

Investing and financial planning in a post-COVID world

By Fred Wainwright, Ledyard National Bank/Ledyard Financial Advisors



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A crucible moment is one which changes you forever. The coronavirus has made it clear how life is precious and fleeting. A few mornings ago I woke up my young daughter and told her that she could have the puppy she had been eagerly wanting and I had been resisting. She hugged me tightly and did not let go for what seemed like a very long time. Her hug will be with me for the rest of my life. I have since asked my wife and daughters to consider how we can emerge from this crisis having accomplished something truly meaningful for ourselves, our loved ones and our community.

What will be your legacy?

Restaurant and airline reservations have ticked up. Some optimists in the media and in government are making parallels to a post-2009 recovery. Global central banks and legislatures have tried to bridge gaps in the economy; however, we will continue to live in a world of probabilities. We cannot control a greedy or fearful stock market but we can take actions for ourselves. Consider a more holistic life plan. What quality moments do you envision with your loved ones? How would you like to be remembered by your friends, your favorite charities and the world?

A transformed plan

A meaningful legacy is based on a good plan. For example, where would you like to retire and what would you like to do in retirement? How much will that cost? Having visualized your dreams and goals consider a comprehensive wealth management plan. For each item below score yourself from 1 to 5, with 5 being a strong reflection of your personal values and the greater good of your family and society.

- Investments
- Insurance
- Retirement accounts
- Tax planning
- Banking
- Financial planning
- Business succession
- Power of attorney
- Family gifting

- Charitable gifting
- Asset titling
- Executor / trustee
- Distribution of wealth

Alignment with your values

It can be argued that COVID-19 and other diseases have emerged due to uncontrolled land development and the increasing contacts between humans and wildlife. Smog has cleared in many cities but as the global economy restarts the issues of climate change will return. Can your investments reflect your values? Socially responsible or ESG (Environmental, Social and Governance) investing has been gaining momentum. Ethics and innovation are winning.

Is your current allocation to stocks keeping you awake at night? If so, make a modest equity reduction in the account you consider a savings backup. Accounts dedicated to longer term goals or future generations can remain more aggressive. Stay diversified in equities for their dividends and to overcome inflation in retirement expenses.

Post-COVID strategies

Financial planning is evolving. Individuals and businesses should hold more cash. Personal and business financial projections need more sophistication, encompassing a broader range of potential outcomes. Discretionary expenses may need a haircut. Cool new car payments or hot monthly Roth IRA contributions? Healthcare is essential. Do you understand your Health Savings Account or Medicare insurance options? Is your healthcare proxy form up to date?

If you are a business owner consider how you will systematize resilience. Valuation improves with good succession, emergency and employee health plans. Get to know and pronounce EBITDA. We are Zoom experts — envision yourself as a valuation expert. Transfer closely held shares to family at lower values now? Assume you sell your business for that magic multiple. We have read about many acts of bravery, compassion and community recently. Are there charities new to you that deserve your largesse?

Building your team

You are not alone. The Chamber's membership list has an impressive roster of talent that you can leverage. Build your team of advisors among accountants, business appraisers, estate attorneys, insurance specialists and yoga masters (let us slow down the aging process). Your team will help you avoid cognitive and emotional biases and increase the probability of achieving your newly transformed legacy.

The puppy's name will be Vida, which in Spanish means life.

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