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Welcome, my name is Andrew Baron and this is Well… It Depends! The podcast where I address different financial decisions that can't be answered with a simple yes or no.

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In this episode I ask the question; should I stop making retirement contributions in an uncertain market?

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But before we begin, a short disclaimer, this is being recorded on July 18th, 2023.

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The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment tax or legal advice is important to consult with a professional before making any financial decisions, as the strategies discussed may not be suitable for you specifically.

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Should I stop making retirement contributions in an uncertain market? Well… It Depends!

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Today's question might be particularly resonant if you've been watching the news headlines with a sense of trepidation.

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Maybe you're bracing for a sudden portfolio drop and wonder whether it's responsible to continue making contributions.

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There's a lot of noise out there and it's only natural to question your strategy. Let's navigate these choppy financial waters together.

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Let's start off by considering the potential advantages of continuing to make retirement contributions through an uncertain market.

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Remember, investing for retirement is about the long haul and market ups and downs are part of the journey.

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Additionally, retirement accounts are considered tax advantaged, meaning that growth inside of these accounts accumulates tax free.

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This means that the more contributions you make to these accounts, the more potential growth you have as well.

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However, there may be some reasons why you might consider pausing your contributions.

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If the market volatility has you significantly stressed, and you think it might derail your retirement plans, you might want to consider reevaluating your strategy.

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Moreover, if you are experiencing a current financial hardship, you might want to redirect these retirement contributions to your more immediate needs.

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Another important factor is risk tolerance. The closer you are to retirement, the less ability you have to recover from a market downturn.

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In such a case, you might consider reevaluating your asset allocation, or amending your contributions, instead of ceasing them entirely.

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It's also important to remember opportunity cost. If you stop making contributions to your retirement account, what else would you do with this money?

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Instead of simply spending more, you might consider alternative investments or a debt repayment plan to help you save money in the long term.

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To recap.

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Keep contributing. This choice lends itself to the long term nature of retirement investing. Despite the market's ups and downs, consistent contributions can yield consistent results.

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The next option is pausing your contributions. This option is best suited if you're currently experiencing financial hardship and your retirement contributions would be better allocated to your more immediate needs.

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Then we have an adjustment approach where you can adjust your contributions if the market volatility is making you feel uneasy.

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However, it's important to remember the risk tolerance of your overall allocation and the opportunity cost if you decide to divert your retirement funds.

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So, to answer the question, should I stop making retirement contributions in an uncertain market? Well… It Depends!