# 10 STEPS TO BUILDING

## AN ALL-WEATHER RETIREMENT PORTFOLIO

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EXCERPT FROM "THE ALL-WEATHER RETIREMENT PORTFOLIO"

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# 10 STEPS

## TO BUILD AN ALL-WEATHER RETIREMENT PORTFOLIO

We have selected an investment approach that is prudent and practical for the best balance of return and risk. Here are the steps to building an all-weather retirement portfolio:

01

### Start with Intermediate-Term Corporate Bonds

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

02

### Diversify with Stocks for a Higher Return

Stocks are likely to generate a greater return than bonds, and equity assets tend to move differently from bonds. Start with 60% equities (stocks) and 40% bonds.

03

### Diversify Stocks Internationally

The equities of companies based in Europe or Asia often perform differently from those of U.S. corporations. Your portfolio should have 30% international equity.

04

### Diversify with Growth and Value Stocks

If you diversify your portfolio according to market risk, growth vs. value insulate you against loss in any one segment of the market. Divide your growth and value equally.

05

### Diversify with Small Companies

The next step is to diversify the domestic (U.S.) portion of the portfolio with equities in small companies. About 20% of equity positions should be small cap.

06

### Eliminate Dead Wood

Evaluate every investment area to see if there are any that don't pull their weight. It just so happens that small cap growth is dead wood. Instead use small cap value.

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07

### Apply Value Tilt

You can take money out of growth stocks and invest in value stocks. By tilting the large-cap U.S. equities 2 to 1 in favor of value versus growth, you optimize the blend.

08

### Adjust the Ratio of Stocks and Bonds

The 70 equities and 30% bonds mix can be the "sweet spot" in terms of producing the best success rates and extending the amount of time it takes for the portfolio to be depleted.

09

### Optimize International Stocks with Emerging Markets

Take some of the money from your international stocks and put them into international emerging markets which means investing in countries that are not yet considered developed countries.

10

### Apply the 8-Year Rule

The 8-year rule only applies if the worst financial storm hits in the first 8 years after you retire. After that you are on auto pilot.

Together, with Retirement Investment Advisors, Inc., 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.

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Your Guide on the Path to Retirement

If you're ready to get started on the path to retirement, we are happy to schedule a complimentary consultation with one of our CERTIFIED FINANCIAL PLANNER™ professionals.

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