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The five questions you should ask your financial professional during market volatility

Often our instinctive reaction in times of market volatility is to pick up the phone and call the person who provides our financial services. Rightfully so.

We put significant trust in the person with whom we discuss our hard-earned dollars, and the uncertainty of market ups and downs can leave us feeling at a total loss of control. A victim of circumstances.

For people 45 and older — who are either just starting to chart a course toward retirement or are currently enjoying their post-career life — the anxiety caused by volatility can be overwhelming. Still, many times discussions with financial professionals only lead to confusion, anger and more anxiety.

In a worst-case scenario, some have even made the knee-jerk, emotional decision to deviate from a financial game plan made to weather these types of storms, to the detriment of their financial future.

The Alliance for Lifetime Income spoke to experienced retirement planning professionals to identify some of the key questions people approaching or in retirement should be asking their financial professional in times of market volatility. The following are key questions you should ask your financial professional to help you stay on track and live the life you want in retirement.

Key questions people approaching or in retirement should be asking their financial professional in times of market volatility:

- How do the current changes affect my plan?
- What changes do I need to make to my lifestyle?
- Will my current plan provide enough to cover essential expenses?
- Am I on track with my retirement portfolio to reach my goals?
- Should I reevaluate or adjust my planned retirement date?

Have recent drops in the market affected my plan?

Many make the mistake of asking generic questions about the market and not explicitly asking about the impact on their financial game plan. Financial professionals are often students of the market who have experienced market gyrations before. They often use financial jargon filled with numbers, percentages and terms that the rest of us simply don't understand. That's why we trust them as financial professionals in the first place.

Unless you want to listen to a lecture on the history of market ups and downs, make clear to your financial professional that you're interested in whether the market drop changes your plan. If you don't want to discuss the broader market, interject with, "How do the current changes affect my plan?"

And for those of you who don't have a formal retirement plan — one that takes into account your retirement goals, things you want to do and most importantly, the money you must have every month to pay the bills — this may be a good time to create one.

Will I still be able to generate enough income to maintain the lifestyle I want in retirement without outliving my money?

The crucial piece of information people want from a financial professional during times of economic upheaval is, "What changes do I need to make to my lifestyle?" Whether retired or not, our natural instinct is to think about a wide spectrum of possibilities ranging from the mild (maybe dine out a little less) to the extreme (sell that second car).

These may be hard discussions to have, but if you don't have them with your financial professional, you won't have the answers to some crucial questions.

Does my current plan provide enough protected income to meet my essential expenses?

Have you estimated your essential monthly expenses? The acronym MUG is a simple framework that represents the various essential expenses people often need to cover in retirement, including things like a mortgage, utilities, groceries and transportation. Calculate your monthly expenses and make sure that your financial game plan can cover them with sources of protected lifetime income.

There are only three sources of protected lifetime income available today: Social Security, pensions and annuities. Having a plan with enough protected income each month to help cover your MUG will undoubtedly make you feel more secure, even with some degree of market downturns. Ideally, you should make this calculation with your financial professional before a market downturn, but if you haven't, now is a great time to do so.

Should we be looking to adjust my goals for the future?

Questions about possible changes or additions to a retirement portfolio should focus on keeping you on track to reach your goals. If you haven't discussed your financial goals with your planner, now is the time.

If a truly diversified portfolio was solid before a market downturn, it should still be solid, in theory. Any adjustments you might make should be an effort to enhance your portfolio and actually improve your future financial position.

Make sure these discussions focus on the most suitable and appropriate path for you toward reaching your goals, and not necessarily on the quickest path or the path with the most potential short-term gain. All investments carry risk, and with the help of your financial professional, you can better weigh the potential risks and rewards of any investment opportunities.

Should I be thinking about reevaluating or adjusting my planned retirement date (or, for retirees, my post-career job status)?

This is obviously a hard discussion, but it's one you need to have. If you are still working, in light of the new market reality, explore your financial position if you proceed with your planned retirement date versus if you push it back. Ask your financial professional about the implications for Social Security, which is estimated to cover about 40% of your pre-retirement income at best. For example, many people don't realize that those who wait until 70 to file for Social Security receive close to double what those who file at 62 receive. Are there other options to bridge the years between 62 and 70 so that you maximize your Social Security payments? Consider your goals and the most suitable path toward reaching them.

Contact your financial professional or visit equitable.com.

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