

Herald-Journal

Noel Swain: The Pandemic and Your Retirement

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Imagine this scenario; it's January 1st, 2020, you wake up on New Year's morning. Even

though you rarely remember your dreams, the one you had overnight is vivid, revealing minute details that are still stuck in your mind.

You dreamed that a deadly virus settled over the world, killing millions of people. This country is especially hard hit. The economy is shut down. Jobs are lost, lots of them. The unemployment rate, which is currently the lowest in 50 years, soars to near what it was during the great depression of almost 100 years ago.

Travel come to a halt. Interstate highways are devoid of most traffic and downtown is eerily empty, looking much like a ghost town. Restrictions are put on where we can go and what we can do and who we can see. Churches are banned from having services. Movie theaters are shut down completely. Restaurants are closed to inside diners. Retail stores, if they're open at all, can only admit a few people at a time. Life has changed. At least in your dream it has.

You tell your spouse about it. She tells you it's just a dream. Shake it off. Move on. But you can't. You start thinking that maybe this isn't just a dream. Maybe it's a premonition! You think, "this dream is way too vivid, way too detailed, way too real to just ignore."

Then you think, I'm only two years away from retirement. I'm going to be depending on my 401-k and IRA to provide me and my spouse

with an income once I do retire. It's been doing great over the last few years, but what will happen to it if the nightmare I had last night comes true? So even though it's a holiday you call your investment advisor and leave a message to take all your assets out of the stock market. That makes you feel better.

Fast forward to today. You were right, the pandemic happened just as you dreamed it would. You are so glad that you preserved your retirement by moving it to the money market fund. I mean, you had it invested so aggressively, half in the S&P 500 and the other half in NASDAQ.

Then you discover that you never made that call. Your assets have been in the stock market, invested aggressively the whole time of the pandemic. You feel nauseous. Here it is mid-November. You just know that you've lost at least half your money, which will most certainly delay your retirement. You don't want to look at your statement, but you know you must, so as you begin to open the envelope you break out in a cold sweat. Your heart begins beating faster. You finally have the courage to look at the numbers, and... WOW! You've actually made money! How could this be?

This is how. The stock market does not look at the right now, it looks at the future. And even though right now is challenging, the stock market thinks the future looks bright. Investing takes courage, optimism and patience. If you have them you can do very well over the long term.