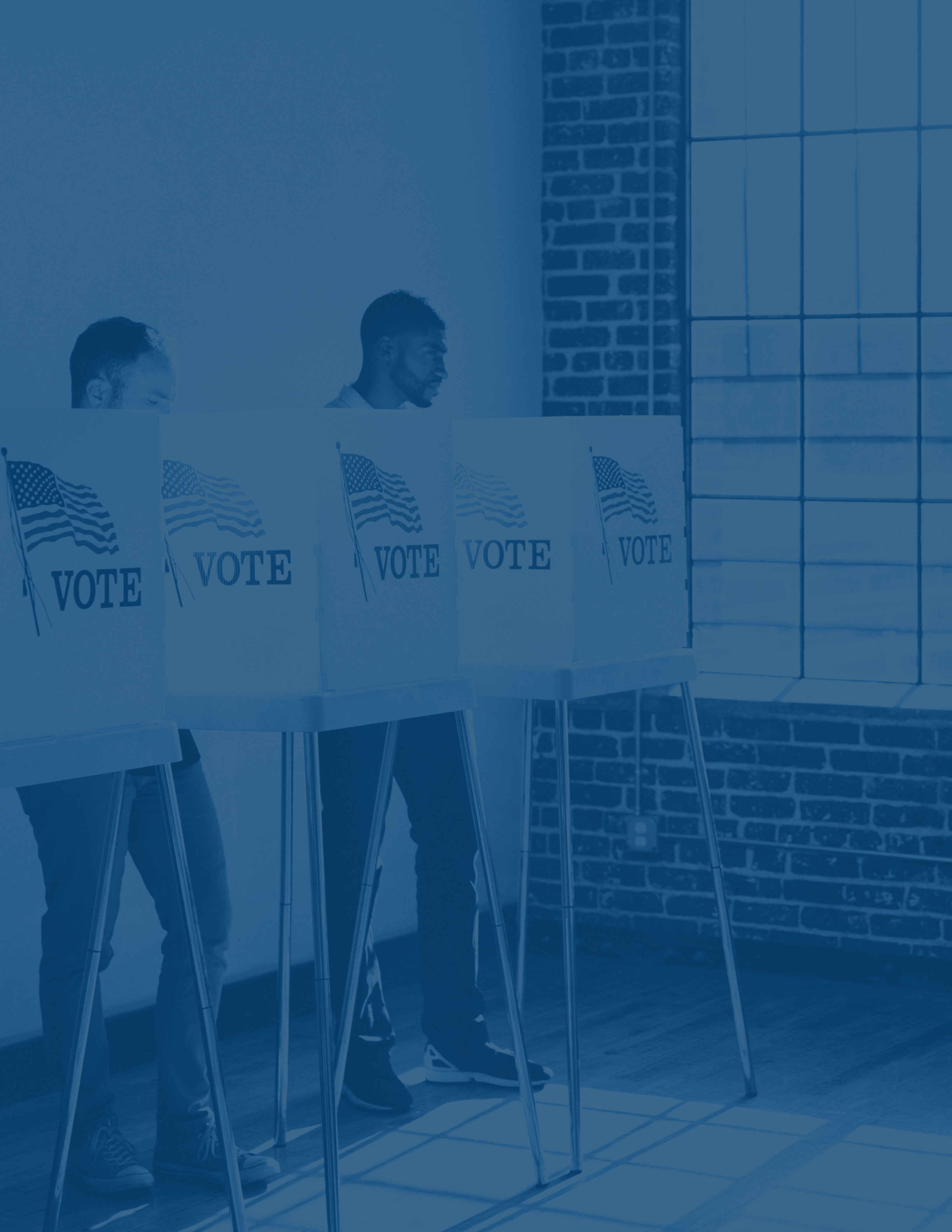


WILL THE PRESIDENTIAL ELECTION RESULTS IMPACT **MY RETIREMENT?**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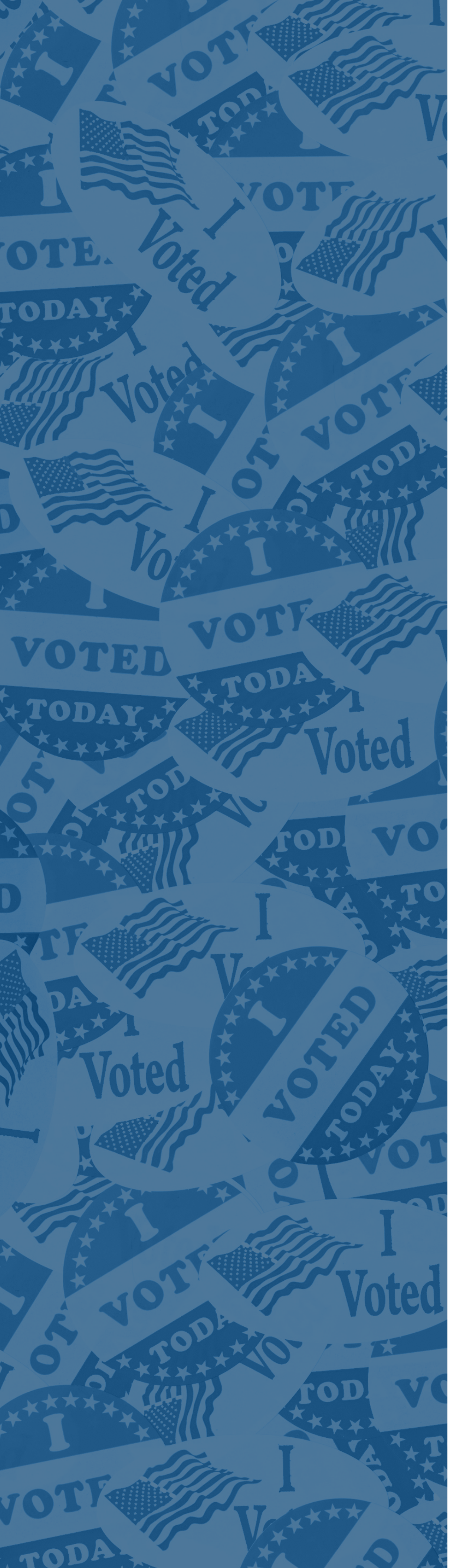
The votes have all been tallied, and the 2020 election is finally behind us. Now that one of the nation's biggest questions has been answered, it's time to figure out what it means for you as an individual. Although a president has been selected for the next four years, economic stability isn't guaranteed, and the stock market swings that often follow elections could impact your savings for years to come.

Read on to learn more about how the presidential election results can affect your finances and if there's anything you can do to avoid a potential dip in your retirement nest egg.

The 2020 No One Expected

Whether you watched the never-ending television news cycle or happened to have a crystal ball, chances are you still couldn't predict exactly what was going to happen heading into Election Day. While market strategists and economists regularly ignore election polls and personal characteristics of candidates, they tend to focus on models using historical trends and then add in key economic data, including growth rates, wages, unemployment, inflation and gas prices to predict voting behavior and election outcomes.[1]

However, 2020 was unlike any year we've seen before. Coming off a presidential impeachment in 2019, an international pandemic, soaring unemployment rates and a recession affecting nearly every corner of the U.S. in 2020, even the country's brightest strategists had a difficult time predicting the outcome of the 2020 election.



Expensive Campaign Promises

If you're worried about the toll the president's campaign promises could have on your pocketbook, taxes or even your future retirement savings, you're not alone. While it sometimes feels like candidates are just telling us what we want to hear, generally, politicians do try to accomplish the things they say they'll do when elected to office.

However, due to America's system of checks and balances, no president can single-handedly accomplish all of their goals, and occasionally, compromises have to be made. While presidential candidates usually have big dreams of changing the world, it can be difficult for a sitting president to achieve all of their goals. On average, about two-thirds of campaign promises are kept.[2] So while changes are bound to happen, it takes a while for legislation to be passed, making the likelihood that you'll see a huge impact immediately low.[3]

Fear of the Unknown

One of the biggest things you can do to help protect your retirement nest egg is to make sure you're comfortable with the levels of risk you have in your current portfolio. When investing in the market, it's important to keep volatility in perspective. Market corrections — a decline of at least 10% of a stock, bond, commodity or market index from its highest recent point — are common and don't always indicate a bear market. Corrections are generally temporary and typically end when the price of a stock or bond "bottoms out" and investors start buying again.

Many things can lead to a market correction, including profit selling, technical analysis and corporate earnings. A broad sense of fear based on a negative event in the news or perception about the economy can trigger a sell-off, and in turn, a correction — the same is true with presidential elections. For instance, as Bill Clinton's 1996 re-election seemed more likely, the Dow Jones Industrial Average surged, rising through Election Day and into the next year. On the other hand, when George W. Bush's re-election seemed uncertain a week before the 2004 election, the market tanked. After his victory, the Dow gained 10.6% through the end of the year.[4]

It's important to remember that the stock market — while fairly volatile on a short-term basis — has a strong track record of long-term success. Since 1980, market corrections have averaged about 14.6%.[5] However, looking at the overall picture each year, the positive years outweigh the negative years, with negative returns occurring approximately one out of every four years.[6] As history has shown, those who choose to stay the course are rewarded for their patience more often than not.

GOING TO THE POLLS

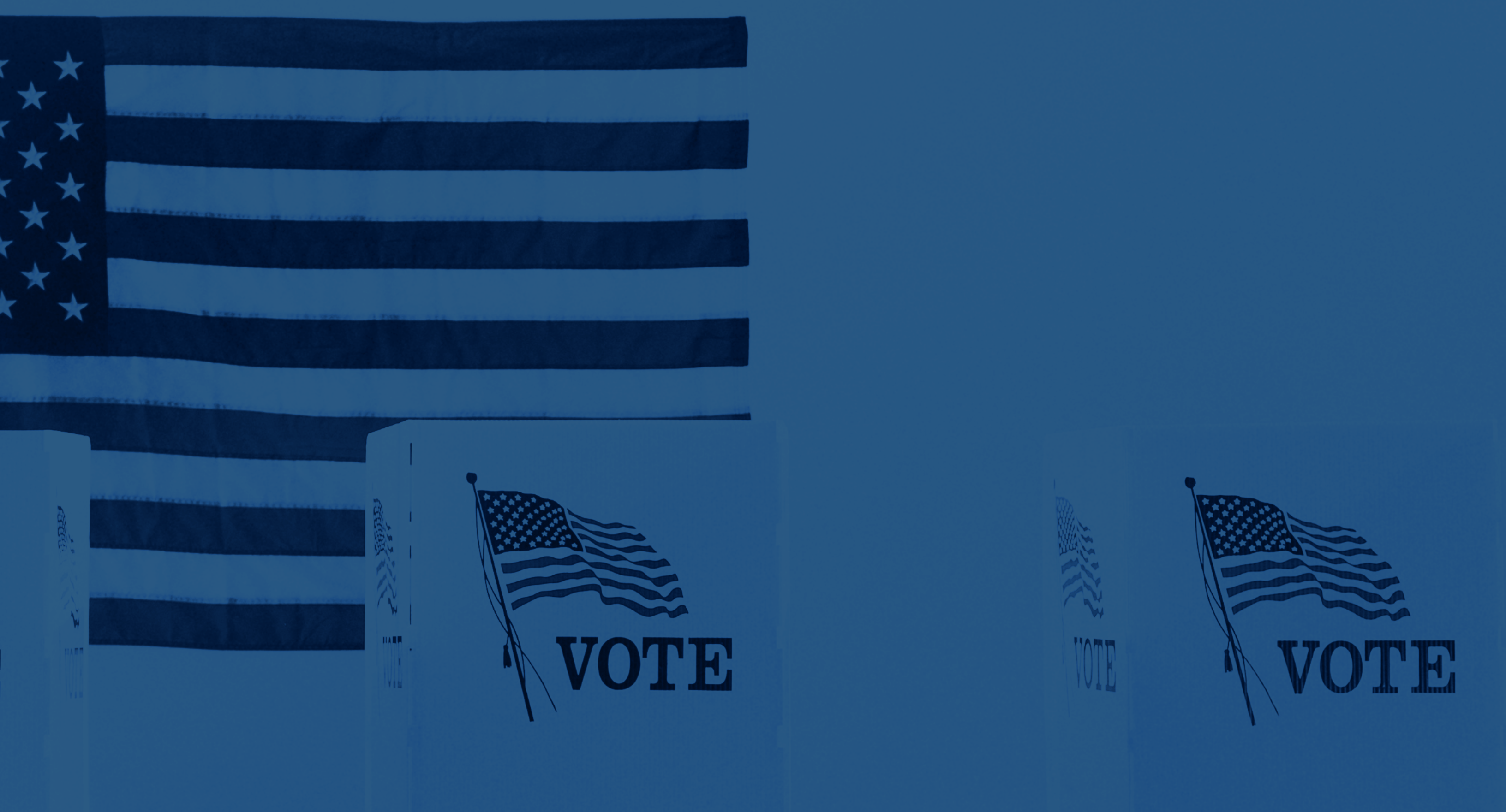
A Gallup poll conducted from May 28 to June 4, 2020, found that 53% of Americans rated their personal finances as either "excellent" or "good." This marked a slight improvement over the 49% who offered that same description in early April when the initial impact of COVID-19 created economic uncertainty. The positive bounce in the polling still did not reach the 56% mark recorded in 2019 from a similar Gallup poll.[7]

Considering all of the unknowns and the uncertainty of what the markets could do, one of the biggest things you should remember is to be patient and not to panic. This explains why most prioritize "time in the market, not timing the market." If you're comfortable with the amount of risk you are currently exposed to and have the time to ride out whatever may come, you're likely best to stick it out and see what happens. On the other hand, if you're within three to five years of retirement, it may be a good idea to review your financial strategy to make sure you're comfortable with the level of risk in your portfolio.

Work With a Financial Professional

No matter which side of the political spectrum you're on, you are the one responsible for your retirement. Having a well-constructed financial strategy in place can give you confidence for the future — whatever it holds. Give us a call for a complete retirement income analysis to help make sure your finances are ready for the next four years and beyond!

Think Long-Term, Not Presidential Term



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Prepared on behalf of:

SWAN CAPITAL

HEADQUARTERS
107 W. GREGORY STREET
PENSACOLA, FL 32502
P: 850-380-9558

MOBILE OFFICE:
2053 DAUPHIN STREET
MOBILE, AL 36606
P: 251-800-7499

DAPHNE OFFICE
2053 DAUPHIN STREET
MOBILE, AL 36606
P: 251-800-7499

E: INFO@SWAN-CAPITAL.COM
SWAN-CAPITAL.COM

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