

# Let's Talk...

## Let's Talk ... About Managing Market Volatility in Retirement

As a retiree, you've worked hard to reach this stage of life, and now it's time to enjoy the rewards. However, market volatility can be a major concern, often causing anxiety for those relying on investments for income. But don't worry—learning to manage volatility can help you maintain financial security during retirement.

### Understanding Market Volatility

Market volatility refers to rapid and significant price movements in the stock market. While it can create growth opportunities, it can also lead to losses, especially for retirees and those nearing retirement. The key is to recognize that volatility is a natural part of investing. Instead of fearing it, you can learn to manage it effectively.

### 1. Diversification: Your Best Defense

Spread your investments across various asset classes—such as stocks, bonds, real estate, and cash—to reduce the impact of a downturn in any single investment. Like the saying goes, “Don’t put all your eggs in one basket.”

If the stock market experiences a decline, bonds or real estate may hold their value or even appreciate, helping to cushion the blow. A well-diversified portfolio can provide a more stable return over time, allowing you to weather market fluctuations without jeopardizing your retirement income.

### 2. Create a Cash Reserve

Aim to have enough cash to cover at least six months’ worth of living expenses. This way, if the market takes a dip, you can rely on your cash reserve for daily needs, giving your investments time to recover. Reducing reliance on large withdrawals during a downturn can help preserve your savings over the long term.

### 3. Focus on Long-Term Goals and Financial Planning

It’s easy to get caught up in the day-to-day fluctuations of the market, but it’s essential to keep your long-term goals in mind. Retirement is a journey that spans many years, and while short-term volatility can be unsettling, history shows that markets tend to recover over time. Instead of reacting impulsively, assess your overall strategy. Ask yourself if you are still on track to meet your retirement goals. If so, it may be best to stay the course rather than making hasty decisions based on temporary market conditions.

Part of this planning includes creating a budget for your retirement years, which can help you manage your expenses and investments more effectively. [This Fidelity article](#) can help you get started.

#### **4. Consider a Retirement Portfolio**

If managing investments feels overwhelming, consider investing in one of the Plan's Retirement Portfolios. These funds automatically adjust your asset allocation based on your expected retirement date, gradually shifting to a more conservative mix as you progress into retirement. Retirement Portfolios offer a hands-off approach while still providing diversification and professional management, simplifying your investment strategy so you can focus on enjoying your retirement. To learn more about the Retirement Portfolios, see "[Let's Talk About... What Type of Investor You Are.](#)"

### **Learn More from Fidelity**

This Fidelity article provides additional insights for new retirees on navigating market volatility.

Remember, retirement is a journey. With the right strategies, you can have peace of mind knowing you're prepared for market fluctuations. So, take a deep breath, stay the course, and focus on your well-deserved retirement.

#### **Sources:**

[Fidelity: A Game Plan for Market Corrections](#)

[Charles Schwab: Market Volatility in Retirement: Are You Prepared?](#)

Last updated date: 9/5/2025