

Weathering the Storm: Navigating Market Volatility in Retirement

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Grab your umbrella. We're not going to let market volatility rain on your retirement. Explore data-driven investment strategies built to last through any storm.

By Mike Freemire

“Things are not always what they seem, Horatio.” — Hamlet (Act 1, Scene 5)

A permeable tension in the global marketplace is creating seismic contractions for investors, specifically in the macroeconomic environment. Rapidly shifting GDP, consumer behavior, rising public debt in desperate need of refinancing and interest rate volatility are collectively causing many retirees and near-retirees to reevaluate their financial fortitude. What level of reasonable expectations may best serve seasoned investors? More importantly, what may be a more durable investment approach to weather the certainty of uncertainty native to the market?

Today is a far cry from the ‘Easy Money’ Era. From 2008 to the early 2020s, investors largely lived in a period where fiscal growth was, in a word, easy:

- Interest rates fluctuated at near-zero levels as fallout from the housing bubble tempted countless Americans to re-enter the realm of home ownership.
- The Federal Reserve infused trillions in liquidity, namely bailouts, for the sole purpose of ‘greasing’ economic growth in a post-Great Recession marketplace.
- Risk assets soared with little to no resistance. Single-stock investments like FAANG roared to the forefront of investment conversations and shareholder reports.

Simply being in the market was often license enough to generate substantial returns. However, that era is quickly fading into the distance. Today’s economic landscape is far more complex and unforgiving as inflation resurges with a vengeance. The Fed has

signaled a telltale shift from stimulus to tightening as over \$9 trillion in public debt must be refinanced at significantly higher rates.

The certainty of uncertainty is one of the rare guarantees in investing. Calling the recent market activity “volatile” would also equate a ride on Space Mountain to a “downhill drive.” What does this all portend for those of us giving a fresh side-eye to our retirement plans?

While making memories with grandchildren, savoring the fruits of financial discipline, and taking that dream vacation fill our imaginations, there is cause for caution in this current market. Financial fundamentals matter again, volatility isn’t a glitch — it’s a feature — and the margin for investment error is much smaller than in the past thirty years. But what does the data tell us about the market outlook?

Unpacking the Economic Landscape: What the Data Truly Tells Us About Near-Future Market Volatility

There are five distinct arenas we must review to gain a balanced, data-driven pulse on the market: GDP, personal savings rates, discretionary vs. durable goods spending, public debt refinancing and the Fed Funds Rate.

What does the most recent GDP data tell us about American economic growth? Is the U.S. economy in a decline, a slow crawl or on the rapid rebound? U.S. GDP growth slowed to 2.4% in Q4 2024, slightly decelerating heading into 2025 compared to 3.1% growth in Q3 2024. ([U.S. Bureau of Economic Analysis, March 2025](#)) It’s too early for sound economic data to show the real trajectory for 2025, but the U.S. GDP is growing, even if it is at a slower, more erratic pace than the past 15 years.

The personal savings rate among U.S. taxpayers hit an all-time high (32%) in April 2020 at the height of the COVID-19 pandemic. How does that compare to the generations-long average? From 1959 to 2024, the average personal savings rate was 8.41%. ([Trading Economics, April 2025](#)) That changed in 2025 as the personal savings rate plunged to 4.3%, one of the lowest rates in the past 20 years. More U.S. households are now relying on income, or actual debt, to maintain lifestyle expectations instead of saving for an even rainier day.

New orders for U.S.-manufactured durable goods increased by 0.9% (\$2.7 billion increase) in February 2025 alone. ([U.S. Census Bureau, April 2025](#)) This came on the heels of a 3.3% increase in January. However, inflation-adjusted spending shows that the American dollar

isn't stretching as far as in years past, and consumers are showing their hand in the area of discretionary spending. Receipts for restaurants, motels and hotels fell in February 2025 as 33.4% of U.S. households actively reduced discretionary spending. ([Nation's Restaurant News, March 2025](#))

Then, there's the elephant in the room: approximately \$9.2 trillion (that's trillion with a capital "T"), which represents just over one-fourth of the total U.S. debt, must be refinanced this fiscal year. ([Business Today, April 2025](#)) Existing Treasury securities are maturing, which means the debt repayment is due quite soon. What options do we have as a country? Refinancing the national debt will require new debt to replace the maturing debt, but at a much higher interest rate.

Enter the Federal Reserve and the Fed Funds Rate, as Chairman Jerome Powell understands the weighty implications of striking the right tenor. The long-term target average of 2% is ideal, but rate hikes significantly spiked from March 2022's rate of 0.08% to March 2023's rate of 4.83%. ([Macrotrends, April 2025](#)) The Fed last lowered rates on December 16th, 2024, to 4.33%, and there is cautious optimism that further rate cuts will occur in Q2 2025. Asset prices, housing, business capital, and much more will be affected the longer this economic instability is at play.

What might this all mean for your retirement outlook? What are sound investment principles that may be worth considering?

What Older Investors Must Remember and Practice for Navigating Economic Uncertainty and Investments

Many investors today have never experienced true market volatility or elevated interest rates. The average investor younger than 55 doesn't remember gas lines, food rationing, massive unemployment lines, 12+% inflation during the Nixon, Ford, Carter, and Reagan administrations and the dot-com bubble bursting in the late 90s and early 2000s.

Few millennials truly understood the financial implications of the Great Recession from 2007-2009, but you and I remember. We've been here before, and now, we must return to fundamentals. Prudent investing will never dominate headlines, but smart, data-driven and emotionally responsible financial principles still work in the case of diversified portfolios, tiered strategies and risk-adjusted returns.

If you aren't practicing DCA (dollar-cost averaging), deploying this principle when volatility hits is often a wise practice. A good investment adviser who understands behavioral finance can help you know which investment opportunities may be the right fit for you to follow DCA. By investing a set amount into the market on a monthly or even weekly basis

with good data, you can create intentional growth that straddles the waves of volatility.

A hub-and-spoke strategy may also be worth exploring. Consider a master position or fund that focuses on preserving the core of your portfolio with predictable income and low volatility. Treasuries and other bonds can help set a more fixed income paired with MMAs, dividend-paying stocks from blue chip companies and annuities.

This sets the hub of your investment strategy. Strategic, limited investments can stem from this central portfolio as spokes, such as growth equities, for example. By protecting your core (hub), you can right-size your risk by diversifying your investment types and protecting against inflation. A hub-and-spoke strategy can also help rebalance or harvest gains, especially in a down market.

An undeniable reality of market decline is that the myriad of quality stocks tend to go on sale relative to their long-term value. Knowing when and how to deploy cash effectively during dips is best guided by a seasoned investment adviser with data. Not all dips are buying opportunities, but having cash on hand (dry powder, as it were) can allow you to invest from a position of strength.

The days of effortless investing and seemingly print-on-demand returns are over, at least for the near future. However, that is not a terminal sentence on the stock market, but rather, an alarm for investors to return to sound fundamentals. The ones who will see impressive returns heading into retirement and through retirement are the ones who expect and prepare for uncertainty, not blindly wish against it.

The wise investor of today knows things are not always what they seem in the marketplace, good or bad, and prepares to play the long game. Is your current strategy designed to transcend or simply weather downturns and sustained stress in the market? Are you practicing the fundamentals you know will protect your hard-earned wealth? How is your adviser guiding you to navigate the certainty of uncertainty as an investor?

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