

The Twelve Fundamentals of Retirement Planning™

<p>1 Goal-Focused & Values-Driven: Why No Other Plan Will Work</p> <p>The only long-term financial plan with any true worth and any hope of accomplishment is one which takes into account your personal values-driven goals. Such goals, to be properly grounded, are based on principles of how you'd like to live your life, and how you'll wish for others around you to be influenced by your life. Your financial plan will address only the areas to which you have actual control, and will never seek to harness that which is not in your control. Your financial plan will be uniquely yours.</p>	<p>2 The Pursuit of Freedom & The Transition into Retirement</p> <p>Throughout history, it has been shown that without individual freedom, we are stifled, poor, and unhappy. As Americans we are born with individual freedom, and through our lives we use this freedom to work toward another level—financial freedom; the ability to live without dependence upon active wages. Most of us require 30+ years of active work to reach this level, and that's the first challenge. The second challenge, and the one we focus on, is in assuring that this transition is accomplished maximally.</p>	<p>3 Family & Community: Involving Those Around You</p> <p>At the most basic level there are only two types of goals— lifestyle and legacy. Lifestyle goals involve how you wish to be living, and legacy goals involve anything you wish to create, improve, attain, or leave behind. In both areas, we involve other people. Our lifestyle will involve interacting with others and our legacy will involve contributing to others; it's simply part of being human. In creating your own retirement plan, we must never ignore those within your family and community who play a role in your success.</p>
<p>4 Your Health Matters: Physical, Mental, and Social</p> <p>If individual freedom is the prerequisite for happiness, your health is a close second. And while most of us relate health to issues of the body, it's just one of three critical areas. Your mental health (what drives your behavior, processes, responses); and your social health (the amount and quality of your engagement with those whom you appreciate); is what truly determines long-term quality of life. None of these three areas may be ignored without affecting the others, and so our process involves all three.</p>	<p>5 The Noise of News & Neighbors: Role of the 24/7 Media</p> <p>There are two emotions that tend to keep people from remaining consistent to long-term plans; (1) fear/panic, and (2) greed/euphoria. Both emotions are simply two sides of the same impulse – the unintended response to social proof. Social proof is the tendency to follow the actions of others without any assurance of validity or personal relevance. 24/7 financial news is not good for you, and our job is to help you filter out this noise so that your actions are always consistent with your long term goals.</p>	<p>6 Real Planning for Real Risks: Defining the Challenges</p> <p>“Real” versus “perceived.” The difference is not always clear, especially when what is “real” is also counter-intuitive. Saving and managing money are not real goals— they are ‘means.’ Goals arise only from fundamentals, and real planning focuses only on those goals. Furthermore, planning seeks to mitigate real risks, and there are only four:</p> <p>(1) Events Unplanned For; (2) Purchasing Power; (3) Sequence of Returns; and (4) Long-term Market Risk. Our job is to explain, and then reduce, these four risks.</p>
<p>7 Capitalism, Business Cycles & The Need for Faith in the Future</p> <p>Many find the ‘market’ an elusive topic because it is so often looked at in abstraction. And yet the basic premise is clear: Equity markets are the means by which public companies are owned. Through ownership, we engage in the most moral and effective financial system available— capitalism. With it comes the business cycle, which in turn exposes its owners to dramatic short-term volatility. It is only through faith in the future of global capitalism that you will stick to your plans; we help you keep the faith.</p>	<p>8 Big Rocks First: Asset Allocation & The Value of Equity</p> <p>Most investors spend a majority of their time on refinements. However, only by focusing your attention on the foundational aspects of your long-term planning can you assure that your actions match your goals. History has shown that greater than 90% of one's investment results are from asset allocation. History has also shown that the most likely way to assure an inflation-adjusted income throughout 30+ years of retirement is through ownership of diversified global equity. We put the big rocks in first.</p>	<p>9 A Behavioral Perspective: The Role of Patience & Discipline</p> <p>Looking for a sure way to sacrifice up to two-thirds of the results that are available to the long-term owner of equity? There are three all-too-common methods:</p> <ul style="list-style-type: none"> (1) React to news (good or bad) (2) Avoid near-term volatility (3) Confuse “outperformance” as a goal <p>All three relate to a shortfall in patience and discipline. Your behavior over time, aligned with all other fundamentals, is what will determine your actual outcome.</p>
<p>10 Diversification & Rebalancing: The Only Two Responses</p> <p>Patience and discipline are <i>characteristics</i>, yet it is diversification and rebalancing which are the only two (appropriate) responses within any investment philosophy. Diversification is not ‘spreading things out.’ It is the systematic long-term and judgment-free use of multiple equity segments. Rebalancing is not the chasing of yesterday's hot idea. It is the consistent realigning of a portfolio back to its original and intended allocation. Neither practice is all that ‘sexy,’ yet they are the only responses we know of that work in the long-run.</p>	<p>11 The Net/Net of Real Money: Impact of Taxes & Inflation</p> <p>Dollars are not money. (<i>We hope this is not the first time someone has brought this to your attention.</i>) If dollars were money, you could take the \$900 your great-grandfather received upon the sale of his father's home and go buy the same house today. You can't do this for two reasons: inflation and taxes. His proceeds, held aside for you as cash, would today allow you a round-trip ticket to Germany, and you'd have nothing left for the hotel upon arrival. We never ignore taxes and inflation; we won't let you either.</p>	<p>12 YOUR Foundational Philosophy: The Articulation of Purpose</p> <p>“Those who have no plans end up following someone else's.” True, but incomplete. Those with no philosophy also end up with someone else's. We have repeatedly found that clients who are clear on their purpose (or who are willing to become clear as a result of our program) end up happier, healthier, and more fulfilled than those who are unclear of what it is will allow for an ideal lifestyle and legacy. These twelve principles represent our foundational philosophy...</p> <p style="text-align: right;">Question is, what are yours?</p>

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