

Summer  
2020

# Insights

BUILDING  
AND PRESERVING  
YOUR WEALTH

 **REGIONS**  
PRIVATE WEALTH MANAGEMENT

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**SPECIAL ISSUE**

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# Resilience Amid Uncertainty

The events that we've faced in recent months have caused many of us to adapt to new ways of working, living and interacting with each other. We have been challenged to think differently and embrace new realities,



while also taking opportunities to create positive change for our families, clients and the communities we serve.

At Regions, our commitment to making life better for our clients and their families is more important than ever. That is why we created this special issue of *Insights*, filled with timely advice that will help you manage your finances during this time—as well as strategies that might be of interest as unexpected opportunities arise.

It's important to remember in times like these that the key principles of wealth planning remain true. "Keeping on Track in a Volatile Market" (page 5) and "Bear Markets and the Flight to Safety" (page 7) discuss the best ways to remain calm in periods of market volatility.

As our economy stalled in recent months, we witnessed the introduction of various financial relief and recovery efforts by organizations across all industries. "Should You Take Advantage of Debt Deferral?" (page 4) takes a look at the key facts about debt forgiveness and deferral programs. And if you, like most of us, have been spending more time connecting electronically these days, don't miss "Staying Cyber Safe in Complex Times" (page 3) for tips on how to keep you and your family safe online.

We hope you find this issue of *Insights* helpful, and we look forward to navigating the road ahead together.

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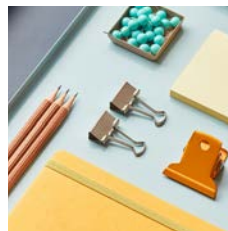
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Cybercriminals have always used major events and crises to trick their victims. Our natural thirst for information about the virus can tempt us to let down our guard. We may be searching for medical facts about coronavirus, seeking personal protective gear or looking for information on financial relief. Criminals have even gone so far as to create their own websites on these topics to attract attention, but when you enter your information on such a site, or click on a download, you're putting your financial accounts at risk.

The defense is simple, as Turrentine advises: "Think before you click."

#### OTHER TIPS

- Don't open an email from someone you are not expecting an email from or from an unrecognized address.
- Don't click on links or open attachments in such an email.
- Visit your financial institution's website by typing in the address. Don't click on any links that may seem legitimate or enter personal information on any third-party sites.
- When searching the web for information or products, make sure the site you are visiting is credible and legitimate.
- If it's too good to be true, it probably is. Sites offering free masks, or even medical cures for coronavirus, are scams. Credible medical information is available from the World Health Organization (WHO) and the Centers for Disease Control and Prevention (CDC). ▲

## Staying Cyber Safe in Complex Times

The coronavirus crisis has created new opportunities for cybercriminals. Here's how to keep your family—and your business—safe.

**C**ybercrime has been a growing risk for years, as criminals devise ever-more-elaborate ways to launch scams. But new attempts are taking advantage of fears about the coronavirus in order to steal information and assets. Since the coronavirus started making headlines, the FBI has reported a three-to-fourfold increase in complaints logged daily with its Internet Crime Complaint

Center (IC3), says Don Turrentine, Regions Bank Senior Vice President, Director of Cybersecurity Operations. "I do not believe the underlying attacks have changed. It is the lures used by cybercriminals that have largely changed to something related to the pandemic. This could be emails impersonating your company's IT department, or the IRS about stimulus checks, for instance," says Turrentine.

## Advice for Remote Workers

More of us are working from home, perhaps with computers that don't have the same security settings as those we used in the office. Your situation will depend on your employer's policies regarding the use of personal devices versus work-provided ones, use of virtual private networks and other forms of electronic security.

One common theme to watch for is calls from the "IT help desk" to update your computer. "Validate the caller. Ask a question that only an employee would know the answer to," says Don Turrentine, Regions Bank Senior Vice President, Director of Cybersecurity Operations. "Do not automatically validate a login. Many companies now use an authentication app

on mobile phones either as a replacement for or in addition to a password. If you didn't initiate a transaction to launch a request, don't click on Approve!"

Be sure your devices, including your children's, stay up to date with operating system patches and security suite updates. Also, most internet providers offer free licenses for commercial security packages. Check with yours and take advantage of this added protection.

Regions reminds its customers that they should be vigilant about fraud and security and that they are responsible for taking action to protect their computer systems. Fraud prevention requires a continuous review of actions, policies and practices, as the threat evolves daily. There is no guarantee that all fraudulent transactions will be prevented or that related financial losses will not occur. Visit [regions.com/STOPFRAUD](https://regions.com/STOPFRAUD) or speak with your Advisor for further information on how you can help prevent fraud.



# Should You Take Advantage of Debt Deferral?

In response to the current crisis, many borrowers can take a 90-day hiatus from making payments. Here's why you may, or may not, want to take advantage of these programs.

**F**rom student debt to mortgages, personal and business loans and even consumer debt, many lenders are offering a way to suspend payments in response to the pandemic. Regions is no exception, offering repayment deferrals to customers of its Private Wealth, Commercial and Consumer banks.

Given the widespread impact of the crisis, these programs have been very active, says Harry Waugh, Head of Banking at Regions Private Wealth Management. While most applications have come from small businesses, all types of borrowers have applied, says Mike York, Private Wealth Management Credit Executive at Regions.

“Like anyone else, there are times when a private wealth client needs cash,” says York.

While a deferral can make things easier in the short run, it's not without

drawbacks, notes Waugh. Typically, the loan payment is still due for term loans, and the term is extended by 90 days. Over the course of the deferral, the debt will continue to accrue interest. You also have to consider how the action might affect your future plans, York says.

York notes that private wealth clients often have large loans, while their incomes may come in sizable, infrequent lump sums. In that case, rather than deferral, you may need to consider a more targeted loan restructure, he says. Regardless of the reason, if you think you might want a deferral, it's important to reach out to your advisor as early as possible.

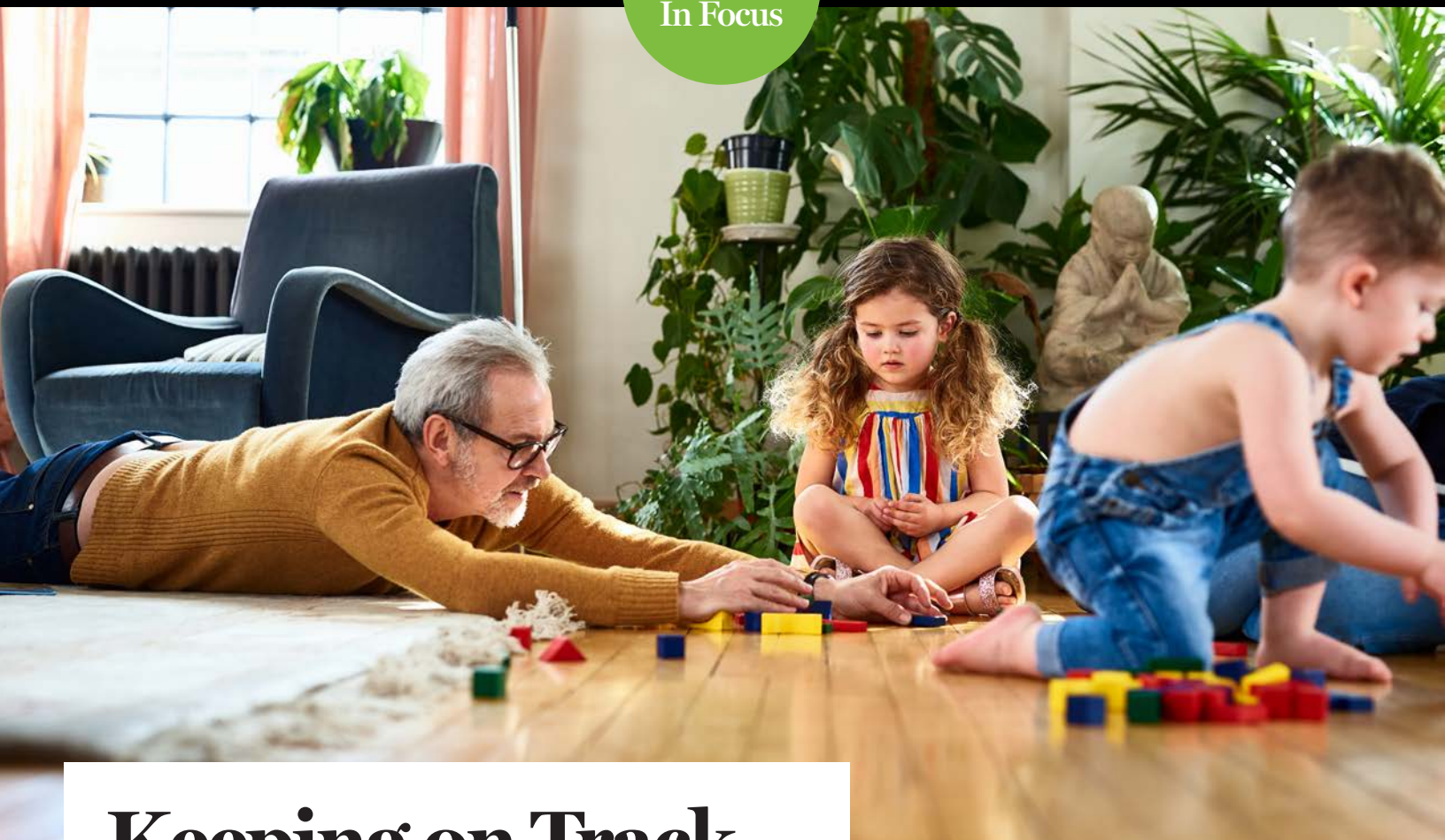
If you're seeking extra liquidity, but don't necessarily want to sell assets, your advisor might offer you other options. These could include securities-based lines of credit,<sup>1</sup> which are secured with your investment portfolio, as well

as unsecured lines of credit, home equity lines of credit and loans against the cash surrender value of life insurance.

If you're behind on your payments, it's a different conversation, says York, but with the same goal of looking at each individual's finances and situation holistically. Especially in this situation, says Waugh, banking isn't just about products and rates. “It's about open conversations between advisors and clients. If you're talking about it, then it's not the end of the world. There is no substitute for good financial planning and keeping this plan up to date.” ▲

<sup>1</sup>The securities-based line of credit is an extension of credit by Regions Bank and is subject to credit approval. Terms of program subject to change. Any interest or other finance charges payable to Regions under the line of credit are in addition to any fees payable to Regions Bank in connection with your account. Amounts owed on the line of credit may exceed investment returns on the account. This is not an offer or contract for any product or service, and it does not replace the legal terms and conditions of the product or service. Please refer to your agreement and related disclosures for the legal terms and conditions that will affect your product or service.

Regions Bank does not provide legal or tax advice. Consult your legal and tax advisors regarding the legal and tax implications of borrowing using securities as collateral for a loan. Borrowing using securities as collateral entails risk and may not be appropriate for your needs. For discussion of the risks associated with borrowing using securities as collateral, please review the Loan Disclosure Statement that will be included in your application package. Should the value of securities pledged as collateral decrease below a certain level (as specified within the loan document), the pledge of additional eligible assets and/or liquidation of assets may be required. Securities-based loans cannot be used for investment purposes.



# Keeping on Track in a Volatile Market

Don't panic when the market misbehaves. Instead, take stock of your financial plan, your goals and your stage in life.

**W**hile it's not uncommon for the stock market to zigzag up and down, it's rare to see extremes like we have in the first part of 2020. After reaching all-time highs in February, the coronavirus crisis drove both the Dow and the S&P 500 indexes into precipitous plunges of more than 35% by mid to late March—from bull to bear in a month.<sup>1</sup> But whether that wild ride kept you awake at night worrying about your portfolio or caused barely any concerns, periods like this provide a good opportunity for checking in on your strategy—and your goals—to make sure they're where you want them to be.

The first thing to do? Think. Don't panic or start tinkering with the portfolio asset allocation you set up before the

roller coaster ride. Instead, consider your strategy and goals. "It's important to recognize that while investing is rational, money is emotional," says Jennifer Suden, Vice President and Portfolio Manager with Regions Asset Management in Naples, Florida. "Your first line of defense is to make sure your portfolio already has the appropriate levels of stocks, bonds and cash in place for your unique circumstances and tolerance for risk." Use the recent volatility as a litmus test: If the change in the value of your portfolio weighs on your mind, perhaps your asset allocation is too aggressive.

Using historical data and forecasts, Regions Private Wealth Management can help you determine what the right asset allocation is for your phase of life, and customize it to your needs and wants.

Here are key ideas to consider based on on which stage you're at in your financial journey.

## JUST STARTING OUT: STAY THE COURSE

If you're in your 20s or early 30s, hang in there and stay invested, as you have ample time to wait out periods of volatility. In fact, you might consider investing more when stocks are down, Suden says. Subsequent five-year returns after bear markets range from 78% following the 1973 oil crisis all the way up to 272% after the Great Depression in the early 1930s,<sup>2</sup> and that's not including dividends.

That said, if you are a younger investor, you also want to have "rainy day" funds available on short notice, to cover



short-term needs. Your Regions Wealth Advisor can help you determine the appropriate amount.

### MIDLIFE: FOCUS ON PRIORITIES

If your investments have taken a big hit while you're juggling larger, more long-term expenses, such as your children's education, a mortgage and saving for retirement, you may need to play defense. And that means focusing on your most immediate needs first.

"There will always be competing goals and a finite level of resources with which to achieve these objectives," Suden explains. "In certain circumstances, you may simply have to pause (or decrease) saving for retirement in order to

maintain mortgage payments."

One important defense: keeping enough cash in savings to cover six months' worth of living expenses, so if your income is unexpectedly decreased, you won't have to sell investments to get by.

### APPROACHING RETIREMENT: ASSESS YOUR RISK

When nearing retirement, the transition from a strong focus on growth to a focus on both growth and income means you may have to start rethinking your allocations. You can't stop volatility, of course, but you may be able to limit the risk it poses to your portfolio by adopting a more conservative stance, Suden explains. Think about further diversifying the asset classes in your portfolio to include those whose movements tend to have a lower correlation to equities, such as bonds, cash and even alternative investments.

The timing of this asset-allocation shift, however, is crucial for someone nearing retirement, Suden says. It's better to refrain from drastic changes

until equity markets make a reasonable rebound. "You don't want to sell a substantial portion of your stocks until there has been some level of recovery—or you risk turning significant, temporary losses into permanent ones," she says. Consult with your Regions Wealth Advisor to help figure out appropriate moves for your situation.

### RETIREMENT: PLAY IT SAFE

If you're retired and dependent on your assets for income, a portfolio heavier in fixed-income investments may fare better during extreme volatility than one predominantly in stocks. But it's important that you still have some exposure to the latter to achieve the growth necessary to counter inflation, Suden says. She encourages investors nearing retirement to consider the following actions during periods of extreme volatility:

- **Reduce how much you harvest from your investments**, both taxable and tax-advantaged. The less you sell, the greater the likelihood of your portfolio recovering when the market improves. This may mean tightening your belt for a period of time but will likely benefit you in the longer term.

- **Ensure you're taking advantage of tax-saving opportunities.** This year in particular, you can forego any required minimum distribution from your retirement plan, which would have been taxed at ordinary-income levels. Additional examples include tax-loss harvesting and, in certain situations, converting part of a traditional IRA to a Roth IRA. ▲

<sup>1</sup>"Bear Market Returns as the S&P 500 Tests Risky Level Pre-FOMC," Forbes, May 2020.

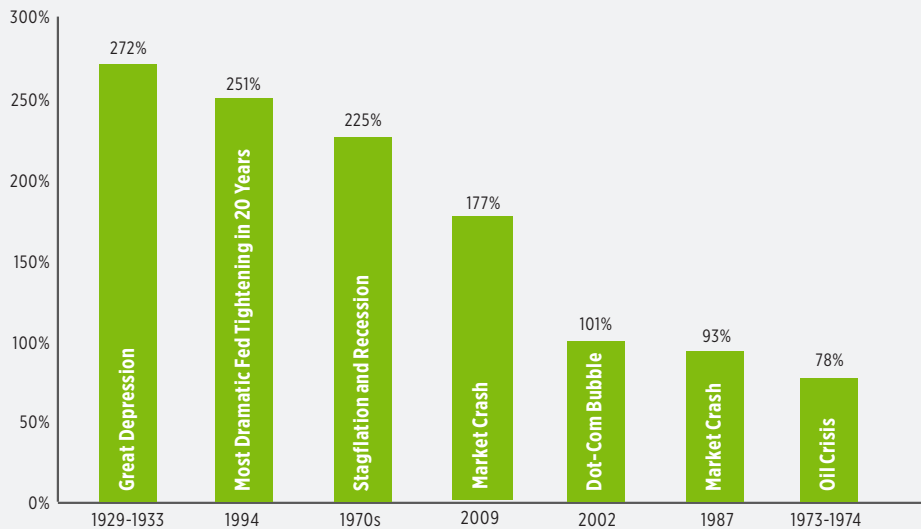
<sup>2</sup>Prepared by Regions Asset Management using data from Morningstar.

#### Talk to your Regions Wealth Advisor about:

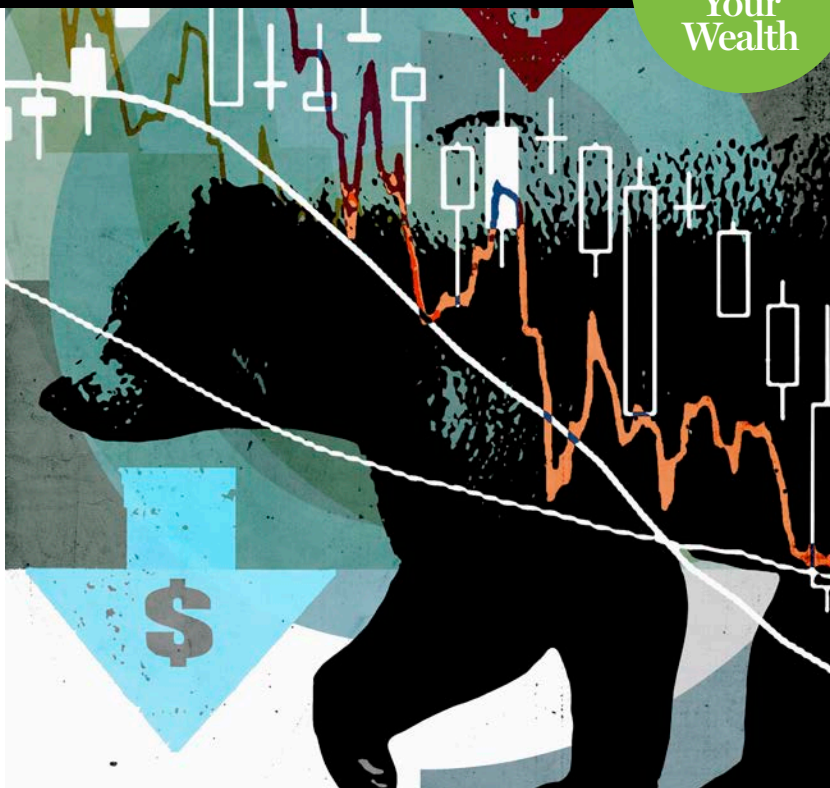
- Whether recent market activity means you should rethink your asset allocations.
- Any new opportunities recent stock market moves may have created.
- The effect of market volatility on your ability to reach your goals.

## Markets Are Resilient

Given enough time, the stock market has proved its ability to bounce back from major economic events. Below are five-year returns from bear market troughs.



Source: Prepared by Regions Asset Management using data from Morningstar



# Bear Markets and the Flight to Safety

Before making any sudden moves with your portfolio during this economic crisis, consider these tips.

**F**ew could have predicted the dramatic economic impact of the coronavirus pandemic, but we can all plan for the inevitability of stock market shifts. Sometimes the market fluctuates quite dramatically and drops by 20% or more. That's why "investment plans should be made with bear markets in mind," says William Chenoweth, a Vice President in Regions Portfolio Management Group.

Having a conversation up front with your Regions Wealth Advisor can help you prepare for difficult stretches, while protective moves,

such as establishing an emergency fund to cover at least six months of living expenses, can help you continue toward long-term goals even in unsettled times.

Whether you've proactively planned or not, steep market drops and economic crises sometimes require action—and force you to make strategic choices. Here are a few things to consider before acting too quickly:

## 1 EXAMINE YOUR EXPENSES.

Generating income by selling assets that have lost significant value due to sudden market drops is almost always a

bad idea. Instead, scrutinize all purchases—especially discretionary ones—to see if you can cut back on costs. "Selling investments at a depressed value to buy new lawn furniture may not be worth it," says Hollins Rush, Regions Wealth Advisor. "It's always important to prioritize your purchase decisions, particularly during volatile times like these."

## 2 REMEMBER THAT THINGS WILL IMPROVE.

The economy is likely to recover, and the market will continue to fluctuate. If you must sell investments today, remember that equities have historically been one of the best asset classes to hold during an economic recovery.

## 3 WEIGH THE TAX IMPLICATIONS.

When you're making decisions around the tax implications of your portfolio, it's important to keep in mind the original intent and long-term purpose of the investments. In normal market environments, as well as volatile times, it's important to be mindful of potential tax liabilities when conducting transactions. If an unexpected cash need must be met in a volatile market environment, the identified long-term objectives of the portfolio are still paramount to the positioning and potential selling of assets. For instance, your fixed-income assets should be serving as a ballast during times of stock market volatility and could be considered as an option to raise cash without deviating from the targeted allocations and expected returns. "It's important to maintain a portfolio that will still achieve long-term goals," says Rush. "Short-term tax factors, along with any buys or sells in volatile times, must be oriented to keep your long-term objectives in mind."

## 4 RESTORE BALANCE.

History has shown that stocks are the most effective investments to build wealth over longer periods of time. In a bear market, a balanced portfolio can quickly tip toward a larger percentage of fixed income as equities lose value. Rather than miss out on future gains, consider rebalancing your portfolio to intended, pre-market-plunge allocations.

## 5 TALK TO YOUR WEALTH ADVISOR.

We're living in an undeniably stressful time. Before making any spur-of-the-moment investing decisions out of fear, discuss the options with your Wealth Advisor. "Talking through the good, the bad and the ugly with us can get you to a better decision," says Chenoweth. ▲

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