



How Could a Recession Impact My Retirement?

Q: Some economists are predicting a recession, and I'm in my early 60s. How could this impact my retirement?

The decision to retire is complex and personal, and even more so when the stock market is volatile and the economic climate is so uncertain. But all the planning you've done over the years, such as analyzing various scenarios with your financial advisor, will come to good use in these final years of your career.

Even if gloomy forecasts are making you feel anxious, one of the cardinal rules of investing is to stay invested. Remember: Market timing is a fool's errand. You'd need to have access to a magic crystal ball—not just once, but twice—to be able to know just when to get out of the stock market and when to get back in.

Instead of doing anything drastic, consider taking these financial steps to best position your retirement plan in case of a recession.

Take stock of your financial plan. Revisiting and updating your projected household expenses is paramount. That way, you'll have a thorough understanding of the income needs from your portfolio.

You should also work with your financial planner to test the resilience of your nest egg against market fluctuations by rerunning projections and layering on several different what-if scenarios.



Calculate your cash cushion. The amount you need is based on personal preference. Building your portfolio buckets may help you become comfortable with the amount of cash you should hold. We recommend keeping about a year's worth of expenses in cash as an emergency reserve. As you approach retirement, it can make sense to increase this amount, depending on your other sources of retirement income.

Recessions normally don't last longer than a year. Having a cushion will insulate you from being forced to sell equities in a falling market.

Use tax-loss harvesting. With taxable accounts, it's always prudent tax planning to be proactive about realizing any capital losses. They can be used to reduce your tax bill by offsetting previously realized gains. Anything you can do to give yourself an edge will help in the long run.

As always, you should speak with your financial and tax advisors about your personal financial situation before you make any decisions. If you don't have a thorough financial plan that addresses your retirement under various market and economic conditions, now is a good time to consider one.

Legal Notice

This material is intended to be informational only and does not constitute legal, accounting, or tax advice. Please consult the appropriate legal, accounting, or tax advisor if you require such advice. The opinions expressed in this report are subject to change without notice. This material has been prepared or is distributed solely for informational purposes. It may not apply to all investors or all situations and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. The information and statistics in this report are from sources believed to be reliable but are not guaranteed by CAPTRUST Financial Advisors to be accurate or complete. All publication rights reserved. None of the material in this publication may be reproduced in any form without the express written permission of CAPTRUST: 919.870.6822.

© 2026 CAPTRUST Financial Advisors