

The Retirement Path

An investment philosophy that
stands the test of time.



RETIREMENT
INVESTMENT ADVISORS, INC.

Your guide on the path to retirement.
Fee-Only. Independent. Client-Driven. Conservative.

By Retirement Investment Advisors
Oklahoma City | Edmond | Frisco, Texas

Acknowledgement

The contents of this booklet are based on the book *The All-Weather Retirement Portfolio: Your post-retirement investment guide to a worry-free income for life* by Randy L. Thurman, CFP®, CPA/PFS. He has been researching and applying investment strategies since 1987, and is founder and co-president of Retirement Investment Advisors, Inc. He holds four degrees, including an MBA from Oklahoma State University, and has taught investing, personal finance, and economics at the college level.

In his book, Randy shares how you can have it all – not just more income to spend in your retirement years, but also the peace of mind that comes from knowing that, no matter what happens in the outside world, you’ve done all you can to enjoy a worry-free income for life. *The All-Weather Retirement Portfolio: Your post-retirement investment guide to a worry-free income for life* is available from Amazon.com.



The Perfect Financial Storm: Are You and Your Retirement Portfolio Prepared?

For more than 25 years, we have been helping people invest so they can enjoy smooth financial sailing throughout their retirement, no matter what kinds of storms may occur. Our strategies stand the test of time, producing inflation-proof income year after year with peace of mind. Even in the worst times, this allows retirees to ride out the storms and enjoy a comfortable income for life. The right investment plan is designed to provide for your individual needs, with the right vehicles to handle any terrain you may encounter and, most importantly, based on understanding how to balance your resources among the options available. Knowing how much to allocate to each type of vehicle will help you survive the storm, no matter where you are on the retirement path.

Retirement Investment Advisors is your guide on the path to retirement.





As a fiduciary, we are legally required to put your best interests above all else.

(Front Left) Joseph W. Bowie, CFP®, Co-President & CEO; Andrew Flinton, Executive Vice President, CFP®; Brenda Bolander, Executive Vice President, CFP®, CPA/PFS; Carol Alexander, CFP®, AIF®, CDEA™, Executive Vice President; Randy Thurman, CFP®, CPA/PFS, Co-President & CFO; Chad Rudy, CFP®, Executive Vice President – Texas

Most clients want as much income as possible to live comfortably. They may know about cash and fixed income vehicles such as CDs, bonds, and T-bills. They also know they probably can't live on the meager income these provide, and they don't protect against inflation. That's why investing for income is so important and we are here to show you how. We'll help you discover a simple, market-tested strategy for investing successfully in order to generate an income for the rest of your life—even if the market dips and you need to ride out a "Perfect Storm."

The retirement path can be a long and winding road. Where it leads and the experiences you have along the way may be planned before you ever take that first step. Retirement Investment Advisors is your guide on the path to retirement. As CERTIFIED FINANCIAL PLANNERS™, we act as a fiduciary, required by law to put your best interests above all else.

In selecting an advisory firm, you want one who is independent. This means that they aren't required to recommend the products of any specific company. Our compensation doesn't come from commission

tied to products. We are compensated by a fee paid by our clients. This approach results in services that are client-driven, not subject to pressures to sell products that may or may not be in your best interests.

In the next few pages, we will share with you our philosophy of investing. You will see why so many investors want Retirement Investment Advisors by their side to help navigate the twists and turns of the retirement path. After this quick, easy read, we think you'll want to know more about us. You'll also have an idea why so many local and national publications refer to us as among the best advisors in the business. We welcome the opportunity to serve you.

Are You Ready to Retire?

Before we do anything else, let's take a look at what you've done to prepare for your retirement. This will help determine the areas where you need more information so you can make the right choices.

- Do you know how much you can expect to receive in Social Security benefits?
- Have you decided when to take Social Security benefits? That is, will you take them immediately or defer them? If you plan to defer, have you decided when you'll begin taking benefits?
- Have you decided where you want to live?
- Have you prepared a spending plan for your retirement years, including health-related expenses?
- When did you last review your life and health insurance?
- When did you last update or review your will?
- If you're married, is your spouse retired or planning to retire?
- Have you determined how you will provide for long-term health care needs for you and your family?
- Have you figured out how much income you will need for a comfortable retirement?

- Have you determined your net worth? If so, how recently?
- How diversified are the assets? Do you own CDs? Individual stocks? Individual bonds? Mutual funds?
- Have you decided what you'll do with the money in your company pension plan?
- Have you consulted with an attorney, CPA, or CERTIFIED FINANCIAL PLANNER™?
- Have you thought about which hobbies, interests, or work you will pursue in retirement?
- Are you actively gathering information about health, lifestyle, living arrangements, and the financial aspects of retirement?

Unless you have a pretty good handle on all these questions, you are like most people on the verge of retirement. It's time to start planning. The best way to do that is to select a financial advisor you can trust. Together, you can begin to develop a plan that will put you on the path to a worry-free retirement.

Make sure you will be getting excellent service and advice, and that you won't be just a number in a planner's overloaded schedule.





Seven questions you need to answer to build a comfortable income for life

How much are you starting with?

Add up your CDs, annuities, investment accounts, IRAs, pension and other retirement plans – all of the assets that will be used for your retirement income.

How long do you want your money to last?

There's a better than 50:50 chance that you will outlive your income. You should plan to have an income to support you through your 100th birthday.

How much do you want to end up with?

Would you like to leave some money behind? The best thing you can do financially for your kids is make sure they don't have to support you. Plan to end up with enough so that if you live longer than you expect, you'll still have enough money to be comfortable.

How much return will you get on your investments?

Blend different types of investments to create an efficient portfolio- one that maximizes your return while taking on the least amount of risk.

How much risk should you take?

A sudden downturn in the value of your investments can have a much bigger impact on you in retirement than it would have while you were putting money in – especially if that downturn happens in the first few years after you retire.



Discuss your goals with an advisor in a complimentary, no obligation consultation.

But as long as you follow the plan, you should be able to weather a squall comparable to anything we've seen in the modern-day financial market.

What about inflation?

Your dollars will probably buy less as time passes due to the impact of inflation. It's a hidden factor than can blindside you if you don't plan accordingly.

How much do you want to take out each year?

Make an informed decision about how much you'll take out in your first year of retirement and adjust it annually to accommodate a rising cost of living so you can enjoy your retirement without sacrificing your peace of mind.



Investments 101

Basically, there are three broad categories of investments:

Guaranteed Cash Investments: These are vehicles you can use to earn a small amount of interest, but the fair market value of your investment doesn't change. Such as

- Checking accounts • Savings accounts • Money market accounts
- Certificates of deposit, or CDs (these are short term, a year or less)
- Treasury bills (Because you hold them for a very short term, their value fluctuates very little.)

Fixed Long-Term Investments: These are loans paying a fixed amount of interest. They include • Corporate bonds – they're safer than stocks because in the event the corporation runs into financial trouble, bondholders get paid before stockholders. • Government bonds • Certificates of deposit, or CDs (those that are long-term, greater than a year) • Preferred stock- Preferred stock is a safer investment than regular, or "common" stock, because if a company falls on hard times it will pay dividends on preferred stocks before common stocks.

Equity Investments: Equity means ownership. Your home and other real estate such as rental property would be an equity investment. Stocks would be another. When you own a stock, you own part of that company.

It is beneficial to include both fixed and equity investments in your strategy for your retirement income. The most important part of investing for an income that can withstand a downturn is knowing how to blend, or diversify, your investments among the different types.

Investing for Income

Now that you're ready to retire, it's time to change your goals from building wealth to generating income from the savings you have accumulated. Investing for income is different than investing to accumulate wealth. With a more stable investment portfolio, taking on less risk than when you were investing for wealth, you'll find yourself in a more comfortable and productive position. That's what you want to fully enjoy your retirement. Your Retirement Investment Advisors, Inc. CERTIFIED FINANCIAL PLANNER™ can advise you on how best to structure your investments to achieve this.

Income for Life

How much can you take and never run out of money? One of the most important decisions you'll make when you retire is how much you withdraw annually from your retirement assets. Take too much and the money won't last. Take too little and you may not enjoy retirement as much as you could.

To strike the right balance, consider your life expectancy, your expected long-term rate of return on your investments, the anticipated inflation rate, and how much principal you want to have left at the end of your life. If you want to leave your children something, you can add that number when you and your financial advisor are making those calculations.

Of course, life expectancies, rates of return, and inflation are hard to predict over a retirement period that can span decades. As we said earlier, just to be safe, it's a good idea to plan to live to 100.

Making a realistic assessment of how your investments will perform over the next 30 to 40 years is difficult. Just remember, this is about providing you with a worry-free income, so it's best to factor in the potential impact of a downturn from the worst times the market has seen in the modern era - just in case you encounter a similar pattern after you retire.

Rates of inflation have been relatively tame in recent years. Still, it's possible we could see higher, troublesome inflation in the future. To make sure you don't feel that impact during your retirement, we'll want you to increase the amount of money you withdraw each year by an amount equal to the rate of inflation.

By mixing different types of investments with dissimilar movements in different economic climates, we can show you how you can expect your income to last 40 years, adjusted each year to keep pace with inflation.



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At Retirement Investment Advisors, compensation is based on a fee – never on a commission or other incentives to “sell” you something that may not be in your best interest.





A Portfolio that Can Weather the Storm

There is a ship that can weather the financial storm. Its name is Diversification. Placing your money in a carefully chosen array of diverse investment areas is the key to having a worry-free income for life. When you choose a variety of investments that have dissimilar movements in various economic scenarios - that is, when one investment goes down another is going up - you protect yourself no matter what kind of storm looms on the economic horizon. We can show you how a properly diversified portfolio, with different elements moving in different directions at any given time, creates a balance that will outlast any one of its components through virtually any financial storm.

So, how do you diversify? How much money do you put into each asset class? Where can you go for information? Your Retirement Investment Advisors, Inc. CERTIFIED FINANCIAL PLANNER™ can show you how to build such a portfolio and how you can have the satisfaction of knowing you've done everything that a wise investor can do to create a worry-free income for life.

Designing Your Retirement Portfolio

It seems there are as many opinions about where to put your money, and when to put it there, as there are pundits on TV. It really comes down to differences in philosophy about investing, about what works and what doesn't. Your financial advisor, by applying the principles of asset allocation, can implement time-tested investment solutions without relying on guesswork like market timing and picking individual stocks. In this way, time is spent on what really matters: how to diversify and find the mutual funds that will regularly deliver a performance consistent with their asset classes. As a result, you will maximize the probability that you will have a worry-free income for the rest of your life, no matter what's going on in the investment world at the time.



There will always be ups and downs in the market. Retirement Investment Advisors will help you develop a long range, worry-free plan.

Nine Steps to a Worry-Free Income for Life

When you settle on an investment approach that is prudent and practical, and we have an asset allocation that will provide the best balance of return and risk, here are a few basic things the portfolio should deliver:

- Provide you an annual income
- Increase your disbursement each year at a rate equivalent to the rate of inflation.
- Closely monitor risk associated with each asset added to the portfolio.
- Stand up to testing to see how it performs across the highs and lows of the worst market in recent history.
- Last at least 40 years, providing a spendable cash flow for the rest of your life.

Your advisor can help you design the portfolio that is best for you. Going forward, these are the nine steps we need to take to stay on the path to a worry-free income for life:

Step One: Buy Bonds to Generate Interest Payments

If you hold a bond until it matures, you know exactly how much you will earn.

Step Two: Buy Stocks for a Higher Return

Stocks are likely to generate a greater return than bonds, and equity assets tend to move differently from bonds. This is exactly what you want. While one ship is taking on water, the other is a lifeboat.

Step Three: Switch to Intermediate-Term Bonds

Replace your long-term government bonds with intermediate-term government bonds; those with an average maturity of around five years.

Step Four: Diversify Internationally

The economic climate in the United States is often different than other parts of the globe. This means the equities of companies based in

Retirement Investment Advisors is independent, conservative, and client-driven.



Europe or Asia, for example, often perform differently from those of U.S. corporations.

Step Five: Diversify with Growth and Value

Research shows three factors that track dissimilar movements in the market. These affect the equity portion of your portfolio. The factors are: market risk, growth vs. value, and company size. If you diversify your investments according to these factors, you insulate yourself against loss in any one segment of the market.

Step Six: Diversify with Large Companies and Small Companies

The next step is to diversify the domestic (U.S.) portion of the portfolio among equities in large and small companies.

Step Seven: Eliminate Dead Wood

We will evaluate every investment area to see if there are any that don't pull their weight. In other words, can we improve on the portfolio by dropping one or more areas?

Step Eight: Optimize the Blend

Growth and value stocks tend to perform better in different financial climates. Either can do well but it's unusual for them to do well at the same time. It helps our portfolio to invest in both.

Step Nine: Evaluate the Initial Mix of Equities and Bonds

It is good to make necessary adjustments along the way. Your advisor will make recommendations and suggest additional safety measures. These can include reducing the amount of your initial distribution slightly, taking less as a cost-of-living increase and other measures you can discuss with your advisor.

Together, we can also explore the best way to buy funds to make up each of the asset classes in your portfolio, and then focus on maintaining it so it continues to perform as it should throughout your retirement years.



Finding an Advisor You Can Trust

Just by reading the brief account of investing in this booklet, you have probably reached the conclusion that having some expert advice would itself be a wise investment. A good financial advisor will benefit you much more than the cost of those services. Your financial advisor can help to calm your nerves when times are tough and keep you grounded when things are great and you want to invest more aggressively. Your advisor helps you stay the course, which increases the probability that no matter what happens, you will have a worry-free income for life.

By asking the right questions, you can find someone who is knowledgeable, trustworthy, and responsive to your needs. First and foremost, ask: **Are you a fiduciary and are you willing to be bound by the legal requirements of a fiduciary to put my best interests above all else?** The fiduciary duty is the strictest duty of care recognized by the US legal system and requires a duty to avoid conflicts of interest.

Here are other questions you must ask BEFORE you hire an advisor:

How much financial planning and investment advisory experience do you have?

What professional designations have you earned?

How do you keep up with the constantly changing financial environment?

Are you an agent or a representative of one primary company? How can you provide unbiased advice if you are an agent or a representative of one company?

Which outside professionals do you bring in, and when do you bring them in?

What is your investment philosophy? The advisor should have



Retirement Investment Advisors has been recognized by the Oklahoma Business Consortium for ethical practices in the marketplace.

a consistent, conservative investment philosophy that does not confuse investing with trading or speculating.

How do you get paid? Either they get paid a commission every time they buy or sell a stock, bond, or other investment vehicle, or they get paid a fee that's either an hourly rate or an annual amount based on the size of the portfolio.

Do you also make commissions on products you recommend?

It's important to know if an advisor's priorities are aligned with yours, and whether their approach is "client-driven," which means your needs are the priority, or "product-driven," which means they're not.

How many clients do you have, and how many new ones do you take on every year? Make sure you will be getting excellent service and advice, and that you won't be just a number in a planner's overloaded schedule.

What happens if I'm not happy with your services?

What are the charges and fees I will pay if I want to cancel this arrangement? If changing an investment-or an investment advisor-incurs hefty surrender charges, then it's probably not a good choice.

Financial Advisor Alphabet Soup

What do all those letters behind an advisor's name mean? Here is a glossary of the initials you are likely to encounter when dealing with investment professionals:

CFP® - CERTIFIED FINANCIAL PLANNER™. A person who has a CFP® is serious about the profession.

CDFA™ - Certified Divorce Financial Analyst

CFA - Chartered Financial Analyst

ChFC - Chartered Financial Consultant

CLU- Chartered Life Underwriter

CPA - Certified Public Accountant

CPA/PFS - Certified Public Accountant, Personal Financial Specialist

MBA - Master of Business Administration

NAPFA - The National Association of Personal Financial Advisors

RIA- Registered Investment Advisor

RR- Registered Representative



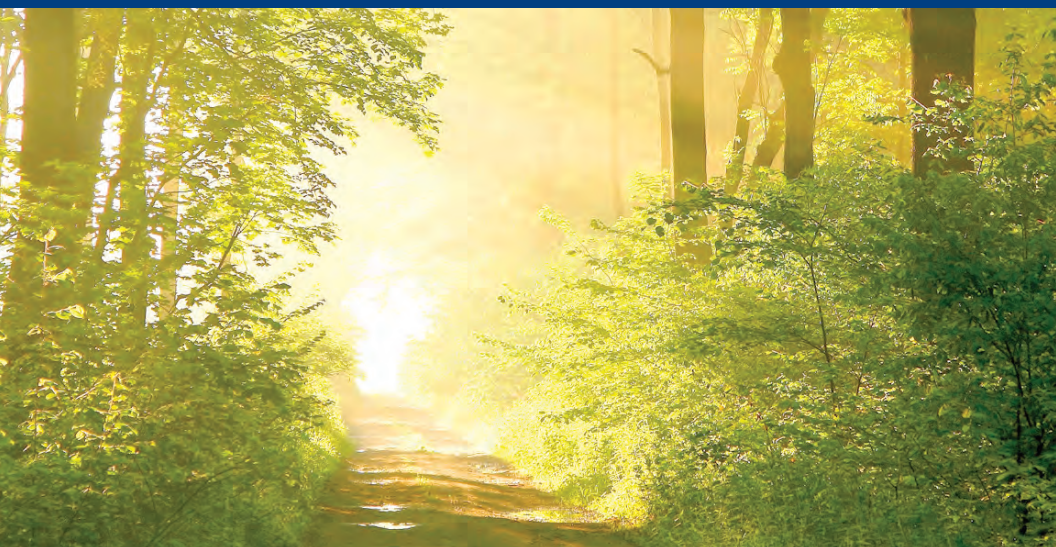
The Retirement Path Ahead

As you have seen, there are many things to look for along the path to retirement. Like any path, there can be twists and turns. Inevitably, there will be unexpected events along the way. Life is like that. With a professional financial advisor like the CERTIFIED FINANCIAL PLANNERS™ at Retirement Investment Advisors by your side, you will have the support you need to make those decisions and allow for those changes.

For more information, contact us at one of our offices or online at TheRetirementPath.com. It's a great journey along the path to retirement.

We want to help you every step of the way.

Retirement Investment Advisors will be with you every step of the way showing you what to do and how best to do it.





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