



FREE AAIi 
LIVESTREAM EVENT

AAIi Town Hall

Watch Live Online

Tuesday, April 7, 2020, 7:30 – 8:30 p.m. CDT



John Bajkowski, AAIi President & CEO
Charles Rotblut, CFA, VP, *AAIi Journal* Editor
Wayne A. Thorp, CFA, VP, AAIi Senior Financial Analyst
Derek Hageman, AAIi Financial Analyst

Recovery Time From Stock Market Drops (1945 - 2020)

Type of Decline	Number	Average Drop from Peak	Duration (Months)	Time to Recovery (Months)
Pullback (5.0-9.9%)	58	-7%	1	2
Correction (10.0%-19.9%)	23	-14%	4	5
Bear Market (>20%)	12	-33%	14	25
"Garden Variety" Bear (20%-40%)	9	-26%	11	14
"Mega-Meltdown" Bear (>40%)	3	-51%	23	58

Source: "Stock Market Retreats and Recoveries," Sam Stovall, October 2017 *AAII Journal*.

S&P 500 Bear Markets

Beginnng	End	Start Price	End Price	Duration (Months)	Bear Decline	Prior Bull Gain
09/07/29	06/01/32	31.92	4.40	32.8	(86.2%)	
03/06/37	04/29/42	18.68	7.47	61.8	(60.0%)	324.5%
05/29/46	06/14/49	19.25	13.55	36.5	(29.6%)	157.7%
08/02/56	10/22/57	49.64	38.98	14.7	(21.5%)	266.3%
12/12/61	06/27/62	72.64	52.32	6.5	(28.0%)	86.4%
02/09/66	10/07/66	94.06	73.20	7.9	(22.2%)	79.8%
11/29/68	05/26/70	108.37	69.29	17.8	(36.1%)	48.0%
01/11/73	10/03/74	120.24	62.28	20.7	(48.2%)	73.5%
11/28/80	08/12/82	140.52	102.42	20.4	(27.1%)	125.6%
08/25/87	12/04/87	336.77	223.92	3.3	(33.5%)	228.8%
07/16/90	10/11/90	368.95	295.46	2.9	(19.9%)	64.8%
03/24/00	10/09/02	1527.46	776.76	30.5	(49.1%)	417.0%
10/09/07	03/09/09	1565.15	676.53	17.0	(56.8%)	101.5%
02/19/20	03/12/20	3386.15	2480.64	0.7	(26.7%)	400.5%
Average (ex. 2020)				21.0	(39.9%)	182.7%
Post WWII Average (ex. 2020)				18.5	(33.8%)	149.9%

Source: S&P Dow Jones Indices

Panicking Is Very Costly

Portfolio Strategy	Rebalance at 5% Thresholds	No Rebalancing	Panic and Sell When S&P 500 Falls > 20%	60/40 Allocation	S&P 500 Only
Non-Withdrawal Portfolio Results (1988–2019)					
Ending Portfolio Value	\$1,664,124	\$1,849,451	\$1,116,223	\$1,652,196	\$2,553,747
Total Return	1,564.1%	1,749.5%	1,016.2%	1,552.2%	2,453.7%
Standard Deviation	12.1%	13.9%	12.2%	10.9%	17.5%
Annualized Return	9.2%	9.5%	7.8%	9.2%	10.7%
Largest Drawdown	(\$204,880)	(\$253,424)	(\$183,385)	(\$141,084)	(\$337,023)
Largest Annual Loss	(26.9%)	(32.8%)	(30.0%)	(20.2%)	(37.0%)
Ending Equity Allocation	76.0%	89.5%	82.7%	64.5%	100.0%
Ending Fixed-Income Allocation	24.0%	10.5%	17.3%	35.5%	0.0%
Withdrawal Portfolio Results (1988–2019)					
Ending Portfolio Value	\$548,277	\$808,988	\$329,115	\$697,303	\$1,253,868
Total Return	561.6%	709.0%	300.0%	597.3%	1,153.9%
Standard Deviation	11.8%	13.5%	11.9%	10.6%	17.0%
Annualized Return	6.1%	6.8%	4.4%	6.3%	8.5%
Largest Drawdown	(\$115,009)	(\$142,953)	(\$107,723)	(\$85,902)	(\$210,099)
Largest Annual Loss	(28.4%)	(34.2%)	(31.7%)	(22.0%)	(38.1%)
Total Withdrawals	\$261,953	\$261,953	\$261,953	\$256,363	\$264,436
Ending Equity Allocation	74.9%	91.2%	81.7%	58.9%	100.0%
Ending Fixed-Income Allocation	25.1%	8.8%	18.3%	35.5%	0.0%

Source: "Rebalancing Update: First Signal in Six Years to Adjust Allocations Issue *AII Journal*, March 2020

Tax Rebates

- \$1,200 per individual/\$2,400 for joint filers
- Plus \$500 for each qualifying child
- Phased out for AGI above \$150,000 for joint, \$112,500 for head of household and \$75,000 for single filers
- AGI limits are \$198,000, \$136,500 and \$99,000 respectively
- Based on 2019 AGI (or 2018 if 2019 tax return not yet filed)

Retirement Savings

- RMDs waived for this year
- Unclear if RMDs from inherited IRAs are waived
- Up to \$100,000 can be withdrawn penalty-free for coronavirus-related expenses
- Taxes on coronavirus-related withdrawals pro-rated over a three-year period
- 2019 IRA and HSA contributions can be made until July 15, 2020

Charitable Donations

- \$300 of qualified donations can be deducted even if standard deduction is taken
- Cap on deducting charitable donations is removed; was 60% of AGI

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Upcoming Webinars:

Sam Stovall

Managing Director of U.S. Equity Strategy at CFRA

Wednesday April 15, 2020

Derek Hageman

AAll Financial Analyst

Wednesday April 22, 2020

Jay Clayton

Chairman of the Securities and Exchange Commission

Monday April 27, 2020