

INVESTMENT BASICS: SURVIVAL 101



Preparing for retirement is just like preparing to go camping – you have to take the necessary precautions if you're going to have a chance at survival. Most of us will need to save regularly, over decades, to cover monthly expenses through retirement. You will also need to consider how to appropriately invest and grow those funds over time. While you may never encounter the worst case scenario, it is important to be prepared for the possibility that you might. Here is a step-by-step guide to assist your retirement investing process:

1. Assess Your Risk Tolerance

Can you handle extreme conditions? It is important to be honest with yourself about the level of asset decline you can withstand. If the recent market downturn had a great emotional effect on you, or you bailed out on your prior investment plan, you probably took on too much risk. Investing always involves taking risk, so it is important to develop an investment plan that you can stick with through the inevitable ups and downs of the stock market. Taking a tolerance quiz will assist you in building a portfolio that prevents you from making short-term, reactive investment decisions.

2. Use your risk tolerance as a guide to develop an 'asset allocation' for your portfolio

Allocating your investments among different asset classes is a key strategy to help minimize risk and potentially increase gains. Consider it the opposite of "putting all your eggs in one basket." Essentially, asset allocation is an organized and effective method of diversification*. Your options typically fall within three classes - stocks, bonds and cash but you may see stocks further divided into types by geography (U.S. or foreign), size (small, mid, large) or style (growth, blend, value).

3. Implement your investment strategy on a 'portfolio' basis

Once you have your guidebook, follow it. When you determine an appropriate asset allocation, stick to it using the array of investment options available to you. Your retirement plan usually categorizes the investment options to help facilitate this process. If you have multiple accounts, a good tip is to use the same asset allocation across all of them, instead of a separate mix on each account.

4. Regularly review your portfolio

Many people treat investing as a 'set it and forget it' process, but you need to review your portfolio at least annually to see how your investments are performing and to adjust your asset allocation. You should also gradually adjust your overall asset mix to become more conservative as you approach retirement – when you will have less time to recover from a potential significant downturn.

Remember, whether you're facing the threat of a bear attack or just a bear market, preparation and education are your best friends. Using the points above as a guide can help you protect and grow your savings. For questions regarding these or other strategies, please contact your SageView client service manager at 800.814.8742.

*Asset allocation, which is driven by complex mathematical models, should not be confused with the much simpler concept of diversification.

