MARINER

Stress Testing Your Retirement Plan:

Are You Ready for the "What Ifs?"

Retirement planning is about more than just saving enough money—it's also about preparing for the unexpected. That's where stress testing your plan comes in. By asking, "What if?"—What if there's a market crash? What if inflation spikes? What if a major health event occurs?—you can learn how your plan is likely to hold up under pressure.

This proactive approach can help you identify weaknesses, make adjustments and gain peace of mind as you approach your golden years.

The Power of "What If?" Modeling

"What if?" modeling uses hypothetical scenarios to test your retirement plan's resilience. For example, you can see how a 20% market drop, a period of high inflation or an unexpected medical expense would affect your ability to meet your retirement goals. This process helps you spot possible shortfalls and gives you time to make changes before any potential problems arise.

Sequence-of-Returns Risk: Timing Matters

One of the biggest threats to retirement portfolios is sequence-of-returns risk: the possibility that poor investment returns early in retirement can take a bigger toll on your savings than you might expect. If you're withdrawing funds while the market is down, you may deplete your nest egg faster than anticipated.

Stress testing allows you to model different market return sequences, helping you understand how vulnerable your plan is and whether adjustments—like reducing anticipated withdrawals or increasing cash reserves—are needed.

Liquidity Planning: Preparing for the Unexpected

Emergencies don't wait for convenient times. Liquidity planning ensures you have enough easily accessible cash to handle unexpected expenses, such as home repairs or medical bills, without having to sell investments at a loss.

By stress testing your plan, you can see how your cash flow might hold up in tough situations—and whether it makes sense to build up your emergency fund or adjust your investment mix.

Downturn-Proofing Your Income Streams

Reliable income is the backbone of a secure retirement. Stress testing can show how market downturns or economic surprises might affect your income in retirement. Tools like Monte Carlo simulations help reveal whether your withdrawal strategy can hold up across a range of scenarios.

The results can either give you confidence that you're on solid ground or highlight areas where adjustments may be needed. If the results raise any red flags, your wealth advisor can help you manage those risks and adjust your course with confidence.

Psychological Readiness: Behavioral Finance in Action

Stress testing isn't just about numbers—it's about mindset. Market downturns can trigger anxiety and lead to poor decisions, such as panic selling. By running "what if?" scenarios, you can mentally prepare for volatility and develop a plan for how you'll respond.

Going through this process can help you sidestep potentially costly emotional decisions and stay committed to your long-term plan—making sure you're psychologically ready for retirement, as well as financially.

Make Stress Testing an Ongoing Habit

Your retirement plan isn't static, and neither is the world around you. Regular stress testing—especially after major life changes or market shifts—can help keep you on track toward your goals. Your Mariner wealth advisor has the knowledge and resources to review your plan, determine how it might hold up in different situations, and guide you through any needed changes.

By preparing for the unexpected, you can look forward to your retirement years knowing you're ready for whatever may come your way.

For more information visit: **mariner.com**