

ANSWERING YOUR ECONOMIC QUESTIONS

HOW IS A RECESSION DIFFERENT THAN A DEPRESSION?

The National Bureau of Economic Research describes a recession as a significant decline in economic activity spread across the economy that lasts for more than a few months and affects gross domestic product (GDP), income, employment, production, and retail sales. A depression is a more severe and prolonged version of a recession.

WHAT IS HAPPENING WITH THE STOCK MARKET?

As COVID-19 infection rates began to increase in China - and then globally - the market experienced sudden volatility. In general, the market is a representation of the underlying turmoil in the economy. The stock market will likely start to recover before the economy does, but we do not know if or when that will be. For more information, watch our [Market Volatility](#) webinar.

WHAT SHOULD I DO WITH MY RETIREMENT PLAN?

Depending on your circumstances, our best advice is to stay calm. Market volatility can certainly be stressful, but time is in your favor when it comes to your retirement plan. You likely have years to recover from this volatility and potentially reap the rewards when the market rises again; even participants in their 50s and 60s need to remember that investments continue in retirement. Down markets can be also a great opportunity to increase your retirement plan contributions, particularly if you are not currently saving enough to receive your company's matching contribution.

HOW DOES THE GOVERNMENT STIMULUS WORK?

On March 27, 2020, President Trump signed the CARES Act into law to help stabilize and boost the American economy. Part of the CARES Act includes a direct payment to Americans in the form of a stimulus check. In general, single adults who make up to \$75,000 annually will get a one-time check of \$1,200. Married couples who make up to \$150,000 will receive \$2,400. The government will also distribute \$500 for each qualifying child. Payments decrease as incomes go up; to project your payment, click [here](#) for an online calculator. For more information, click [here](#) to read the IRS FAQs.

STRATEGIES FOR COPING DURING A CRISIS

Control the negativity. It may help you to step away from the news, headlines, and people who are filling your life with negativity. Take a break, increase your physical activity and water intake, and stick to a routine when possible.

Rethink your budget and spending. Your spending habits may have changed quite a bit in the past few weeks. Work through your budget to see if you can reallocate assigned dollars to a savings goal, pay off debt, or help someone or small business in need.

Evaluate your investments. When looking at your portfolio, focus on the investments you have. Having an appropriate asset allocation is important no matter what the market is doing. Asset allocation is the process of balancing risk and return by investing across different asset classes like bonds, stocks, and cash.

Be generous with what you have. Remember that every person is experiencing this global pandemic, period of isolation, and financial uncertainty in a different way. Extend as much kindness and empathy as possible - especially to yourself.

NEED MORE HELP?

Call the Shepherd Financial team at **844.975.4015**.

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