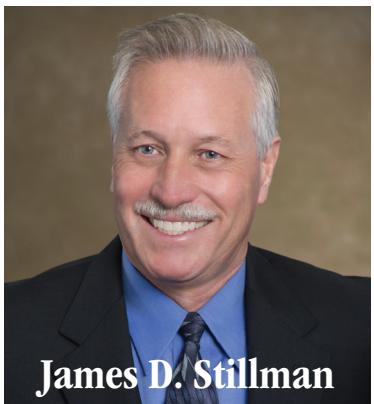


Between the Beacons

Charting Your Course to Retirement

The Changing World of Retirement Investment Strategies



James D. Stillman

“When is the stock market going to crash?” seems to be the number one question we get asked lately. Wow, do I wish I had the answer to that one! The bottom line is that nobody knows for sure, but I can tell you that if you plan properly, it shouldn’t matter much. Below are what are called the “three buckets of money”, and the trick is to know how much to have in each bucket as you grow older. Too many people leave too much of their money in the growth bucket through retirement, which leads to unnecessary stress over trying to predict what the markets will do. If you’ve got things split up correctly, then fluctuations in your investments shouldn’t make or break your lifestyle.

1) Savings / Liquidity – This is where you’ll use checking or savings accounts at banks for liquidity and

safety, so you have money to pay for bills and emergencies. Not a lot of growth here, but it’s money you can get your hands on quickly.

2) Investments / Growth – The goal of investments is to grow assets and build a nest egg for the future – either for retirement or some other future goal. This is where most folks use the world of Wall Street investing in stocks, bonds, mutual funds, ETFs, etc. You do have to take on more risk, but if you have time on your side and invest through the ups and downs of the market, then the risk will likely pay off. Wall Street is not the only option for growth, but it is by far the most popular choice.

3) Income & Preservation – Once you start approaching retirement, the main goal should be to guarantee some income and preserve more of your assets. You don’t want to sabotage all the work you’ve done to build up a nest egg by leaving too much exposed to risk or using the wrong tools. The retirement phase of your financial life is probably the most difficult to navigate, because it should contain a blend of banks for liquid safe dollars, Wall Street for growth dollars, and insurance companies for safe growth, guaranteed income, and health care costs.

Again, the trick is figuring out

how much of your assets should be in each bucket as you go through various phases in your life. And guess what? Everyone wants your money! So, you get bombarded by all the financial institutions claiming they’re the best for you for all kinds of goofy reasons. In our opinion, the best thing consumers can do when it comes to putting a solid retirement plan in place is to seek out an independent Registered Investment Advisor that has a fiduciary responsibility. That means they don’t work for any one particular company pushing only that company’s products, but rather that they work for you and must do what’s in your best interest.

Here are a few “rules of thumb” we follow at JDS Wealth Management in order to meet the objectives as described above and utilize the appropriate blend of financial institutions:

A) Develop a written retirement income plan. This plan should show where income will come from, and when/how. The plan should take into account income goals, taxes, Social Security, safe money strategies, growth strategies, liquid assets, and inflation. Our “Chart Your Course Retirement Plan” covers all of these.

B) Balance risk based on your age, income needs, and risk tolerance. We like to use the “100 Age Rule”

as a guideline for the appropriate safe/risk ratio. Simply put, place a percentage sign behind your age, and that’s approximately how much of your liquid assets you should have in a safe place. The older you get, the less risk you should take, because time is no longer on your side to recoup losses. We use a program call Riskalyze to determine your Risk Number for the assets that will be invested. We design a portfolio to match your Risk Number and monitor things over time.

C) Guarantee basic income needs. We use guaranteed insurance contracts to guarantee income. As discussed last month, income planning is the key to retirement planning. Don’t leave your income up to chance!

At JDS, everything we do is designed to take the worry out of your retirement. If you’d like to set up a visit to discuss your retirement and get your own **Chart Your Course Retirement Plan**, then give us a call.

And remember: **The purpose of the money dictates where you put it!**

*Until Next Month,
James D. Stillman*



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