



How to protect your money from the stock market tariffs bloodbath: Experts reveal what to do NOW to recession-proof your 401(k) whatever your age

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Stock market turmoil is anxiety-inducing for all Americans, and none more so than those approaching retirement.

Pre-retirees and those newly retired are understandably anxious about the impact on their 401(k) accounts and investment portfolios, which they've diligently built over the years.

US stocks have taken a battering since President Donald Trump imposed sweeping tariffs on countries worldwide on Wednesday.

The escalating trade war has caused a global stock sell-off, erasing trillions from major markets.

The S&P 500 index, which tracks the 500 biggest companies in the US, has fallen 17 percent from its February high.

Such a sharp downturn is especially concerning for those approaching retirement, as they may soon need to draw from accounts invested in these fluctuating stocks.

Major brokerage firms have reported a higher level of engagement as Americans rush to check their portfolios. Georgia Lord, head of financial planning at Corbett Road Wealth Management, told the Daily Mail the key advice she is giving to panicked clients.

'The main thing that I tell them is not to panic sell and to avoid big emotional moves,' she said.

'That really does cover anyone and everyone, but it's no surprise that this is going to affect those who are in that age range more than it would younger folk who have more years in the market to recover.'

Ideally, those who are close to retirement would have planned for a possible market downturn such as this, said Lord.

This means ensuring your investments are diversified, and having a few years' worth of expenses in cash in case of an emergency.

It is important to remember that we have had periods of gut-wrenching volatility like this in the past, and likely will again in the future.

'We make sure all of our clients have cash and short-term fixed income funds in their portfolio, which we rely on in times where the market is performing badly.

'It's a cash buffer. And that should hopefully be built into a lot of people's portfolios in anticipation of times like this.'

Lord recommends Americans should hold two to three years' worth of cash and short-term bonds.

This gives them the flexibility to avoid having to sell stocks when markets are down.

'We tell people to be very careful to not sell stocks in a down market like this because it could take the rest of your life to recover,' said Peter Gallagher, managing director of Unified Retirement Planning Group, (pictured below).

If you are within a year or two of retirement, he also recommends having an idea of what your cash flow is in order to be able to plan your spending, and have an idea of what your potential housing costs or any long-term care costs could be.



'We tell people to be very careful to not sell stocks in a down market like this because it could take the rest of your life to recover,' said Peter Gallagher, managing director of Unified Retirement Planning Group.

Hopefully pre-retirees have planned for a possible market downturn, said Lord, but if they haven't then now is the time to do that.

'If that is the case, take productive action. Don't panic. Revisit your budget and rebalance.' Those who are close to retirement often make the mistake of thinking that their time horizon ends on the day they retire, Lord added.

But what they are maybe not looking at is the decades that follow retirement.

'Even if you're retiring next year, we're not just planning for you to access all of your money next year. We're planning for hopefully the next 20 or 30 years of your life.'

She stresses that it is still a long-term game, even if you are approaching retirement or you have just begun tapping into your savings.

'It's important to reassess your risk tolerance and your time horizon periodically, but especially when certain big life changes happen. And retirement is one of the biggest life changes that we go through.'

'It's a little harder for those that maybe have just retired and are getting hit with this downfall now, but for those that are looking to stop working in the next few years, I really encourage them if they are not already working with a professional, to at least have an introductory conversation and get some advice.'

If you have just retired, there are steps you can take to minimize the pain and make your savings go further.

Many Americans follow the rule of thumb that they should spend 4 percent of their retirement savings each year.

But this is not a one size fits all solution, said Lord, especially during times like right now.

If people are able to decrease that spending by a small amount during market volatility, say to 3.8 percent, then that could have a dramatic effect - even if it was only a temporary change.

'There are also some alternatives to that flat 4 percent rule that we see,' Lord told the Daily Mail.

'One is only increasing your withdrawals if your portfolio is doing well, and then cutting back if your portfolio drops below a certain threshold.'

Some years, clients are spending two-thirds of what they spent the year prior, she said.

'We can't predict the future but we and go off what we have seen in the past, and we know in the past that markets do bounce back. And so, if you are flexible enough in your spending needs and expenses to reduce that, I would absolutely recommend that.'

If you do have a well-balanced and diversified portfolio which is set up for your long-term goals, the key is to stick to it and try not to panic.

An easy solution to this can be to stop looking at your portfolio and to try to take a step back.

But this can also be the hardest advice to follow, said Lord.

'If you can stop looking then do. But if you find that you can't, try reframing the behavior. We don't want to ignore what's happening right now but focus on the right signals.'

For younger people, that might be realizing that while their portfolio is going down in value, they can reframe their mindset to see that retirement saving is a long-term process. It could even be a buying opportunity as they have more time on their side.

And those who are close to retirement should also see their savings goals as long term.

'It's small in the big scheme of things, although it feels like it's a lot right now,' said Lord. 'We need to regain control over that mindset.'

Try and remind yourself why you are invested in the stock market in the first place, said Gallagher, who has been a retirement planner for 30 years.

'In our opinion as retirement planners we want to make sure that the existing money that you have keeps up with or outpaces inflation over time. And if it's sitting in a bank account, you'd probably be more comfortable, but then you're not keeping up with inflation.'

'People are worried in their 60s that the stock market is down 10 percent. But that's down 10 percent now because we want it to be there for you when you're 85.'