

Let's Talk...

Let's Talk ... About Managing Risk in Retirement Planning

All investing involves risk — and one of the most important aspects of retirement planning is understanding and managing that risk. As you navigate through different life stages, the relevance and impact of risks can change. Let's explore how to manage key risks proactively as you move towards retirement.

Managing Market Volatility

"Market volatility" refers to the ups and downs in the stock market. For younger investors, these fluctuations can be a good thing — when the market dips, it's often a chance to buy stocks at a lower price, setting the stage for potential growth when the market rebounds. However, a sudden market downturn right before you retire can negatively impact your savings and future plans. For example, if you're just five years away from retirement and the market takes a nosedive, you might not have enough time to recover those losses.

That's why it's essential to adjust your investment strategy as you age. The **Retirement Portfolios** do this for you by automatically moving to less risky investments as the target retirement date approaches. If you are invested in the **Single Focus Strategies**, you will need to take this action directly. It is important to maintain diversification across multiple asset classes by shifting the balance based on your time horizon and risk tolerance.

The **Stable Value Strategy (SVS)** is like a safety net for your retirement savings. It aims to keep your money safe while providing steady, reliable returns with minimal ups and downs. The SVS focuses on protecting your principal, which means the amount you invest is safeguarded. While it's possible to see a small loss, the strategy is designed to minimize that risk.

For more on managing volatility, see "[Let's Talk ... About Managing Market Volatility in Retirement](#)."

Get Help Preparing to Retire

Learn about building an income plan, claiming Social Security, and paying for health care costs in retirement through Fidelity's live-learning playlist.

Planning for Inflation

If your retirement savings don't grow at least as fast as inflation, you may find that your money doesn't stretch as far as you hoped.

To combat inflation risk, consider the **Inflation Sensitive Strategy** through the Halliburton Plan as a proactive way to protect a portion of your money from losing value due to inflation. By diversifying across various inflation-sensitive assets and actively managing the portfolio, it improves the likelihood that your purchasing power will remain strong, even in uncertain economic times. The strategy includes a mix of different types of investments that respond well to various inflation scenarios. This diversity helps spread risk and can provide more stable returns, no matter what the economy is doing.

Handling Longevity Risk

With advancements in healthcare and living standards, people are living longer than ever, making it crucial to ensure your retirement funds can last. To tackle longevity risk, create a comprehensive retirement plan that considers your life expectancy and potential healthcare costs. When thinking about your time horizon, it is important to consider when you want to retire but also remember that retiring earlier means you will need to rely on your savings for a longer period of time. In most cases, your assets will need to continue growing during retirement. The Retirement Portfolios gradually shift investments from equities to fixed income for 10 years post-retirement to help mitigate longevity risk.

Life circumstances and market conditions change, so adjust your investment strategy as needed to align with your risk tolerance and retirement timeline. To learn more about risk tolerance, watch this [Fidelity video](#).

Check in on your investments at least once a quarter to make sure they still match your risk tolerance and goals. To make things easier, the Halliburton Plan offers **automatic rebalancing** to help you maintain your target investment mix if your portfolio gets unbalanced and certain investments are outperforming others.

The Halliburton Plan Can Protect You Against Risk

The Retirement Portfolios offer a wide range of investments in professionally managed funds based on your expected retirement date, taking the guesswork out of investing. As the target date gets closer, the Retirement Portfolio will shift to include fewer equities and focus more on fixed income, inflation-sensitive, and stable value investments to reduce risk of loss.

Consult a Financial Advisor

A financial advisor can help you navigate the complexities of retirement planning, offering strategies to manage risks based on your unique situation.

Whether you're just starting your career or nearing retirement, taking proactive steps today can make a significant difference in your financial future.

Sources:

[Fidelity: 5 Ways to Help Protect Retirement Income](#)

[U.S. Bank: How Sequence of Returns Risk Can Impact When to Retire](#)

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