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Dialogues » WEALTH STRATEGIES FOR DISCUSSION

We know how hard you worked to accumulate your wealth, and that key concerns go beyond investing in stocks and bonds. We make wealth work by helping you determine what's important to you, then developing actionable strategies to help you realize your goals and guard against the things that might undo them.

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COURTESY OF THE KING GROUP

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How Much Money Do You Need for the Next Phase?

IT DEPENDS ON THE KIND OF RETIREMENT YOU ENVISIONED.

These days, "What's my number?" is a question millions of baby boomers are asking themselves, as in, "How much money do I need to stop worrying about retirement?" Figuring out that magic number has never been more challenging—or more important.

You have to figure out how to fulfill your retirement goals without sacrificing a comfortable life. Your money has to last, but you don't know how long your retirement will last (today, the average American can expect to live nearly 78 years). And longevity isn't the most remarkable aspect of baby boomers heading toward retirement—it's what they plan to do with those years. Golf and grandchildren still have their place, but people retiring today are just as likely to be balancing tee times and family visits with a second career, entrepreneurship, world travel or pursuing an advanced degree. How can a person possibly fit it all in—and afford it?

Talking is a good start. You may be surprised to learn that your retirement expectations differ from your spouse's. Perhaps you want to stay put in your suburban house, while your spouse envisions a move to the city. As you work out compromises, each decision will help you assess how much money you will need to finance your retirement.

Identifying your shared goals is vital to successful planning; but crunching the numbers definitely plays a role since the amount of income you'll need in order to live comfortably once you retire may be higher than you think. So, doing the math and finding your number sooner rather than later are definitely key steps.

Your number is as unique as your set of aspirations and needs. Together, we can work to clarify your priorities and calculate your number—and then help convert this number from a daunting prospect to the retirement you always wanted. ■

Seven Strategies for Investing

During Volatile Markets

» The markets don't always behave the way we'd like them to: Geopolitical turmoil, natural disasters, interest rates and world events can have a profound effect on market movements. If recent market volatility has you concerned about the economy, you are not alone; this is a confusing time for many investors. Some have decided to stay the course, while others are sitting on the sidelines waiting for the market to rebound. However, since no one can predict how the markets will perform, it's important to develop an investment strategy that can help you stay on the right track to meeting your long-term financial goals. Here are some strategies that you can implement that may help to manage risk during these uncertain times.

Work with a Financial Advisor. There are a lot of do-it-yourself investment resources available to investors today. However, none of those resources can replace the experienced, personal service we can provide. We can offer an understanding of your complete financial picture, not just your investments. Additionally, in periods of market volatility when you need the most support, we can provide:

- Access to important decision-making research and information;
- Ongoing monitoring of your investment portfolio, while anticipating your changing needs; and
- A comprehensive market-volatility plan.

Have a plan. Developing a financial plan is one of the best ways to meet your long-term goals. Your plan should also include an action plan to address market volatility, which should be developed well in advance of a turbulent market. Having a market-volatility plan will help you to set realistic goals and appropriately manage your return expectations.

Invest regularly. It may not seem intuitive, but investing regularly—even during market downturns—can help to reduce your overall costs. Dollar cost averaging is one of the best ways to invest regularly, since you're investing a fixed amount on a fixed schedule, regardless of how the markets perform. Investing regularly can also have intrinsic benefits: It encourages discipline and may also ease the anxiety of daily market fluctuations.

Diversify. If you've ever heard the saying, "Don't put all your eggs in one basket," then you already have a basic understanding of diversification. Diversifying your portfolio can reduce risk and volatility if the assets have little or no correlation to each other.

Investing in mutual funds is one way to achieve portfolio diversification, since mutual funds are typically a diversified investment. There are also several other ways to diversify and potentially reduce portfolio volatility:

- Within an asset category, such as purchasing different types of mutual funds;
- Among asset categories, such as purchasing stocks and bonds; and
- Outside the United States, since some markets move opposite to the U.S. stock market.

Put volatility to work for you. Do you think of the glass as half empty or half full? Your perspective can affect the investment decisions you make during market downturns. Investors who view market volatility negatively can make irrational decisions. A down market can be an opportunity for you to build your portfolio and take advantage of lower unit costs.

Stay invested. You are probably anxious during times when the value of your investments has decreased. As a result, you may be tempted to move out of the market, sit on the sidelines and wait for the market to rebound. However, since no one knows how the markets will move, how do you know you're leaving at the right time? Also, how will you know when it is the right time to get off the sidelines and start investing again?

If you have worked with a Financial Advisor, your investment strategy was developed to help you meet your long-term goals. Timing the market could potentially jeopardize your financial plan—and your future goals.

Be patient. There will always be uncertainty in the markets; market volatility is a natural part of the investment cycle. Although it may take some time, markets do rebound.

In the meantime, call us to help you develop an action plan for market volatility and continue to focus on your long-term investment goals rather than short-term market moves. ■

Creating a Family Mission Statement

In his book *The Seven Habits of Highly Effective Families,* author Stephen Covey encourages readers to "begin with the end in mind." What does he mean by this?

One interpretation is that he's reminding us that financial planning is about more than just listing our assets—it's about articulating who we are, what we stand for and how we want to be perceived by our children and future generations, as well as our community.

Some people begin the planning process by focusing on tax considerations, but it's worth remembering that your values inform your goals, which in turn inform your long-term investment plan. So, your family values and goals should be considered before any plans for tax minimization. Here are some questions to consider:

» What makes your family special?

» As a family, what do you value most?

» What is your family's role in the community today?

» How do you want to be remembered by others?

» What do you want for your children, grandchildren and future descendants?

You may want to do this exercise not only with your spouse or partner, but also with your children and other key members of your family. Some families take this one step further and actually organize a series of formal family meetings to discuss these questions. They make it a family event.

Having an open dialogue about your values and goals, however, can be difficult and sensitive—and, in some families, emotionally charged as well. Many families find it helpful to have a third party, perhaps a Financial Advisor, facilitate the dialogue and help keep things on track. While it isn't a panacea, it can go a long way toward helping your family understand why you've decided to take a certain course of action.

> "The family mission statement outlines the family's values, goals and vision of who they are and what role they seek to fulfill in the community.

Another helpful framework that families can use to articulate their vision is a family mission statement—which is really no different from a company mission statement. It is a document that outlines the family's values, goals and vision of who they are and what role they seek to fulfill in the community. The family mission statement can be as short as a few sentences or somewhat lengthier—and some may recount the history of the family, calling attention to the founding members and milestone events or defining qualities. Some family mission statements even may contain descriptions of major traditions or even favorite recipes handed down from generation to generation.

So, think about your family's values and the legacy you envision—and then speak with your Financial Advisor about the expertise and tools available to help you begin with the end in mind. ■

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Ten Tips for Smart Investors
Avoiding Classic Errors

A good grasp of the fundamentals is key to avoiding mistakes while investing for your future. Take a look at some essential thoughts that might help prevent some classic errors.

1. **Live within your means.**

2. **Designate funds for short-term and long-term use.** Don't invest money you may need to keep liquid, otherwise you may be forced to sell assets at an inopportune time.

3. **Determine your risk tolerance.** Once you identify how comfortable you are with taking risks, you can make informed investment decisions.

4. **Set reasonable expectations for return on your investments.**

5. **Diversify your holdings.** Different assets, markets and industries do not rise and fall in tandem. Keep your portfolio balanced among several types of investments.

6. **Invest in quality securities.** Solid companies that have stood the test of time tend to do well during periods of market strength, and to recover more quickly after periods of market weakness.

7. **Never let a low share price be your only reason to buy a particular stock.** The one or two low-priced stocks that soar in a given year are the overwhelming exceptions.

8. **Enroll in dividend reinvestment programs.** The returns you earn from stock dividends could add up over the years.

9. **Learn all you can about the companies in which you invest.** Read the annual reports and go to the websites. We can also send current research to you.

10. **Develop a good source of investment information and service.** Be sure that your investment firm provides a comprehensive range of services and that your Financial Advisor is familiar with your individual situation. ■

Past performance is not a guarantee of future results. Diversification does not ensure against loss.