Investments Guide

Are Your Investments Retirement Ready?

Your Retirement Advisor

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Challenging Investment Landscape

The investment landscape has changed tremendously over the past 10 years with the advent of computer trading, online information and the emergence of the global economy. These changes have aided the extreme volatility in the stock market. Based on our research, we have seen two major economic downturns over the past 13 years with the S&P 500 index losing almost 50% in 2000-2001 and over 38% in 2008. Volatility is on the rise and the traditional asset allocation or the old "buy-and-hold strategy" of the past does not work as well when managing retirement assets. This strategy, employed by many advisors and investors today, is fine when you are growing your retirement assets for the long-term. This is because you have many years to make up from potentially major portfolio losses. However, when nearing or already in retirement, this strategy is not as effective.

Based on our own research, a more complex investment protection strategy must be employed to reduce the potential for major portfolio losses. Studies have shown that when taking income from a portfolio, major losses in the early years will most likely increase the chances of the retiree depleting the portfolio, potentially leaving a retiree penniless.

Management Style Diversification. We recommend retirees adopt strategies that aim to reduce losses in their retirement portfolios. Talk to your advisor about strategies that offer growth potential with an emphasis on preserving principal when the markets are declining.

While our research indicates that traditional asset allocation strategies can be included, a second layer of diversification called, Management Style Diversification is important to deploy. This strategy combines various investment management strategies that perform indifferently from one another. Some styles strive to protect the portfolio during economic downturns, while others aim to offer advantages during times of economic prosperity. Combining diverse management styles,

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Your Retirement Advisor suggests that you base your investment plan on academic research from leading financial academics vs. market hype or rhetoric. Your plan should incorporate the following factors: management of acceptable risk; proper asset allocation; intelligent diversification; portfolio rebalancing; tax management; and the reduction of portfolio costs. An effective portfolio is designed based on the trade offs between safety, growth and income.

"Your advisor should strive to limit your portfolio losses, rather than achieving the highest return possible."

including traditional passive asset allocation, attempts to reduce or limit portfolio losses rather than attempting to achieve the highest return possible in any one year. This "tortoise versus the hare" strategy seeks to provide reasonable long-term growth, while limiting the wild gyrations of the market.

It's imperative that you work with an advisor that has the experience and specialized knowledge to understand the myriad of investment strategies available. The optimal approach is a combination of investment strategies that are designed to increase your chances of creating a portfolio that can give you the growth necessary to outpace inflation with protection elements that attempt to preserve the portfolio from major losses.

Our affiliated advisors offer a ***Portfolio Risk Assessment*** designed to objectively evaluate the diversification and risk level within your current portfolio. This sophisticated assessment is a valuable tool to help you identify how well your portfolio is positioned in light of today's extremely volatile markets.

To request a complimentary Portfolio Risk Assessment or for more information, please contact us at:

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