

DEBUNKING 3 MYTHS ABOUT RECESSIONS



RETIRE WISE

Consumer confidence plummeted in March to its lowest level since January 2021, amidst growing concerns that the U.S. may slip into a recession. While economists are mixed on the potential for a recession in the months ahead, they do agree that there are steps investors can take now to reduce anxiety and increase preparedness. That begins with separating recession myths from reality.

Myth 1: A recession is determined by two consecutive quarterly drops in GDP.

Reality: Gross domestic product (GDP) is a measure of the total market value of the goods and services produced within the United States in a year. While two consecutive drops in GDP is part of the equation that determines whether or not we're in a recession, it's not the whole story. The National Bureau of Economic Research uses other signs and indicators as well, including declines in manufacturing, production, employment, real income, and more.

Myth 2: Recessions last for years.

Reality: While a recession *could* last for several years, historically, since World War II, recessions in the U.S. have lasted an average of 11.1 months. The longest post-WWII recession was the Great Recession, which began December 2007 and ended in June 2009, a total of 18 months. Conversely, the two-month Pandemic Recession in 2020 helped nudge the average length of a recession down.¹

Myth 3: We're overdue for a recession.

Reality: During prolonged periods of economic growth and expansion, it can be easy to forget that periods of recession and recovery are a natural part of the economic cycle. Since the end of World War II, the U.S has suffered through 12 recessions — an average of one every 6.5 years. The last economic expansion, starting at the end of the Great Recession, lasted 128 months. By that measure, we were overdue for an economic retraction when the Pandemic Recession hit in 2020.² While no one can predict future market activity or economic outcomes with certainty, many experts suggest that economic indicators point toward a growing probability of a recession in 2025.

Whether we experience a recession this year or not, the following steps can help you weather changing market conditions and take advantage of any new opportunities that may arise:

- Focus on the fundamentals like asset allocation and portfolio diversification
- Follow a disciplined investment strategy aligned with your goals, risk tolerance, and time frame
- Rebalance your portfolio as needed to prevent style creep due to an extended bull market
- Consider investing excess cash during a market downturn when stock prices may be lower
- Shore up emergency savings to prevent drawing down on long-term assets and cementing losses during periods of increased volatility

To learn more about strategies that seek to protect your income and assets in any market climate, call the office to schedule a time to talk.

1) Burrows, Dan, "What Is a Recession? 10 Facts You Need to Know." Kiplinger.com, <http://www.kiplinger.com/slideshow/investing/t038-s001-recessions-10-facts-you-must-know/index.html>.

2) Ibid.

New Social Security Rule Could Be a Shocking Surprise for Beneficiaries

A new Social Security Administration (SSA) rule requires beneficiaries who have been accidentally overpaid to repay 100% of the overpayment amount. This reverses a previous policy that limited recoupment to 10% of the overpayment amount. The Office of the Chief Actuary estimates this change will result in an increase in overpayment recoveries, resulting in about \$7 billion in program savings over the next decade.¹

What does this mean for impacted beneficiaries?

Beneficiaries who receive an overpayment on or after March 27, 2025, can expect to have up to 100% of their monthly Social Security benefit withheld until the debt is repaid in full. That's significant because in many cases, overpayments can reach into the tens of thousands of dollars, which could cause economic hardship for beneficiaries who may not be aware of the overpayment and have already spent the money. It's important to note that the rate for Supplemental Security Income (SSI) overpayments for adults with disabilities, or children and adults with little or no income remains at 10%.

If you cannot afford to repay the full amount, you can contact the SSA to request a lower rate of recovery or request a waiver of the overpayment if you believe the error wasn't your fault or that repayment would cause undue hardship. Note that the SSA will wait at least 30 days (plus 5 mail days) from the date of the overpayment notice before starting collection. As long as beneficiaries submit a request for reconsideration or waiver before 30 days has passed, case collection will not begin until a decision is made on your request.

What can you do to help prevent overpayment?

Overpayments occur for many reasons, from errors on the part of the SSA to changes in your life that are not reported in a timely manner. Keep in mind, you are responsible for reporting changes impacting your work status, earnings, income, resources, and living arrangements to the SSA to help avoid overpayments. You can find instructions for reporting changes at the agency's website at SSA.gov. If you do receive an overpayment notice, don't ignore it. File an appeal, waiver, or payment plan request promptly. To learn more, visit SSA.gov.

1) "Social Security to Reinstate Overpayment Recovery Rate." [SSA.gov](http://blog.ssa.gov/social-security-to-reinstate-overpayment-recovery-rate/), 7 MAR 2025, <http://blog.ssa.gov/social-security-to-reinstate-overpayment-recovery-rate/>.



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