

# The Impact of the Financial Crisis, 10 Years Later

It has now been 10 years since the start of the financial crisis of Great Recession. Many individuals are still feeling the effects of the economic and financial downturn. For others, the loss of money, homes and jobs led to fundamental changes in their financial situation.

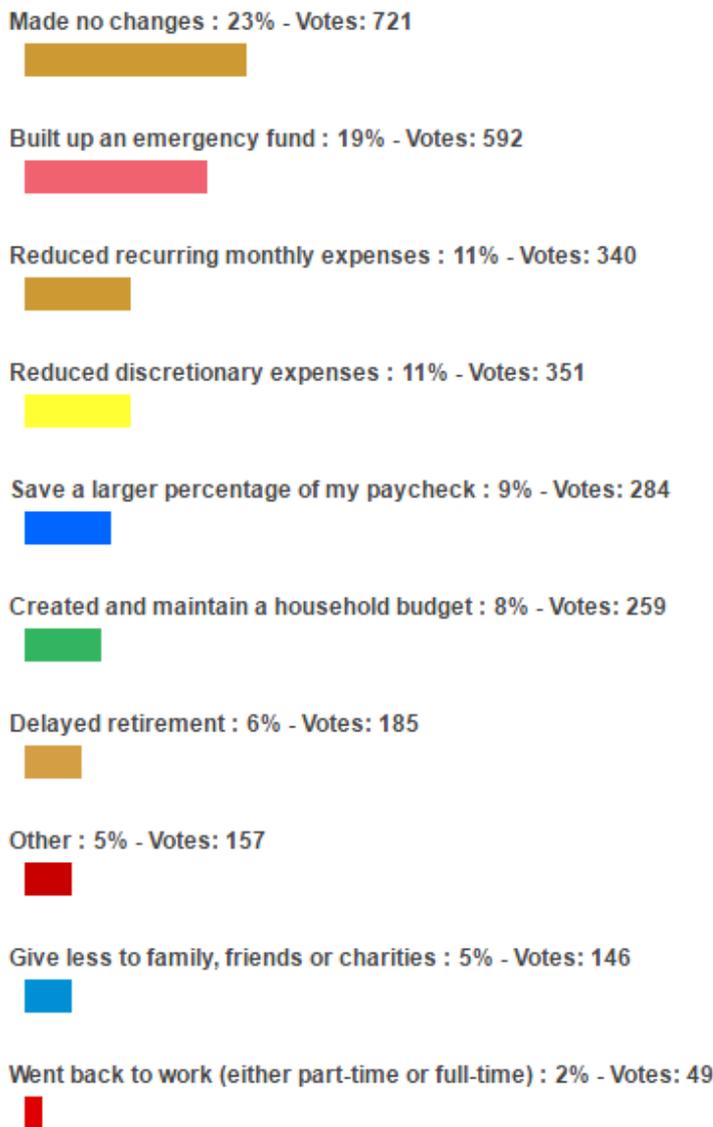
## AAll Weekly Survey Question

To get an idea of what steps our readers took in the aftermath of the Great Recession, last week's reader survey asked:

***Ten years after the start of the financial crisis, what steps have you taken to improve your financial situation?***

Here are the results:

**Ten years after the start of the financial crisis, what steps have you taken to improve your financial situation? Click all that apply.**



Readers could choose multiple answers and in all 3,084 votes were cast through Sunday, April 30.

I was a bit surprised that the biggest vote-getter was “Made no changes.” Hopefully, this means that our readers were well-positioned to weather such a financial storm and not that they are crossing their fingers that such an event will not happen anytime soon. With 11% of the votes, each, the next two popular steps taken by our readers to improve their financial situation after the financial crisis of 2007-2008 were “Reduced recurring monthly expenses” and “Reduced discretionary expenses.” For those of you that haven’t done this in a while, look at your banking and credit card statements over a period of a few months. You may be surprised how much you spend on “extraneous” expenses. By reducing them and putting that money into savings or an investment account, you are insulating yourself from the next market downturn.

Luckily for our readers, one 2% of them had to re-enter the workforce following the financial crisis

of 2007-008, either on a part-time or full-time basis. However, 6% did delay retirement.

## Weekly Special Question

To hear from our readers, in their own words, how the financial crisis impacted them, last week's special question asked:

***What was the biggest impact of the financial crisis of 2007-2008 on your financial situation?***

In all, 315 readers replied to the question.

Not surprising, most responses discussed the decline in portfolio value. However, the decline in stock and housing prices presented a buying opportunity, which received the second-highest number of mentions.

Rounding out the responses repeated the most:

- Became more defensive in my investing
- Increased my emergency fund, cash reserves
- Delayed retirement
- Became more cautious in my spending

Here is a sample of the responses:

- "We took active control of our investments.."
- "We got a double whammy...first the general market decline that affected most investors. The second part was the worst: we banked with Lehman Brothers and when they went belly up so did about 40% of our life savings."
- "We are retired and was in 2007. Lost 1/2 of our retirement income, therefore, had to sell our dream home at a time when the real estate market was at very low prices, giving us very little equity to purchase a smaller home in order to reduce our mortgage payments."
- "Big dips can happen to a portfolio based on uncontrollable factors."
- "Reminded [me] of the importance of asset allocation."
- "Reinforced the value of a cash reserve."
- "Recognition that the dictum that 'Real estate always appreciates' is not correct."
- "It was a wake-up call to start adhering to a budget and be disciplined about savings and

investing.”

- “Caused a several years delay in my retirement date.”
- “I acquired more responsibility for support of family members who lost work.”
- “I bought a lot of stocks at fire-sale prices!”

***Everybody has an opinion! Why not give us yours? Participate in our weekly member poll, updated every Monday, and see the results online at <http://www.aaii.com/memberquestion>.***