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Were Your Clients Protected in The Stock Market Crash of 2020?

By Brad Pistole | July 27, 2020 at 02:23 AM

Some markets make everyone look great. Others highlight warts.



(Credit: Shutterstock)

When it comes to your client's retirement plan and trying to "time the markets," good luck, because no one knows when the market will go up, and no one knows when the market will go down.

Jim Cramer does not know, and Dave Ramsey does not know. Suze Orman does not know. Your client's broker does not know. No one knows.

Do you know what the stock market crashes of 2001, 2008, and 2020 have in common? No one saw them coming; the economy was excellent; unemployment was low, morale was strong. And then, virtually overnight, the stock market crashed. And when it did, it left millions of people financially and emotionally devastated.

In just 23 trading days starting on Feb. 20, 2020, the stock market dropped a combined total of 10,997 points. This included the worst week on Wall Street since the 2008 financial disaster, when the market dropped 4,011 in just five days.

The volatility during this month of trading was unlike anything that has ever existed. The market experienced violent swings, with one-day losses as high as 2,997 points, and one-day gains as high as 2,113 points. The Dow Jones Industrial Average dropped from a 52-week high of 29,568 in early 2020 to 18,591 in late March.

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Clients in their 30s or 40s were probably not too concerned about this.

But, for clients in their 50s, 60s, or 70s, stock market crashes like this can indeed be life-altering. Most people fail to realize just how bad losses can hurt a retirement plan. Did you know a 30% loss in an account requires a 47% gain to get back to even?

Here's what I tell clients about the effects of market volatility: "It does not have to be this way."

Here's what else I say:

There are retirement accounts that will protect your clients' principal and earnings from stock market volatility, and they have existed for decades. I own five of these accounts, and I have hundreds of clients who own them.

Here is the best part: when the 2008 and 2020 market crashes took place, not one single client of mine lost one single penny from their fixed indexed annuity accounts, and they have guaranteed lifetime income they can never outlive. They never have to worry about losing money because of what is happening in the markets. They keep 100% of their hard-earned money in their pocket, and they sleep well at night. It pays to be protected.

Warren Buffet has been credited with one of my favorite sayings of all time: "Only when the tide goes out, do you discover who's been swimming naked." In the spring of 2020, the stock market crashed; people were invested in accounts that exposed the reality of their situation. They were caught with their retirement pants down.

When the markets are riding the waves of all-time highs, everyone looks like a genius. When the markets take 30% plus drops as they did in 2020, you quickly see who was not protected!

Protect your clients and their families with accounts that keep 100% of their principal safe, no matter what happens in the markets.

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