

Investment Amount	\$	500,000.00		
			Time Period (years)	
Required Annual Income	\$	25,000.00	5	\$ 125,000.00
	\$	30,000.00	5	\$ 150,000.00
	\$	35,000.00	5	\$ 175,000.00
	\$	40,000.00	5	\$ 200,000.00
	APR		Balance	
Bucket 1	\$	125,000.00	\$	375,000.00
Bucket 2	4%	\$ 123,289.07	\$	251,710.93
Bucket 3	7%	\$ 88,961.13	\$	162,749.81
Bucket 4	10%	\$ 47,878.41	\$	114,871.40

The Financial Coach is in the processing of developing the site www.assetdevotion.com to assist consumers in utilizing this strategy in their retirement planning. The strategies presented have been used in variations for years but do to The Financial Coach's direct work with retirees and their lifestyle needs, he has unique experience in developing the plan and design of all Asset Devotion Strategies. The following is an example of how the Asset Devotion strategy could be implemented but please note that all plans vary based on individual goals and values as determined by each individual's own 'True Wealth Discovery' and 'Purpose for Money.'

Utilizing this strategy eliminates:

- Losses occurred by having too much risk/volatility in the portfolio for times of expected need
- Improper planning for inflationary trends
- Risk of fixed income/bond losses commonly associated with fixed income planning
- Anxiety and fear over market downturns when income is needed thus creating the common mistake of exiting the market during losses or eliminating income/life needs to weather bear market streaks.

One of the most common approaches to structuring a portfolio for retirement is placing all assets in fixed income vehicles, such as

long-term corporate bonds. While many retirees like the apparent “low-risk” aspect of this approach, there are actually many risks involved including the risk of bond defaults, inflation risk, and this risk of running out of money, to name a few.

Another common approach is continuing on the current investment path a retiree began in their younger years—investing heavily in equities/mutual funds. This approach is particularly risky because of the harmful possibility of a market downturn coupled with taking money out of the portfolio for income. This approach often leaves retirees worried about taking money out for income during a bear market.

These two frequent approaches can be detrimental to a portfolio and can lead to worry and fear for the individual. The Asset Devotion strategy alleviates these fears and harmful affects by allocating portions of money for different time periods based on an individual’s level of risk. The strategy involves taking very little risk, if any, during the first 10 years of an individual’s retirement. The portions of money with longer time horizons (10 + years) can be exposed to higher levels of risk—Again, taking in to consideration the individual’s risk comfort level.

Explanation of Asset Devotion Strategy:

\$500,000 is allocated into four different strategies with different goals. **Asset One \$125,000 (\$25,000 X 5 years)** is typically laddered CDs or Treasuries which are liquidated each year for income. The SOLE PURPOSE of this account is for security and having a set outcome to allow the other accounts to grow based on time.

Asset Two \$123,289 (what it takes TODAY to reach \$150,000 in 5 years with a 4% return) depends on an individual’s goals but typically consists of assets with low risk (fixed annuities, CDs, ultra conservative portfolio (85% fixed/15% market). This account will sit for 5 years and needs to hit our guidelines of growth. It will then be liquidated and divided into assets, much like Asset One, to be used for income in years 6-10.

Asset Three \$88,931 (what it takes TODAY to reach \$175,000 in 10 years with a 7% return) is placed into an investment with expected returns and risk that are comfortable for the individual investor. As this portion of money nears its time for use (years 11-15), it will be liquidated and placed into laddered fixed, short-term treasuries/CDs. If the goal/target number is reached early (for instance, in year 8 we hit our goal of \$88,931 due to unusually positive market conditions), we suggest ‘calling it a day’ and moving the funds to a secured investment since we have already reached our goal—the old “bird in the hand versus two in the bush” concept. Why risk our future when we’ve achieved our goals?

Asset Four \$47,878 (what it takes TODAY to reach \$200,000 in 15 years with a 10% return) will sit for 15 years and be used in years 16-20 for income. This account can be subject to more risk due to its long-term horizon and can be invested more heavily in the market.

Remaining Funds which are unallocated \$114,871 (~\$500,000 – [125,000 + 123,289 + 88,931 + 47,878]): These funds are not ideally needed for the income plan but could be used to pay for unexpected expenses, increased income, or the risk of not hitting a particular goal in the allotted timeframe. The funds could also be used to help fund an Alternative Wealth Transfer approach that is used in many client cases to create family wealth, or help a foundation/church or begin their own foundation, for example. It can also be used to offset estate taxes or taxes due on Inherited IRA accounts.