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00:04 Rebecca: Financial wellness is just like anything else. It takes a little discipline and some good advice. At Golden 1 Credit Union, we're here to help. As a not-for-profit member-owned credit union, our main goal is to help you reach your goals. Providing financial advice and education is another way of doing just that. Whether you're trying to make a major purchase, or just have some peace of mind, Golden 1 is your financial partner. And together, we can be golden.

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00:48 Martin: Hello, and welcome to this very special edition of The Golden 1 Financial Wellness podcast. My name is Martin, and today I am here talking with Brett Harner. Brett is a registered representative with LPL Financial and the Investment Services Production Manager with Golden 1 Investment Services. Thanks so much for being here, Brett.

01:08 Brett Harner: Thanks for having me, Martin.

01:10 Martin: So tell me a little bit about what you do, tell me about your department.

01:15 Brett Harner: Well, thank you for asking. We work with our individual investors to help them work towards their financial goals. And part of that is taking a long-term approach with them to determine what those goals are, what their needs and their priorities are as well. Part of that process can be multifaceted. Oftentimes, it's members coming to us wanting to talk to us about retirement planning, which of course, is a much different process depending on where they are in their life stage. For instance, if a member is closer to retirement, of course, at that point, they're starting to think about retirement income, but if they're actually got a longer window to get to retirement, usually, what we're talking to them is about getting a path to help them get there. In my role specifically, what I do is I actually work with the members of my team. I have 15 advisors and six advisor associates. And all of us work hand-in-hand with members to help them identify and pursue their unique investment goals.

02:20 Martin: That's great. I think it's really great that we have a team like yours available, especially in times like this. Of course, things are very uncertain. But you know, this most recent market downturn, it feels different than the ones in the past. Can you give us a little historical context on past downturns and why this one feels different?

02:48 Brett Harner: Well, unlike previous downturns where structural challenges generally lead to degradation of economic activity over a period of time, we entered this recession with a thriving consumer, near record low unemployment, and strong corporate balance sheets. But then we seemingly drove straight off a cliff. As you've likely heard, US markets contracted into the fastest

bear market in history during the crisis. It only took 16 trading days for the S&P 500 Index to fall 20% from its high on February 19th. The disruption of global economic activity by COVID-19 has been the catalyst. Stay-at-home orders, social distancing, this is a recession on purpose, with purpose, to defeat the COVID-19 public health threat. Aside from everything I just mentioned, there's one other aspect that makes this downturn feel different. Investors have been subjected to bear market volatility while also being concerned about the health and safety of those they care about, and themselves. There's a basic primal fear that this combination has elicited in some, fight or flight. It's one thing to see your net worth decrease, it's another to wonder if you will even live long enough for it to matter.

04:13 Martin: That's so true. I definitely felt that downturn after, what was it, February 19th? I personally felt that. I eventually just stopped checking my account because it wasn't pretty. But yeah, it feels like it happened so fast, and I'm hoping that it bounces back just as quickly once we figure everything out with this virus. So I heard you mention a phrase in there that I wanted to get a little bit of clarity on. Can you tell me what exactly is a bear market and what is a recession?

04:55 Brett Harner: Well, a bear market is a market decline of over 20%. When you think about what that really means, it just means any type of speed that it may take from our peak to that dip of full 20%, that by definition is a bear market. A recession is typically recognized as two consecutive quarters of declining GDP or Gross Domestic Product. Now domestically, the National Bureau of Economic Research, NBER, officially declares recessions. The NBER definition of a recession is a significant decline in economic activity spread across the economy lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale/retail sales.

05:47 Martin: Okay, so based on that description, we would have to have a declining GDP for what, two consecutive quarters? And obviously, this is all pretty new, so it's a little early to call it a recession?

06:00 Brett Harner: Well, you would think. The reality is is because the NBER is defining it different than that two quarter mentality, what they're actually looking at is a few months, and since we're hitting all of those metrics, that's why many people are already declaring this a recession, knowing that in Q2, which we're now in, we will definitely be in a recession.

06:00 Martin: I got it, yeah. What would be the opposite of a bear market and a recession?

06:33 Brett Harner: The opposite of a bear market in terms of terminology, is a bull market. Generally, a bull market begins when stocks rise 20% from their low, and end when the stocks draw back down 20%. However, many suggest a bull market cannot happen with any bear market. And if you think about it, that's very important, because of the context of the last few weeks. Now, an expansion is our normal state of our economy. This is defined as the period between trough, so the bottom of a recession and the peak of a market cycle. So that would be, by definition, the opposite of a recession.

07:14 Martin: An expansion.

07:16 Brett Harner: Correct.

07:17 Martin: Okay, great, so what happens from here? I know you can't tell the future, but you know more about the past of these situations. Where do we go from here?

07:31 Martin: Well, markets will continue to be heavily influenced by headlines, good or bad, in the near term. I am hopeful a return to normalized economic activity will come in the summer, but that is at the mercy of the virus and its timeline. Of course, the work being done to create a vaccine or antibody is a development we must continue to watch, but in the absence of either, we will ask: Will the virus surge again? How bad are corporate earnings? When will we return to normalized activity? Is normal business as usual, or are social distancing practices that have been implemented here to stay for some pre-determined period of time? And if so, how long? What are the effects on the consumer emerging from the other side of this? Will their spending habits change? What do the prospects look like for those that have lost their jobs? Unfortunate... We must let the developments come to us before we can have full clarity. We should take comfort in the actions the federal government has taken to alleviate pressure on the economy during this unprecedented time. The Federal Reserve, the Department of Treasury, and Congress have shown an appetite to support those negatively affected by the crisis. This amounts to trillions of dollars of support and stands to increase as additional measures are implemented. The actions already taken and those to come will accelerate our recovery to the other side.

08:58 Brett Harner: Despite all of the short-term unknowns, I believe strongly in the long-term growth prospects of the US economy. One thing I've learned, never underestimate the US economy, specifically the resilience of the US consumer. Looking forward in five, 10, 30 years, this looks like a traditional positive buying opportunity, when we've had to pull-back like this. But once again, that will be determined in the future.

09:28 Martin: So Brett, let's say that I'm in my early 30s, I have a job where I get benefits so I'm building up a 401k, I've got IRAs, but I'm not looking to retire for a while. I've got maybe 40 years of working left before I retire. What should I do as a long-term investor in this environment?

09:50 Brett Harner: Well, I think it does go back to what we talked about earlier in terms of discipline. So, stay disciplined. If you already have a strategy you've been employing, great. If you haven't, well, now is the time to think about it. But obviously, if nothing's changed your goals, which of course, in this instance, we're talking about a retirement goal. If nothing's changed with your risk tolerance, of course, your time horizon, and/or your short-term liquidity needs, we really wanna try to look through the headlines to the other side of this. Please don't construe this as buy and forget when we think about investing, as one's asset allocation, diversification and concentration should always be monitored. But for an example, investors that entered the year with a 50-50 equity to bond allocation certainly did not end the month of March with that mix. The market volatility creates opportune times to revisit allocations and rebalance accordingly. It also provides an opportune time to invest, whether it be adding funds or getting started. So for your specific scenario, when you've got that type of long-term window and that long-term goal, you really do have a great opportunity now to really start to maybe save a little bit more, or just take a look at what you're doing and just stay committed, and view this as a long, long process to get you where you wanna go.

11:11 Martin: Great, that's great information. You mentioned adding funds or moving things around, do you think that investors should make changes to their investments with everything going on?

11:23 Brett Harner: Well, that is dependent on each individual investor's unique situation. For those with long-term outlooks and with the risk tolerance for market exposure, this is an environment where owning quality investments, limiting over concentration, and being broadly diversified across asset classes is prudent. But generally speaking, if you are already following those disciplines, this is not a good time to go in and make sells and actually panic. This is really a better time to take a step back, take a deep breath, and look at this for what it is as a long-term goal.

12:00 Martin: So let's talk a little more specifically about the investment services at Golden 1 and what the advisors there can do to help.

12:10 Brett Harner: Well, one of the things that we really try to do is once again, be there as a resource for the members of Golden 1. Golden 1 members are entitled to the services available through Golden 1 Investment Services. The advisors of Golden 1 Investment Services can help you to develop a strategy that meets your goals, needs and priorities. Whether that includes solutions with term length or no term length, guarantees or no guarantees, risk or no risk, we have a wide array of solutions available to pursue one's unique investment goals. Our advisors are committed to delivering sound advice, exceptional service and memorable experiences to those they serve, but they're also committed to developing meaningful relationships. So sometimes, it's great to get a second opinion for those individuals that maybe don't have an advisor or actually currently working with an advisor. And for that, there's no obligation to speak with an advisor with Golden 1 Investment Services.

13:09 Martin: So if I'm a Golden 1 member and I want to meet with an advisor, I walk into a branch and make an appointment. Is that going to cost me anything?

13:15 Brett Harner: It will not cost anything, it is completely no obligation. And just because of the times that we're in, I also want to stress that you don't necessarily need to walk into the branch to see a rep as well, right? So there's a couple of other options. You can simply call us toll-free at 1-833-839-0023. What we'll do is you'll be able to reach a member of my back office team, we'll have an introductory conversation with you and get you scheduled with an advisor in a means that's convenient for you, whether that ends up being a phone conversation to start, whether that ends up being a video conference because of what's going on, or maybe it ends up being one of those face-to-face meetings that have to take place in a branch. That really does start the process. Something else a member could do is simply reach out to us via email at investmentservicesmail@golden1.com. From there, once again, we'll reach out to you, learn a little bit more about your situation, and help get you set up in the right direction as well.

14:22 Brett Harner: So I think it really just goes down to the types of flexibility that we afford members to let them know that we've got multiple ways that we can work with them and engage with them, especially in the times that we're dealing with today.

14:34 Martin: That is great information to know, Brett. Thank you so much for sitting down and chatting with me today. I'm sure that everyone who listen to this will learn something new. I know that I did, and we really appreciate you giving up your time during these crazy times that we're in, and dishing out some information that Golden 1 Credit Union members can really benefit from.

15:00 Brett Harner: Well, thank you very much, Martin, I really do appreciate it.

15:02 Martin: Okay, well, thank you everyone for tuning in. Please stay tuned to our podcast station, and by stay tuned, of course, I mean subscribe to us either on Apple Podcasts, on Google Podcasts, or on Spotify. Keep an eye on our social media for announcements of new podcasts. And of course, our series of webcasts that we have running the entire month of May. Thanks so much for joining us today. And again, Brett, thank you. We hope you are safe and healthy, and that everyone you know is safe and healthy, and we wish you the very best. Thank you.

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15:45 Rebecca: Prior to making an investment decision, please consult with your financial advisor about your individual situation. All investing involves risk including loss of principal. Asset allocation and diversification do not ensure profit or protect against a loss. Securities and advisory services are offered through LPL Financial, LPL, a registered investment advisor and broker-dealer member, FINRA/SIPC. Insurance products are offered through LPL or its licensed affiliates. Golden 1 Credit Union and Golden 1 Investment Services are not registered as broker-dealer or investment advisor. Registered representatives of LPL offer products and services using Golden 1 Investment Services, and may also be employees of Golden 1 Credit Union. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of Golden 1 Credit Union or Golden 1 Investment Services. Securities and insurance offered through LPL or its affiliates are not insured by NCUA or any other federal government agency, not an obligation of guaranteed by Golden 1. No credit union or affiliated entity guarantee, and investments may lose value.