Key Private Bank

Refocusing for the future:

Reflecting on living through COVID-19

by the Key Wealth Institute Team

It's safe to say that most of us could not have predicted the extent to which our personal and financial lives would have changed over the past year of living through the pandemic. We began working from home, made mask-wearing an essential habit and avoided large gatherings – and yet, the light at the end of the tunnel is now in view.

As we approach something close to normalcy with more and more Americans getting vaccinated, it remains important to keep caution and optimism in balance. Being able to recognize the severity of the virus and the toll it has taken over the past year, while also remaining hopeful for the future, will be essential for navigating the pandemic recovery.

The following series of prompts will help you reflect on your own experiences during COVID-19 and lessons learned during this past year in order to help set goals for the post-pandemic world.

Priorities change

COVID-19 represented an emergency with a magnitude few had ever before witnessed, and over the past year, many Americans were forced to reevaluate some core tenets of their lives. For most, this meant putting health concerns above all else and becoming more amenable with anxieties posing less of an existential threat.

The pandemic forced us to think differently about planning for the future and, for some, this meant becoming more flexible with retirement planning to leave more room for relationships, sidelined passions, and self-improvement. A recent survey[1] from The National Institute on Retirement Security found that more than a quarter of workers said COVID-19 prompted them to retire earlier than they had planned, likely for these very reasons. For others, the pandemic increased urgency around creating an estate plan and will. We have sadly seen a number of celebrities like Aretha Franklin and former Zappos CEO Tony Hsieh pass without leaving behind a will, and their stories remind us of the importance of putting a plan in place and preparing for the unexpected.

▶ Journaling exercise:

How did your priorities change during the pandemic, and do you foresee any of these changes shaping how you approach your post-pandemic life?

Understanding risk

With the light at the end of the tunnel in view, it will be essential to keep personal and financial risk top-of-mind when deciding when to exercise caution and when to ease off the brakes. As lockdown restrictions roll back and vaccinations continue to become more readily available, we are all going to think about risk when it comes to breaking quarantine and deciding whether to eat at a restaurant or hug a grandchild or neighbor.

Approaching these impasses with an awareness of your current situation – by considering your level of risk and whether you, or those you will be socializing with, have been vaccinated – will be imperative to remaining safe and healthy. Maintaining caution when it comes to financial risk is also imperative. Prioritizing diversity in your investment portfolio can help manage market volatility and reduce exposure to underperforming sectors, even as the economy recovers. Likewise, trying to "time the market" is an impossible task and, instead, following a long-term investment strategy is recommended to minimize risk.

▶ Journaling exercise:

What steps can you take to mitigate personal and financial risk and protect yourself and your finances in the coming months?

Honoring what was lost

As we look toward the future, it's important that we continue to recognize the toll taken by the pandemic. Many people lost loved ones, others lost employment, and most of us, to some extent, have felt like something has been taken from our lives. In approaching normalcy, we should all keep in mind the hardships many confronted and take steps to honor the past.

Many have turned to legacy planning and charitable giving as a way to pass on financial assets and life lessons from the past year. There are a few flexible options when it comes to creating a fund to provide support. You can consider setting up a donor-advised fund, essentially a charitable investment account where you can contribute to the fund as often as desired and recommend specific grants to favorite charities when they are ready. Alternatively, you can manage your charitable giving through an IRA account — either through long-term planning, such as setting up a nonprofit beneficiary for a Trusteed IRA, or more immediately, through qualified charitable distributions (QCDs). Individuals 70 ½ years of age and older can take a non-taxable distribution of up to $100,000 from their IRA if that distribution is made directly to a charity, and there is no requirement that the entire amount must go to one charity or be made in one transfer.

▶ Journaling exercise:

What steps are you taking to honor the past and pass on lessons from the pandemic to future generations?

While it may be impossible to know where we will all be this time next year, having the foresight to reflect on the past year and where you want to go from here will help in charting new goals and creating a plan to meet them. Having goals to work toward in the year ahead is key to ensuring a successful recovery.

If you're looking to reevaluate your financial priorities or set new goals, take the opportunity to connect with your team at Key Private Bank to help chart a road map.

For more information, please visit key.com/kpb or contact your Key Private Bank Advisor.

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[1]https://www.nirsonline.org/wp-content/uploads/2021/02/FINAL-Retirement-Insecurity-2021-.pdf

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