

REDTEAMNEWS

INDEPENDENT NEWS FOR THE RIGHT MINDED AMERICAN



PROVEN WAYS TO
**PROTECT YOUR
RETIREMENT**

From the Next Big Financial Crisis

16 Proven Ways to Protect Your Retirement from the Next Big Financial Crisis

by

R E D T E A N E W S
INDEPENDENT NEWS FOR THE RIGHT MINDED AMERICAN

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Introduction

Are you concerned about what could happen to your retirement if another crash tears through the economy? Maybe you're skeptical that another crash will happen soon, but you'd rather be safe than sorry. Either way, you owe it to yourself to understand how you can protect the retirement savings you've worked all your life to build up. Because when it comes to the likelihood of another major financial crisis, the answer is it's imminent.

Decades of economic data prove another meltdown can't be too far on the horizon. In fact, basic analysis shows a clear boom and bust cycle in the U.S. economy, with a major crisis or "market correction" happening every 5-7 years.¹

Shockwaves from the last crisis in 2008 are still being felt today, but simple math tells us the next major crash is looming overhead. But is there any way to know when it will hit?

Dozens of the highest-ranking economic forecasters are warning it could be sooner rather than later. Take seasoned economic trend forecaster Gerald Celente, for example. Celente accurately forecasted the stock market crash of 1987, then he went on to predict the tech-industry bubble of 2000 and the major debt crisis of 2008.²

What is Celente saying now? This time he's trying to warn investors of what he thinks could be the worst crash yet, and he's marking the ETA for 2016.

The worst part? Retirement accounts like your IRA and 401(k) will get hit the hardest when this major crisis finally arrives.

Red Flags from Great Depression Re-Appearing in 2016?

The real causes for concern in today's economy are the shocking similarities between the economic events happening now and the ones that surrounded the

Great Depression. If you look closely, you'll see that we're plotting a course with frighteningly strong parallels to our nation's most dire economic crisis.

When the market crashed in 2008, and set what's now being called the "Great Recession" into motion, economists warned that the worst might be yet to come. Little did they know, history was repeating itself...

You see, when the market crashed in 1929 and triggered the Great Depression, another crisis started brewing beneath the surface, but it wasn't until 1937 that it reared its ugly head.

The reason is simple. After the initial crash, the government started pouring huge amounts of stimulus into the economy, which artificially propped it up and inspired false hope in the economy. By the time 1937 rolled around, the government couldn't keep its farce up any longer, and everything came crumbling down again. By 1939 the stock market had dropped 42%.

Does any of that sound familiar?

Our most recent major crash occurred in 2008, and once again the government responded with enormous amounts of stimulus and spending. To make matters worse, the Federal Reserve started pushing down interest rates to near 0%, and they've pretty much kept them there, with only one symbolic micro-hike in December of just a quarter of a percentage point. The problem? Near-zero interest was a "shot in the arm" that pushed the economy back up on its feet, but now it's starting to wobble again.

Just as the government's facade came crashing down 8 years after the crash of 1929, economists are desperately warning investors that the government's efforts will slingshot us back into another crash yet again as we approach the 8-year anniversary of the 2008 crash.

Thankfully, you don't have to wait and wonder if such a crash will decimate your retirement account. There are proven steps you can take to minimize the impact

of the next financial crisis on your retirement funds, and you can start working to safeguard your retirement today.

Read these 14 techniques carefully and use them to protect the retirement you've worked hard to build. When the next crisis hits, you'll be relieved you did.

1. Build a Buffer Fund

When we get older, the importance of our retirement investments becomes increasingly crucial to our financial welfare. Once you make the decision to retire completely, your retirement investments represent your entire livelihood.

That means it's especially scary to think of something as uncontrollable as an abrupt market crisis taking away your ability to sustain yourself, and that fear grows even stronger when you see signs that the market could be headed for a severe downturn.

On top of that, one of the worst things you can do in the middle of a financial crisis is to continue to withdraw from your retirement account while it's losing value.

Here's why: if your retirement account loses value from a major financial crisis (like the housing crisis of 2008 and the resulting recession), it's important that you give your investments time to rebound. Continuing to withdraw from those investments before they've had the chance to recover is like burning money.

Given the right amount of time, the market will recover, and your investments will return to their pre-crisis value. However, if you're redeeming shares in your retirement account in the interim, you'll be redeeming them at a much lower price than if you waited for the market to rebound. In other words, you would be locking in losses that could have been avoided if you'd simply had time to wait on the market to recover.

But how do you avoid drawing down on your retirement account during a market downturn if you have to rely on your retirement investments to sustain yourself?

The answer is to have a strong retirement “buffer fund.”

The idea of the buffer fund is that you should have at least 6-12 months of living expenses saved in a totally liquid state, and stored in a financial vehicle that won't be affected by stock market woes.

Although the money in your buffer fund won't be earning much in the way of returns (maybe 1% in a high yield savings or money market account), it will prevent you from having to dip into your retirement account in the event it becomes drastically devalued.

For example, imagine you have \$800,000 invested in your 401(k), and your monthly expenses are \$6,000 per month. In anticipation of a possible financial crisis, you decide to set aside \$72,000 in a high yield savings account, money market account, or short-term CD. This leaves you with \$728,000 in your retirement account, which you plan to continue drawing from while it grows in value and the economy is good.

As you suspected, things get bumpy in the economy, and your 401(k) takes a painful blow, declining by 14% (the average amount lost by employees during the crash of 2008). This leaves you with exactly \$10,192 less in your retirement account.

Your planned response is to immediately stop drawing from your retirement account and start using your buffer fund while the dust settles. After 9 months, your retirement account has recovered by 12%, and you're nearly in the black again.

Assuming your account rebounds by the time you run out of buffer money, you will have lost virtually nothing in this hypothetical crash. The only "cost" of such a strategy would be the potential gains of the money in your buffer fund, had it been invested in your retirement account and the market went up. However, it's hard to think of those sacrificed potential gains as a downside when they save you from major losses.

On the flip side, if you had continued to draw down on your retirement while it was still rebounding, you would inevitably have been making redemptions while the account was at its lowest points, which means you would be giving up the chance to recoup your investments in order to fulfill your pressing need for cash - not a good position to be in.

Without a cash cushion, you're at the mercy of the market when a crisis occurs. But with that buffer fund, you're shielded from major economic events, and you have time to wait out the recovery. All in all, having money set aside helps you weather the storm, and it puts **you** in control of your investments, and your financial security.

2. Learn About FDIC Insured Accounts

If you're planning to build a buffer fund by keeping a portion of your retirement in cash, it would be nice to know that cash is 100% protected from the potentially devastating winds of a coming economic storm, wouldn't it?

Well, you may think there can never be a sure thing when it comes to the economy, but there actually *is* a way to guarantee your cash reserves stay safe, no matter what lies ahead. How is that? The answer lies in FDIC insured investments.

After the Great Depression, Americans' faith in the banking system was beginning to wane, and the government wanted to restore confidence in America's banks in order to get the economy back on track.

That's why the Federal Deposit Insurance Corporation (FDIC) was founded in 1933. The FDIC protects deposits in certain types of accounts up to \$250,000. That means that if something catastrophic were to happen in the economy that caused your bank to fail, you're guaranteed by the FDIC to be totally protected from any loss under \$250,000.

Although the types of investments covered by the FDIC tend to give relatively low returns, the peace of mind that you get is well worth the sacrifice in potential gains. Most high-yield savings, CD, and money market accounts are FDIC insured. If you're not sure whether or not an account holds FDIC insurance, simply ask a representative at your bank.

You can find out more about FDIC insurance and how it works by visiting fdic.gov.

3. Allocate a Portion of Your Retirement in a Money Market Account

Ok, so you've learned about the importance of having a buffer fund, and you know that an FDIC insured account is the best place to build it. But what kind of account should that be exactly?

In your search for a safe place to park a portion of your retirement money as cash, money market accounts are bound to pop up in the list of options. Money market accounts are advantageous for several key reasons, and they can be especially good for retirement investors looking for a safe haven to keep cash.

First of all, it's crucial that you understand the difference between a money market **account** and a money market **fund**. You'll often see both kinds of accounts offered side-by-side, and although these two types of investments are very similar in terms of their underlying securities, they have one extremely important difference: FDIC insurance.

Money market accounts are opened at a normal bank, and they are normal *deposit accounts* like savings or checking accounts. As such, they qualify for the standard FDIC insurance that covers on all deposit accounts, which guarantees your deposits up to \$250,000.

Money market funds, on the other hand, are not opened through a bank, but through a brokerage company instead. They operate like any other mutual fund, and they **are not** FDIC insured. Although money market funds are typically very low risk, some investors prefer to have the extra peace of mind that a money market *account* can provide them.

If you find this confusing, think of it this way: Money market funds have to invest in some kind of securities to give returns to their investors, just the same way a mutual fund would. However, they don't invest in regular stocks and bonds; instead, they invest in things like treasury bills, low-risk government bonds,

repurchasing agreements, certificates of deposit, and other low volatility instruments.

Money market funds are required by the federal government to invest only in high credit quality, short-maturity assets, which helps them maintain a fairly stable \$1 share price. Furthermore, their investments tend to be low-risk, and they're impacted very little by market movement. But they are not FDIC insured, so if something catastrophic happens, your safety cash is *gone*.

By contrast, while money market *accounts* use more or less the same investment vehicles, they are administered through chartered financial institutions (like your bank). As a result, they're obligated to adhere to a different set of federal rules, which, in turn, qualifies them for FDIC deposit insurance.

Though money market funds and money market accounts may look the same in many ways, and may even provide similar rates of return, the crucial difference to look out for is FDIC coverage. For retirement investors looking for maximum safety and security, a money market **account** that gives you the peace of mind of FDIC insurance is likely the most logical choice.

4. Look into a Self-Directed IRA

If you want ultimate control over your retirement investments, you may want to research a type of account called a self-directed IRA. The asset allocation of regular IRAs is usually managed by a professional financial services company, and you're often left with little power over how your money is invested. For a concerned investor interested in maximizing their returns and protecting their retirement as much as possible, the configuration of a standard IRA isn't always ideal.

Furthermore, there are many types of investments that you simply can't access without a self-directed IRA. Investments like precious metals, ETFs, and REITs are only accessible through self-directed IRAs, and the opportunities they offer are exciting enough that many investors are making the switch. They also offer the same tax benefits as a standard IRA.

Self-directed IRAs must be administered through a qualified custodian, so you'll need to do some research to find the right one for you. Additionally, you may still want the input of a professional financial advisor when deciding how to manage your self-directed IRA, so if you already have one you may want to ask his or her advice. But keep in mind that if your advisor is employed by or affiliated with a financial services firm he or she makes money when you buy what that firm sells. An affiliated advisor may also lack expertise in asset types you want to explore, like real estate or precious metals. So do your research and make sure you find an advisor who's on board with your preferences and choices.

5. Know When to Take Your Gains off the Table

It's easy to slip into a mindset of mania during a bull market. Stocks are climbing, the economy is booming, and it's hard to imagine hard times could ever come again. Nonetheless, history shows that every boom has its bust, and it's imperative to your long-term financial security that you keep this in mind.

If you've experienced relative success in the market and your retirement account has grown considerably, take time to ask yourself whether or not you should take the gains on your riskier investments and restructure your account into safer securities. Naturally, you'll be fighting the urge to stay in the game to see just how high the market can go, but you need to be aware that declines can strike fast and do your best to think rationally.

Just as you should avoid dumping an investment prematurely due to poor performance, you should likewise avoid holding onto an investment too long simply because it's done well in the past.

Getting greedy can cost you in the long-run, and there's no worse feeling than the remorse of an investor who knows they should've cashed out sooner.

6. Consider Real Estate

Real estate has long been considered a smart choice for retirement investors. Unlike other sectors, real estate tends to reliably gain in value over time, and at least maintain its value in rougher economic climates. The simple principle of supply and demand exemplifies real estate's soundness as an investment. Demand for real estate will continue to grow, and available property is a finite commodity. Plus, there are several ways you can get exposure to the real estate market.

If you want to take a more hands-on approach to real estate investing, you can consider acquiring a commercial or residential rental property. Once you get your property leased, it will become a reliable source of monthly retirement income. Keep in mind though; commercial properties can be impacted more severely by market downturns. Investments in residential rental property aren't as apt to be affected by swings in the economy.

Diversifying your portfolio through real estate without getting your hands dirty with your own property is easy too. Real Estate Investment Trusts (REITs) provide investors with a simple way to invest in real estate without the hassles of being a landlord.

REITs are somewhat like mutual funds, but instead of managing stocks and securities they manage real estate investments. REITs can provide significant dividends, and they're considered a very good income investment.

Essentially, REITs do the dirty work of real estate investing, which allows investors to take advantage of the benefits of owning real estate without having to manage properties themselves. However that also means REITs tend to have higher expense ratios than other funds, because they're fully responsible for the management and maintenance of the properties they hold.

You can allocate a portion of your retirement into an REIT through a self-directed IRA. As we mentioned previously, the difference between a regular IRA and a self-directed IRA is relatively simple: A standard IRA is managed by a professional financial institution; a self-directed IRA is managed and allocated directly by its owner (you).

7. Investigate Precious Metals

Until the middle of the 20th Century, U.S. currency was backed by gold or silver. That meant that every dollar in your pocket corresponded to an equal amount of gold or silver held by the government. This policy was known as the “gold standard.”

The gold standard was beneficial for a variety of reasons, but most importantly it meant there was always a tangible asset behind the paper currency in our wallets and bank accounts. It meant the value of our currency was founded in a physical commodity that could never be manipulated.

It also meant that the government couldn't print more money without also acquiring more gold, which controlled government spending and debt. Sadly, that's why the United States abandoned the gold standard and moved to what's called a “fiat currency.”

Fiat currency is a currency that has no inherent value. Whatever worth it has is essentially decreed by the government. Instead of gold, the only thing backing up the value of fiat currency is the people's trust in the government. Other than that, it's no more valuable than the paper it's printed on.

So why does that make gold such a prudent retirement investment?

Gold is a smart investment because it holds physical value in a way paper fiat money never can. And when the economy starts to falter and investors lose faith in the government's ability to control value of its currency, they start buying up gold like gangbusters. Interestingly, so do governments. As markets have become increasingly volatile central banks in China, Russia, Iraq and more have been on a gold-buying spree.

This is because in the event of a financial crisis, gold has historically always skyrocketed in value.

For example, while some investors lost up to 25% of their retirement funds in the crisis of 2008, gold shot up to **\$1,011 per ounce**. The same correlation can be seen in every other major U.S. market crash - stocks plummet and gold shoots up. It's already happened during in the few economic warning bumps we've hit in 2016.

Gold is also an optimal asset to safeguard your retirement against inflation. Paper money can be printed in immense quantities by the government whenever the Federal Reserve sees fit, which causes inflation and decreases the spending power of your dollars. Think about that. When the only things controlling the value of paper dollars are supply, demand, and the amount of dollars being printed by the government, then the value of your money is entirely reliant on Federal Reserve policy decisions.

Gold, on the other hand, cannot be manufactured, and its value is concrete. Essentially, it's the exact opposite of paper money. It can't be manipulated, and as your dollar's value is whittled away by inflation, gold's value remains inherent and absolute – immune to the effects of the government's fiat money policies.

All things considered, physical ownership of gold is one of the best ways to protect your retirement dollars from the uncertainty of the economy.

Like real estate, exposure to the gold market can be achieved through a self-directed IRA, however you must take care to purchase only gold which qualifies for investment in such an IRA. You can also buy investment-grade gold from a reputable dealer and have it stored professionally or in a home safe.

8. Use Fixed Annuities for Predictable Returns

When the world's smartest, richest, and most educated people all agree on an investment, people tend to stop and listen, and that's exactly the case with annuities.

Annuities are a unique retirement tool that has been used by people like Andrew Carnegie, Albert Einstein, and even ex-chairman of the Federal Reserve Ben Bernanke. But surprisingly, many retirement investors still don't know much about the benefits annuities can provide.

Despite the fact that many investors aren't aware of annuities, the way they work is actually very simple. In exchange for your payment to an insurance or investment company, you will receive scheduled payments over time for the duration of the annuity.

Some annuity arrangements require one large lump sum payment up front, and you can start receiving payments almost immediately. Others may call for several smaller payments split up over a specified timeframe, and they start distributing payments back to investors once the payment schedule is complete.

Basically, with an annuity you're buying the security of predictable returns on your money, and ensuring that you'll continue to have a certain amount of income throughout your entire retirement. This is especially good for retirement investors who fear they might run out of money during retirement, as well as those who prefer to know exactly what they can expect during their senior years.

There are several different types of annuities, and you should research and understand each before you make any decisions. All annuities will provide consistent returns throughout their entire duration, but not all annuities provide guaranteed returns. The only annuities with guaranteed returns are called **fixed annuities**. There are still attractive options outside the fixed annuity category, but

investors who desire a guaranteed return on their investment will want to seriously consider this type of offering.

Additionally, annuity investments can be bequeathed through a legal will and testament just like any other asset, so you'll want to designate a beneficiary or beneficiaries.

You can seek guidance from your financial advisor to learn more, but be sure you understand all the terms of your annuity before signing up.

9. Start Hedging When Times Are Good

They say the best offense is a good defense, and that couldn't be more true when it comes to protecting your retirement. The time to hedge your investments against market risk is **before** trouble starts brewing, not after. That might seem like an obvious statement, but many retirement investors don't start planning for the worst until it's already happened!

The idea of hedging investments can seem confusing, because what you're trying to do is strategically invest in things that will rise in value when the rest of your investments fall. That means the assets you use as hedges will react inversely to the rest of the market; when everything else is gaining they may perform poorly. But that's part of the strategy.

That might seem counterintuitive, but it's actually a very clever financial game plan. By investing in assets that will rise in value while your other assets fall, you're effectively balancing your portfolio and eliminating risk. The resulting benefit is that you're much less susceptible to significant losses during a major crisis.

Furthermore, if you're forced to withdraw from your retirement account when the economy is suffering, you can draw from these hedged investments which are performing better in the market downturn – instead of your primary assets.

So what kind of tools can you use to hedge your risk? Derivatives, hedge funds, and inverse ETFs are three good options. The underlying economics behind these financial instruments and vehicles can be rather complicated, but each can be explained by a trained professional.

What you need to remember is that you're giving up some of your upside potential in exchange for greater safety and security. And most importantly, you're making it a point to do all of this *before* a potentially costly market movement. The beauty of this tactic, besides securing your nest egg *before* it's

threatened, is that many hedge assets are lower-priced when the market overall is doing well. That means you get more hedge for your dollar.

10. Avoid Reactive Investing

As much as it may hurt to see your retirement account shrink during an economic crisis, it's important to maintain your strategy without letting the whims of the market dictate your next move. No matter how hard it can be to watch your portfolio suffer during a crisis, the most important thing to remember is that emotionally motivated investing decisions will cost you more in the long-run.

That means you must avoid pulling out of investments simply because of market decline. It's human nature to minimize damage, but you will hurt yourself far more by participating in fear-driven selling than by staying the course when times are tough.

Unfortunately, the majority of everyday investors make the mistake of buying when they see an upward trend and selling when they see a downward trend.

The problem with this methodology is that average investors lack the skill and financial expertise to effectively "time the market." Even professionals find it exceedingly difficult to consistently time the market, so it's no big surprise that average investors would struggle with it too.

What should you do instead?

The answer is quite simple. You should make sound investments that are in accordance with your age, financial background, and tolerance for risk, and then you should **hold** those investments long-term.

Even after the biggest financial crises in history, the market always recovers. Furthermore, it always grows to surpass the size it held before each crash. That means the trick isn't to figure out when to buy and sell. Instead, the trick is to have the mental clarity and power to hold your investments even when they're suffering.

11. Prioritize Portfolio Structure over Individual Asset Selection

When you're setting up your retirement account, it can be quite nerve-wracking to decide which financial vehicles and instruments you want to invest your money in. You could drive yourself crazy trying to pick the right ones, and by the time you're done, it starts to feel like you're picking lottery numbers instead of investments. After all, who can really know how one fund or stock will perform over another? In the end, only time will tell.

Don't let it get you down though. The notion of picking the "right" funds and stocks shouldn't concern you. What you should concentrate on instead is the structure of your portfolio overall. Diversity in your portfolio structure trumps individual asset selection in importance.

Here's why: The more diversity there is in your portfolio, the less you have to worry about the performance of any single asset. That takes the pressure off during the asset selection process, and it puts your mind at ease after you've finalized your choices.

If you've diversified the structure of your portfolio correctly, you can rest easy knowing that your success will never lie on the shoulders of one or two funds or securities. In short, proper portfolio structure gives you stability and peace of mind.

12. Give Up on “Beating the Market”

Every investor wants to make profitable decisions, but there’s a cost to inflated expectations. You’ll hear a lot of talk from famous investor personalities and finance bigwigs about “beating the market,” but that’s not what you should count on for your retirement investments. You should be trying to match the natural growth of the market, not beat it.

As you’ve read already, even professionals have trouble beating the market. Ultimately, the best you can hope for is to match the market’s natural rate of growth, and that’s actually not as bad as it sounds.

For example, the S&P 500 has experienced a growth rate of over 7.5%, adjusted for inflation³, over the past 30 years. The S&P 500 gives us a relatively good representation of the market’s growth rate at large, which means you would be getting a solid 7.5% return on your investment if you simply managed to track the market’s natural rate of growth.

Do you think 7.5% is anything to sneeze at?⁴

Attempting to beat the market by undertaking riskier strategies just doesn’t make sense for retirement investors. You’re in this for the long haul, and you’ll be much better served by a strategy that rides the natural momentum of the market rather than one that tries to surpass it.

Retirement investors who fly too close to the sun by trying to beat the market could wind up sorely disappointed with their results. You can still achieve very good returns without trying to beat the market, so this is one situation where it pays to play it safe.

13. Learn the Crucial Skill of Rebalancing

Branching off the importance of portfolio structure, you should also be a master of rebalancing. Rebalancing is the act of changing the asset allocation in your retirement account at regular intervals to reflect your changing age, income, risk tolerance, and overall status in life. Everybody's investment needs are different, and even the same person's needs will change as time goes by.

For example, say you've decided that the appropriate allocation for your portfolio is 10% cash, 30% stocks, 50% bonds, and 10% annuities. If the market experiences an upswing while you're holding a portfolio with this configuration, you'll end up with an overall allocation that's weighted heavier in stocks and lighter in bonds.

To rebalance your portfolio after such a swing, you'd need to redeem some of your share of stock and re-distribute those gains to your other assets. This ensures an appropriate balance of assets at all times, which, in turn, helps you stay on track toward your ultimate goal.

If you're using a self-directed IRA, the rebalancing process can be carried out on your own. On the other hand, if your retirement is managed by a finance professional, you'll need to consult with them to ensure your retirement is rebalanced regularly to account for market movement.

14. Move Away From Stocks as Target Retirement Age Gets Closer

More risk equals greater potential for return. Just like any other type of investing, you have to expose yourself to higher levels of risk in order to achieve greater returns on your investment. Likewise, more risk in your portfolio requires a longer time horizon, meaning you need to allow plenty of time for those high-risk investments to mature.

There's nothing wrong with higher-risk investments, and they have their place in almost anyone's portfolio, so long as you don't need to access the money you put into them within a short time-frame. Volatility in the market may cause higher risk investments to fluctuate greatly, but, in the long-term, the assumption is that they will yield very worthwhile returns.

That's the reason why younger individuals tend to have portfolios weighted more heavily with stocks. They have the luxury of being able to wait many years till retirement, which allows them to tolerate higher risk in their portfolios. They may lose some money on such investments, but they have years ahead of them for their portfolios to recover.

However, since older people are relying on their investments to ensure a high quality of life throughout retirement, having too high a proportion of their investments in high risk items would not be safe. But how can you pursue the gains associated with higher risk investments without putting your security in jeopardy?

The answer isn't to avoid high-risk investments altogether. There's a time and place for risk, and if you know how to appropriately factor it into your portfolio, it can pay off big time. By the same token, if you *don't* understand how to handle risk, you could end up losing your shirt – and your closet.

As a general rule, you should start phasing out your riskier investments, such as individual stocks and index funds, in favor of lower-risk items like bonds and tangible assets the closer you get to your target retirement age. This strategy helps ensure your portfolio is less volatile as you near retirement.

You've worked hard to prepare yourself for a comfortable retirement. Don't gamble it away right before you're about to need it most.

15. Understand Brokerage Order Types

Do you hold, or plan to hold, any stocks, index funds, or other exchange traded securities in your retirement account? If so, you should be aware of the different ways to buy and sell these securities. Unlike what you may have been told, you have other options besides simply executing a simple buy order or sell order. You can actually take greater control over how securities are bought and sold in your account, and that extra control can do a lot to increase the profitability of your investments.

For example, imagine the following scenario: You hold 100 shares of an exchange traded fund (ETF) that aims to track the S&P 500. The ETF is currently trading at \$169 per share, and you would like to liquidate your position. However, you know that the \$169 share price is undervalued, and you believe it will reach \$175 over the next 4-6 weeks. Obviously you don't have the time to watch the share price every day till it hits a price at which you're willing to sell, so what can you do?

Well, you can use a special brokerage order called a **limit order**. The limit order allows you to set a concrete price at which you'd like to sell your shares, and it will only execute once that price is reached. Therefore, you can submit the limit order while the price is still at \$169 and the brokerage will execute your trade automatically when the price hits \$175.

It also works the other way around. Perhaps you're interested in buying 100 shares of a fund that's currently trading at \$35 per share, but you only want to buy if the price dips to \$29. You can use a limit order to specify a strike price below what a security is currently trading at, and the brokerage will wait to execute your buy until your price requirement is satisfied.

Limit orders are just the beginning. Different types of **stop orders** can allow you to minimize losses, lock in gains and manage volatility risk.

You should avoid what brokerages call a **market order** when buying or selling securities, especially when dealing in securities with fast-moving price changes. A market order is very simple, because it's simply filled at the best available market price when the order is executed. However, there's one big problem. You might be watching a stock and decide to buy when you see the price fall into a favorable window. But if you use a market order, that price could drop abruptly in the time it takes for the order to execute.

You can learn more about brokerage order types by visiting sec.gov.

16. Use Crisis to Your Advantage

Finally, it's important to remember an economic downturn doesn't necessarily mean only bad news for retirement investors. As you've read already, the market has a long-term upward bias. So if your timeline is long enough, your investments **will** be profitable.

Furthermore, even after the worst economic catastrophes in history, the market eventually grew to surpass its pre-crisis levels. What does that mean for you?

It means retirement investors who can afford to ride out dips will ultimately experience profitable returns, and it means that clever investors who buy after a major market crash will be effectively buying investments at a fire sale price.

For example, investors who took action after the debt crisis of 2008 saw huge gains as the market recovered from 2010 onward. Likewise, if another crisis is around the corner, smart investors won't think of it as a market crash; they'll think of it as a markdown instead.

Granted this technique is more favorable to investors who are willing and/or able to wait for these "discount" investments to bounce back with the rest of the market. But part of the ability to wait it out comes from conscientiously saving to create the buffer fund we talked about in step one.

So ultimately, if you take these tips and use them to help you build your retirement strategy you'll put yourself in a position where, rain or shine, you'll always be prepared to grow your gains and enjoy a peaceful, enjoyable and dignified retirement.

16 Proven Ways to Protect Your Retirement from the Next Big Financial Crisis

¹*"Average Length of the Boom and Bust Cycle In America." Investopedia.*

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³*Hallberg, Robert. "How Will Gold and Silver Perform in a Recession?" Seeking Alpha, 04/17/2012*

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