

Control the Controllables™

There are a lot of things in financial planning and investment management that we can't control, such as market volatility, or direction, or tax policy, But we can control four things which can make the difference between successful retirement and failure.

Costs

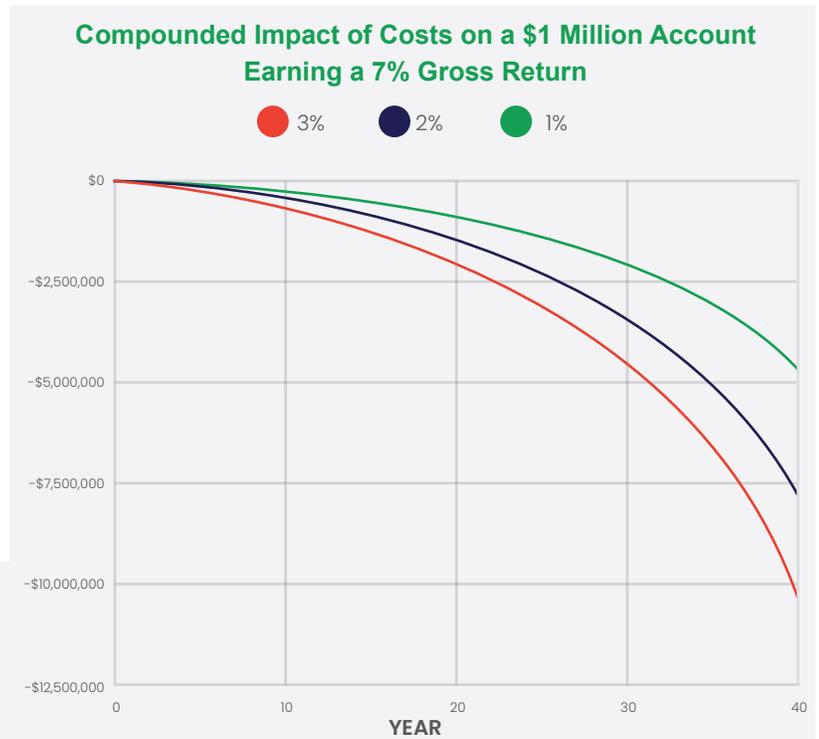
The total costs of many investment products are unknown to investors, as often is the case with mutual funds. Are you paying too much?

Taxes

Many investors and advisors don't pay enough attention to taxes. Do you or your advisor use asset location optimization, tax loss harvesting, and low turnover strategies, while avoiding mutual funds that may result in less advantageous tax results?

The Magic of Compounding Returns

A few percent per year might not seem like a lot, but a penny saved, and then compounded, equals many pennies earned.



Diversification

Every once in a while the stock market unpredictably declines with some types of stocks unpredictable falling farther than others. If you are not diversified, you might get unlucky and own too many of the wrong types of stocks at the wrong time. Might you have too many eggs in one basket?

YEAR	EVENT	TYPE	DECLINE
2020	COVID Pandemic	Energy	65%
2009	Mortgage Crisis	Financial	80%
2000	Tech Wreck	Technology	85%

Alignment

Every investment has an inherent amount of risk, meaning the maximum likely percentage by which the value might decline. Some, like CDs, have very stable values. Others, like stock in a single company, might lose 100%. Every investment lies somewhere on that continuum. Every investor is emotionally and financially able to handle only a certain amount of risk. Taking too much risk can be ruinous by producing panic or forcing the sale of stocks at depressed prices. Are you taking the right amount of risk?

Given that each of has only one chance to succeed at retirement planning, doesn't it make sense to know whether your costs are fair, your focus is on after tax compounding, you are diversified to control risk, and what your maximum loss exposure is?

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