

Leonard Financial Solutions Highlights the Critical Role of 'Sequence of Returns' in Retirement Planning

MOORESTOWN, NJ, UNITED STATES, January 13, 2025 /EINPresswire.com/ -- Leonard Financial Solutions, a trusted leader in [retirement planning](#), is shedding light on a crucial concept for retirees: the impact of the Sequence of Returns on financial security during retirement. As retirees draw income from their investments, understanding this concept and having a sound strategy is essential to ensuring financial stability—especially in volatile markets.



The Sequence of Returns Explained

The Sequence of Returns refers to the order in which investment returns occur. While the average annual return of a portfolio may seem sufficient for long-term growth, the timing of gains and losses can significantly impact a retiree's assets when they are drawing income. A downturn in the market early in retirement can cause outsized damage to a portfolio, especially if withdrawals are made from assets that are simultaneously losing value.

The Risk of Compounding Losses

Drawing money from a portfolio during a market downturn compounds the impact of losses. For example:

- If the market drops 20% and you withdraw an additional 4% for living expenses, your portfolio has effectively decreased by 24%.
- Recovering from these compounded losses becomes increasingly difficult as there is less capital left to benefit from future market rebounds.

This underscores the importance of protecting certain assets from market fluctuations.

The Importance of a Protected Bucket

Leonard Financial Solutions emphasizes the need for a "protected bucket" of money—assets that are not exposed to market risk and do not lose value, even during downturns. A protected

bucket serves as a safety net, allowing retirees to:

1. Draw Income Without Worry: This bucket ensures a steady stream of income without the risk of eroding principal due to market losses.
2. Preserve Growth Assets: By relying on the protected bucket in a down market, retirees can leave their growth assets untouched, giving them time to recover and compound when markets rebound.
3. Avoid Exacerbating Losses: Withdrawing from a losing portfolio during a market decline only worsens the financial strain. The protected bucket eliminates this risk entirely.

A Smart Strategy for a Secure Retirement

Retirement planning is about more than just accumulating assets; it's about protecting and maximizing them. Leonard Financial Solutions works closely with clients to build customized strategies that include protected buckets, such as:

- Fixed indexed [annuities](#)
- Savings accounts or other low-risk vehicles
- Guaranteed income products

By incorporating these tools, retirees can confidently navigate market downturns without compromising their financial future.

Why Now Is the Time to Act

Market volatility has become a defining characteristic of the current financial landscape. Whether you're approaching retirement or already retired, the importance of having a protected bucket cannot be overstated. Leonard Financial Solutions urges retirees to take proactive steps to safeguard their assets and ensure a worry-free retirement.

About Leonard Financial Solutions

Leonard Financial Solutions specializes in helping clients achieve financial peace of mind through retirement planning, Medicare, life insurance, and income protection strategies. With a focus on client education and personalized solutions, Leonard Financial Solutions is committed to empowering individuals to retire with confidence and security. Visit our website here:

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