



**Financial Strategies  
For Your Future**

## **April Newsletter**

Hello Eric,



**Peek...It's Spring!!**

**Time to open the windows, clean off the outdoor furniture, and enjoy the sunshine!**

**I love to hike new trails, Spring-ski until the last possible day, and get together with friends and family outdoors. It is a great time of year to reconnect and hear all about the adventures of the Wintertime.**

**It is also a great time to plan for the rest of the year and check in on your accounts.**

**If you haven't refreshed your portfolio in a while,  
or just want to check in, please give us a call  
anytime at (603) 343-4515!**

Did you know...

### **Positive thinking has health benefits?**

Researchers continue to explore the effects of positive thinking and optimism on health. Health benefits that positive thinking may provide include:

- Increased life span
- Lower rates of depression
- Lower levels of distress and pain
- Greater resistance to illnesses
- Better psychological and physical well-being
- Better cardiovascular health and reduced risk of death from cardiovascular disease and stroke
- Reduced risk of death from cancer
- Reduced risk of death from respiratory conditions
- Reduced risk of death from infections
- Better coping skills during hardships and times of stress

<https://www.mayoclinic.org/healthy-lifestyle/stress-management/in-depth/positive-thinking/art-20043950>

## **Events & Resources**

### **Bettye LaVette at Jimmy's**

Where:

**Jimmy's Jazz & Blues Club**

135 Congress St

Portsmouth, NH 03801

When:

**Thursday Apr 7, 7:30 p.m.**

**Cost: \$20**

### **Hypnotist Frank Santos Jr**

Where:

**The Strand Dover**

20 Third Street

Dover, NH 03820

**Saturday April 2nd, 8:00 p.m.**

When:

**Runs until April 10th**

6x-GRAMMY® Award Nominee  
& 4x-Blues Music Award-  
Winning Vocalist BETTYE  
LAVETTE is one of very few of  
her contemporaries who were  
recording during the birth of soul  
music in the 1960's and is still  
creating vital recordings today.

[More Information](#)

Cost: **\$25-\$28**

New England's #1 Premiere  
Comedy Hypnotist has been  
Mesmerizing audiences for  
over 15 years. His  
spectacular display of mind-  
bending antics can turn any  
skeptic into a FAN.

[More Information](#)



## Heir Born - Live at Flight

Where:  
**Flight Coffee Cafe**  
478 Central Avenue  
Dover, NH 03820

When:  
**Sat, April 9, 6:30 PM**

Cost:  
**\$10**

Join us for an intimate evening  
of local, live original music in a  
hip, comfortable, and inclusive  
all-ages setting. Flight features  
great acoustics, super vibes,  
and the best in local craft beer  
and wine, along with it's award-  
winning espresso bar.

[More Information](#)

## Rescue Run: Race for Marine Mammals

Where:  
**Seacoast Science Center**  
570 Ocean Blvd  
Rye, NH 03870-2104

When:  
**Saturday Apr 30, 9:00 a.m.–  
1:00 p.m.**

Cost:  
**\$25-35**

5k chip-timed trail race and un-  
timed walk through Odiorne  
Point State Park to benefit  
Seacoast Science Center's  
Marine Mammal Rescue  
Program.

[More Information](#)

# **Your Changing Definition of Risk in Retirement**



**During your accumulation years, you may have categorized your risk as “conservative,” “moderate,” or “aggressive” and that guided how your portfolio was built. Maybe you concerned yourself with finding the “best-performing funds,” even though you knew past performance does not guarantee future results.**

**What occurs with many retirees is a change in mindset—it’s less about finding the “best-performing fund” and more about consistent performance. It may be less about a risk continuum—that stretches from conservative to aggressive—and more about balancing the objectives of maximizing your income and sustaining it for a lifetime.**

You may even find yourself willing to forego return potential for steady income.

A change in your mindset may drive changes in how you shape your portfolio and the investments you choose to fill it.

Let's examine how this might look at an individual level.

## **Still Believe**

During your working years, you understood the short-term volatility of the stock market but accepted it for its growth potential over longer time periods. You're now in retirement and still believe in that concept. In fact, you know stocks remain important to your financial strategy over a 30-year or more retirement period.<sup>1</sup>

But you've also come to understand that withdrawals from your investment portfolio have the potential to accelerate the depletion of your assets when investment values are declining.

How you define your risk tolerance may not have changed, but you understand the new risks introduced by retirement.

Consequently, it's not so much about managing your exposure to stocks, but considering new strategies that adapt to this new landscape.<sup>1</sup>

## **Shift the Risk**

For instance, it may mean that you hold more cash than you ever did when you were earning a paycheck. It also may mean that you consider investments that shift the risk of market uncertainty to another party, such as an insurance company. Many retirees choose annuities for just that reason.

The guarantees of an annuity contract depend on the issuing company's claims-paying ability. Annuities have contract limitations, fees, and charges, including account and administrative fees, underlying investment management fees, mortality and expense fees, and charges for optional benefits.

Most annuities have surrender fees that are usually highest if you take out the money in the initial years of the annuity contract. Withdrawals and income payments are taxed as ordinary income. If a withdrawal is made prior to age 59½, a 10% federal income tax penalty may apply (unless an exception applies).

The march of time affords us ever-changing perspectives on life, and that is never more true than during retirement.

1. Keep in mind that the return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or



less than their original cost. This is a hypothetical example used for illustrative purposes only.

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## ALTERNATIVE INVESTMENTS - GOING MAINSTREAM



**Recent years have witnessed the mainstreaming of alternative investments for certain accredited investors. In fact, alternative investments are expected to grow from \$13.9 trillion in 2020 to \$21.1 trillion in 2025.<sup>1,2</sup>**

The impetus behind this projected growth is the belief that alternative investments offer the potential to enhance the risk/reward characteristics of a traditionally diversified portfolio.<sup>3</sup>

"Alternative investments" is an umbrella term for a disparate range of investment strategies and assets that might be best defined as investments that use a different approach from traditional instruments.

While today's portfolios may benefit from some diversification to alternative investments, it should be emphasized that the risk, return, and market correlations will vary widely among them.<sup>3</sup> Consequently, individuals need to consider what their objective is for adding alternative investments and select the appropriate strategy to pursue their needs.

## **Types of Alternative Investments**

**Private Equity** — Seeks to participate in the growth of private companies. Private equity is an illiquid asset class that seeks long-term appreciation away from public markets.

**Hedge Funds** — Investments that have broad flexibility in the types of strategies they can employ to follow their stated investment objectives.

**Commodity Pools** — Enterprises that attract funds from people who are looking for the pool managers to engage in commodity-related trades.

Alternative investments are geared to "accredited" or "qualified" investors who are considered high-net-worth individuals with investment experience, and these investments usually have high minimum investment requirements. Some investment companies have structured mutual funds after alternative investments, providing individuals with access to the investment strategy while offering daily liquidity at lower minimum investment requirements.

*Mutual funds are sold by prospectus. Please consider the charges, risks, expenses, and investment objectives carefully before investing. A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.*

1. Medium.com, 2020

2. Alternative investments include direct participation program securities (partnerships, liability companies, and real estate investment trusts which are not listed on any exchange), commodity pools, private equity, private debt, and

hedge funds. These programs may offer high-net-worth accredited investors tax benefits, but they have significant risks associated with them. Typically, alternative investments are illiquid investments and their current values may fluctuate from the purchase price. Statements for such investments represent their estimate of the value of the investor's participation in the program. The estimated values may not necessarily reflect actual market values or be realized upon liquidation.

3. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

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## Rebalancing Your Portfolio



**Everyone loves a winner. If an investment is successful, most people naturally want to stick with it. But is that the best approach?**



It may sound counterintuitive, but it may be possible to have too much of a good thing. Over time, the performance of different investments can shift a portfolio's intent – and its risk profile. It's a phenomenon sometimes referred to as "risk creep," and it happens when a portfolio has its risk profile shift over time.

When deciding how to allocate investments, many start by taking into account their time horizon, risk tolerance, and specific goals. Next, individual investments are selected that pursue the overall objective. If all the investments selected had the same return, that balance – that allocation – would remain steady for a period of time. But if the investments have varying returns, over time, the portfolio may bear little resemblance to its original allocation.

## **How Rebalancing Works**

Rebalancing is the process of restoring a portfolio to its original risk profile.<sup>1</sup>

There are two ways to rebalance a portfolio.

The first is to **use new money**. When adding money to a portfolio, allocate these new funds to those assets or asset classes that have fallen. For example, if bonds have fallen from 40% of a portfolio to 30%, consider purchasing enough bonds to return them to their original 40% allocation. Diversification is an investment principle designed to manage risk. However, diversification does not guarantee against a loss.

The second way of rebalancing is to sell enough of the "winners" to buy more underperforming assets. Ironically, this type of rebalancing actually forces you to buy low and sell high. Periodically rebalancing your portfolio to match your desired risk tolerance is a sound practice regardless of the market conditions. One approach is to set a specific time each year to schedule an appointment to review your portfolio and determine if adjustments are appropriate.

## **Shifting Allocation**

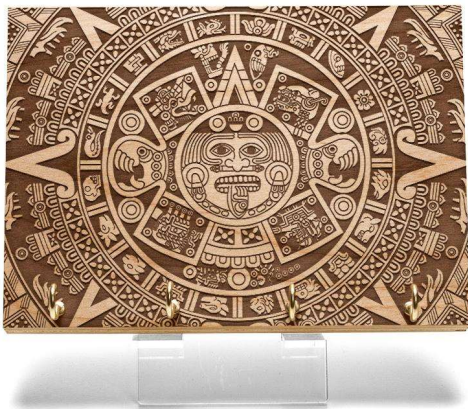
Over time, market conditions can change the risk profile of an investment portfolio. For example, imagine that on January 1, 2010, an investor created a portfolio containing a mix of 50%

bonds and 50% stocks. By January 1, 2020, if the portfolio were left untouched, the mix would have changed to 33% bonds and 67% stocks.<sup>2</sup>

1. Investopedia.com, 2020

2. Stocks are represented by the S&P 500 Composite index (total return), an unmanaged index that is generally considered representative of the U.S. stock market. Bonds are represented by data obtained by the U.S. Department of the Treasury. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. When sold, an investment's shares may be worth more or less than their original cost. Bonds that are redeemed prior to maturity may be worth more or less than their original stated value. The rate of return on investments will vary over time, particularly for longer-term investments. Investments that offer the potential for high returns also carry a high degree of risk. Actual returns will fluctuate. The types of securities and strategies illustrated may not be suitable for everyone.

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