7 BEAR MARKET MISTAKES RETIREES MAKE

And how avoiding them can help protect retirement income



RETIREMENT INCOME STRATEGIES PRO

Why Bear Markets Matter More in Retirement

For retirees and near-retirees, bear markets aren't just uncomfortable — they can be permanently damaging if handled incorrectly.

Unlike working years, retirement introduces:

- ☑ Ongoing withdrawals
- ☑ Limited recovery time
- ☑ Emotional pressure
- ☑ Income dependency

The following mistakes are the most common — and the most costly — errors retirees make during market downturns.

Mistake #1: Treating Retirement Like the Accumulation Years

Many retirees assume the same strategies that worked while working will work in retirement.

The problem:

Accumulation focuses on growth.
Retirement focuses on income reliability and risk management.

During bear markets, retirees face:

- ☑ Withdrawals from declining accounts
- ☑ Reduced portfolio longevity
- ☑ Increased stress and emotional decisions

➤ *A retirement plan must shift from growth-first to income-first.*

Mistake #2: Selling Investments at the Wrong Time

Market declines often trigger fear-based decisions.

Common reactions:

- ☑ Selling to "stop the bleeding"
- ☑ Moving to cash after losses
- ☑ Locking in temporary declines permanently

The danger:

Selling during a downturn removes the ability to recover when markets rebound.

➤ *Losses are not real until they are realized.*

Mistake #3: Ignoring Sequence-of-Returns Risk

This is one of the ***least understood*** — yet ***most dangerous — retirement risks***.

Sequence risk occurs when:

- ☑ Market losses happen early in retirement
- ☑ Withdrawals continue during declines
- ☑ Portfolios never fully recover

Two retirees can earn the same average return — yet end with v***ery different outcomes*** based solely on timing.

➤ *Timing matters more than averages in retirement.*

Mistake #4: Relying Too Heavily on Market-Based Income

Many retirees depend on:

- ☑ Portfolio withdrawals
- ☑ Dividend income
- ☑ Market performance

During bear markets:

- ☑ Withdrawals magnify losses
- ☑ Income becomes unpredictable
- ☑ Stress increases

Without ***stable income sources***, retirees may be forced to sell assets at poor times.

➤ *Reliable income reduces the need for emotional decisions.*

Mistake #5: Making Permanent Decisions During Temporary Markets

Bear markets are temporary.

Retirement decisions are often permanent.

Examples include:

- ☑ Claiming Social Security early due to fear
- ☑ Changing allocation drastically
- ☑ Abandoning a long-term strategy

Once made, many of these decisions ***cannot be undone.***

➤ *Temporary markets should not drive permanent income decisions.*

Mistake #6: Underestimating Inflation During Down Markets

Inflation doesn't stop during bear markets

While account balances may decline:

- ☑ Living costs continue to rise
- ☑ Healthcare expenses increase
- ☑ Purchasing power erodes

Failing to plan for inflation can quietly undermine retirement income — even after markets recover.

➤ *Income that doesn't adjust loses value over time.*

Mistake #7: Focusing on Account Balance Instead of Income

Watching account values daily can:

- ☑ Increase anxiety
- ☑ Trigger poor decisions
- ☑ Distract from what truly matters

Retirees don't spend account balances — they spend ***income.***

A strong plan answers:

- ☑ How much income is coming in
- ☑ Where it comes from
- ☑ How reliable it is
- ☑ How long it lasts

➤ *Income clarity creates confidence.*



The Common Thread

Most bear market mistakes come down to one issue:

Lack of a clear, coordinated retirement income strategy.
Without one, markets control decisions instead of the plan.



A Better Question to Ask

Instead of:

✗ **"What did the market do today?"**

Ask:

✓ **"How is my retirement income protected in different market conditions?"**

Next Step

If you're retired or nearing retirement, bear markets are inevitable — but panic doesn't have to be.

Understanding:

- ☑ **Where income comes from**
- ☑ **How reliable it is**
- ☑ **How it behaves in downturns**

Can help bring clarity before the next market cycle arrives.

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