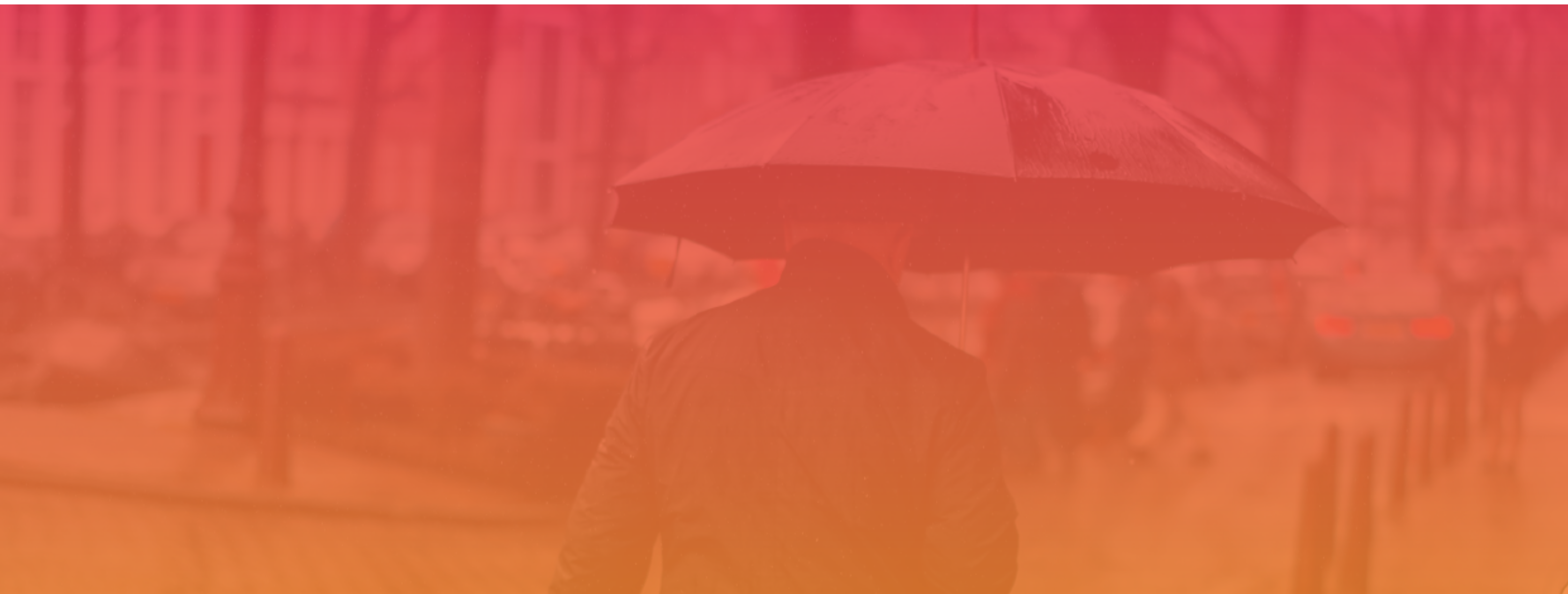
RISA®

Rainy Day

A retirement income strategy based on matching short term expenses while capturing potential market growth over the longer term.



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Introduction

Finding and implementing the right strategy for sourcing your retirement income can be a daunting task. A myriad approaches and options are available, and truthfully, many of them will probably work all right, more or less, at least for a time. But which approach is best for you—is most precisely suited to your strengths and weaknesses, your concerns and biases and priorities, your preferences and lifestyle—may be something else altogether. A strategy that's custom tailored not just to your requirements but to your personality is one you'll feel good about and, consequently, one you're most likely to implement with relative ease. It's the one you'll be able to stick with because it feels right—and therefore, the one that's most likely to succeed.

Our Retirement Income Style Awareness® (RISA®) tool can help you identify that solution. From your unique profile, it will show you a range of appropriate options so you can choose what's best for you. That's because it's designed to capture the multifaceted aspects of a retirement income plan beyond a traditional accumulation-focused portfolio guided by a minimal risk-tolerance questionnaire.

RISA® is Different

Unlike any retirement planning tool that's come before, the RISA® was specifically built to measure a variety of choices about how you're most comfortable sourcing your retirement income.

It translates your choices into a snapshot of appropriate, viable strategies that fit your style. It's an empowerment tool to help you find what's best for you.

No single approach or product will work for everyone, of course. So our methodology effectively identifies your particular preferences and matches them to specific retirement income strategies and recommendations for you to choose.

In this way, the RISA® solves the problem of scattershot retirement planning.

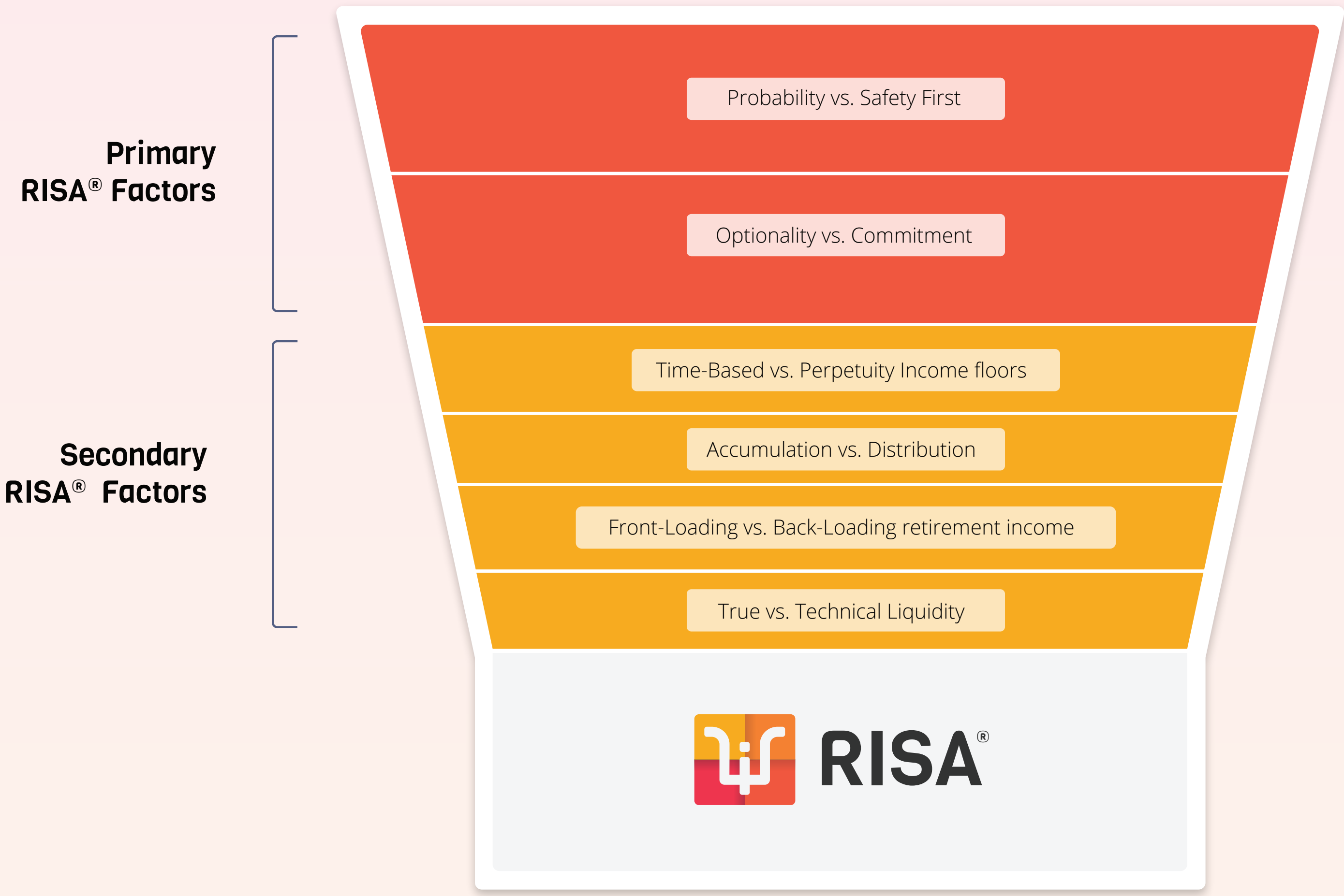
Through a series of user-friendly questions, it zeroes in on your unique profile to generate custom-tailored retirement income solutions. The secret behind the system is we've broken down retirement income styles into specific dimensions that gauge your preferences in relation to financial decision-making.

Two Primary Factors

The two primary factors our questions assess are Probability versus Safety First and Optionality versus Commitment. Probability versus Safety First details how you would like to source your retirement income—from sources dependent on potential market growth or from contractual obligations. Optionality versus Commitment delves into the degree of flexibility sought. Maybe you like to keep your options open, or your prefer to commit to one solution and be done. There are no right or wrong answers here. It's all a matter of preference.

Four Secondary Factors

We then examine four secondary factors to sharpen and refine your profile: Accumulation versus Distribution, Technical Liquidity versus True Liquidity, Front-Loading versus Back-Loading, and Time-Based versus Perpetuity planning. These dig deeper into precisely which type of approach for sourcing retirement income feels best and most fitting for you.



The RISA® Matrix

From there, with this foundation of distinct factors to identify your preferences, we define your RISA® Matrix, which is made up of appropriate and practical retirement income approaches. More specifically, the Matrix lays out four quadrants to delineate your individualized retirement income profile

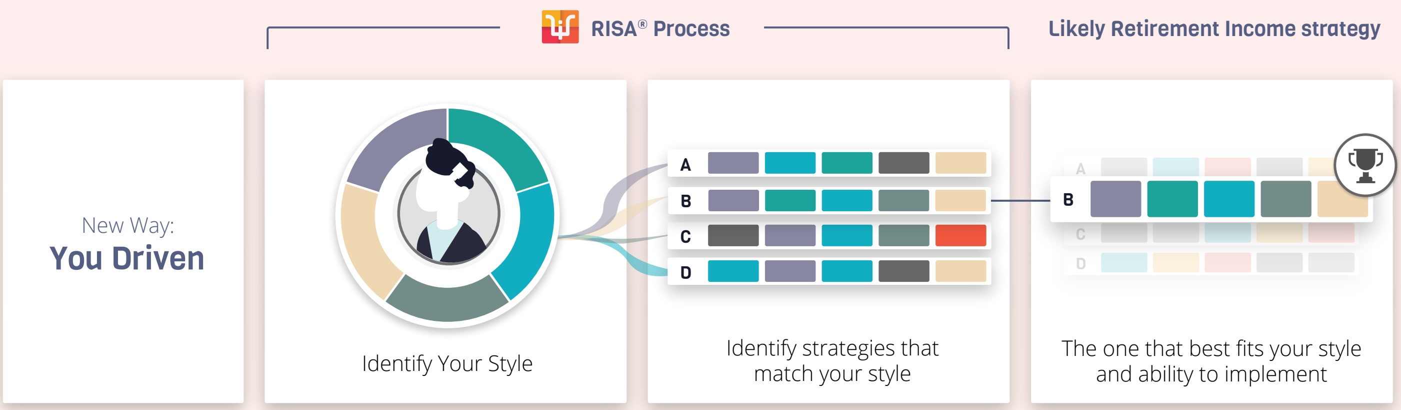
The RISA® Matrix (cont.)

Next, we identify the four main strategies that match up with the four RISA® Matrix quadrants.

The Case Study

To illustrate this process, here is an example of how you can identify a retirement income approach that best fits unique personalities and preferences. Your story may be completely different. This is just sample a case study to demonstrate the effectiveness of our system. No one situation or solution is better than the others. You may or may not identify with this case, but that's okay. What's best for you depends entirely on who you are.

> *That, after all, is the point. The retirement income sourcing strategy that's best for you is one that's matched to your specific and unique style and preferences*

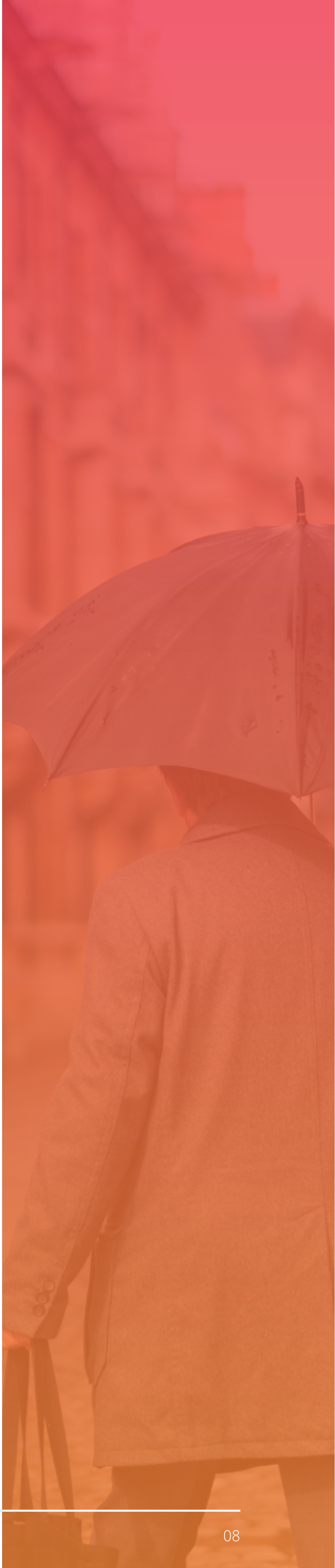


Paul

Rainy day: A retirement income strategy based on matching expenses over the shorter term while capturing potential market growth over the longer term.

Paul was a successful and well-respected architect. He started his firm in his late 30s and, while talented, he attributes part of his success to his skill at managing his finances during the lean years. He came to really appreciate the benefit of having cash or access to cash when needed. An unexpected divorce and re-marriage further solidified his view of the importance of being ready for whatever life may present.

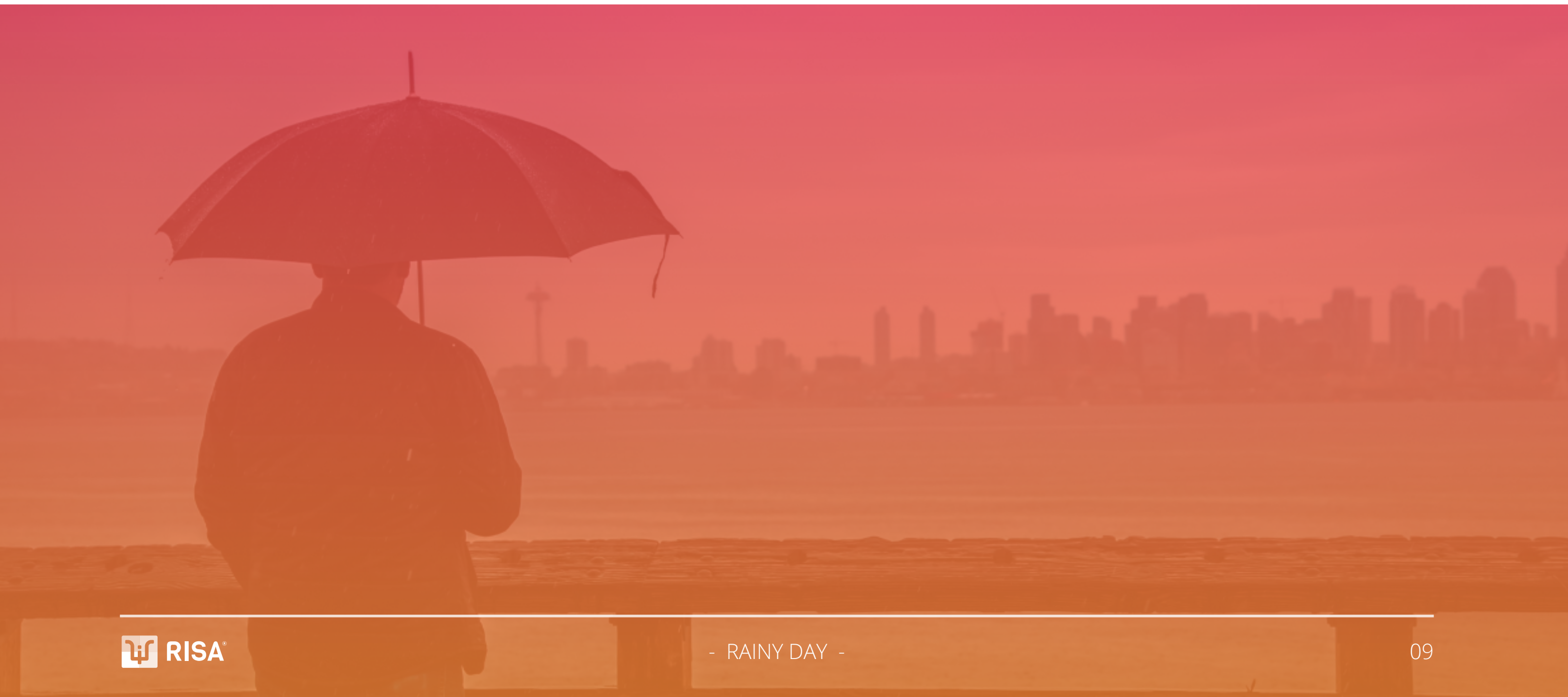
Now, as he enters retirement, he sees himself as a wise, grizzled, and somewhat skeptical investor. He's seen firsthand the effects of the dot-com bubble, the real estate meltdown, and now the pandemic scare. In his view, the market will experience a significant downturn every seven years or so with potentially greater declines each time, thanks to the speed of technology. While he has taken his lumps along the way, he recognizes the value of having short-term funding strategies to be able to take advantage of potential investing opportunities. This outlook has also enabled him to avoid potential spending shocks, such as when he has to help his ailing parents.



Ruth

So, in retirement, Paul's penchant for shorter term funding strategies will serve two additional purposes. First, he sees short-term funding strategies to be vital for matching short-term retirement income needs. Paul can fund those needs with individual bonds, fixed-period contractual gaurantees, or cash set asides. This allows him to draw from his portfolio to potentially replenish his bonds, period-certain annuities, or short-term cash reserves over longer-term horizons. Second, Paul and his wife can delay the onset of their Social Security payments till age 70, which will increase the amount of each check they receive. With a short-term funding bucket, he can cover their funding needs during their early retirement years and, later, receive the increased Social Security payout for longer-term needs.

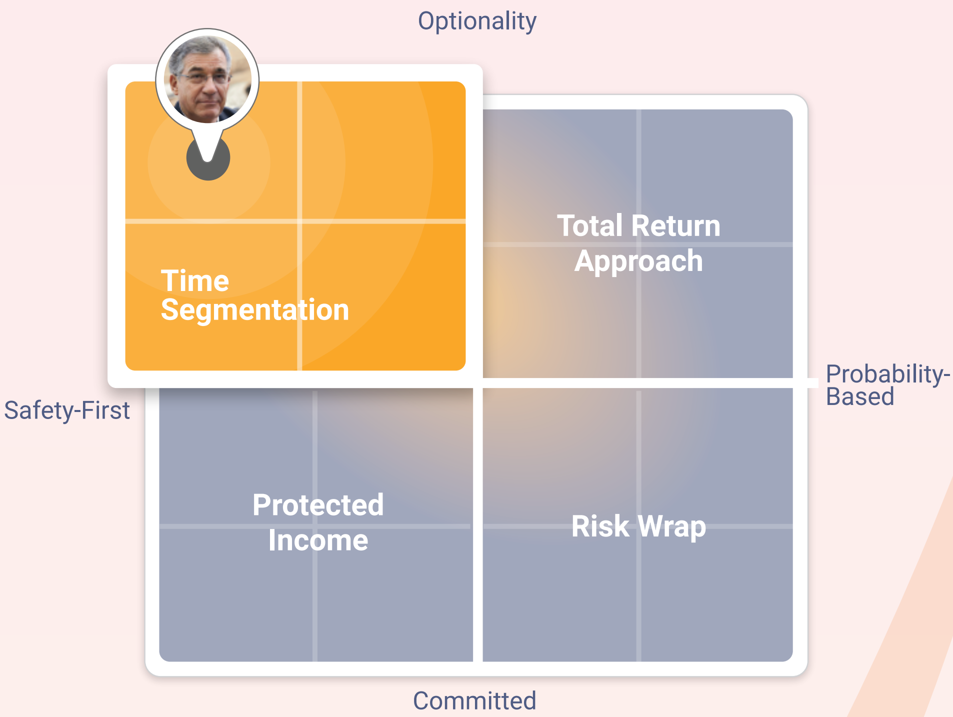
While comfortable, Paul knows that he can't account for every possible unknown expense. He knows his short-term bonds or period-certain income annuities give him the benefit of a retirement income cushion for the time being. Moreover, by not needing to draw from his investment portfolio, he allows the portfolio a longer time horizon to recover from short-term volatility. He knows he can't time the markets, and he doesn't want to be forced to take from his portfolio during a market downturn. In addition, by creating shorter-term funding windows with very safe instruments, Paul has the ability to revisit his situation every few years without committing to a long-term solution that may suddenly lose relevance as his situation changes.



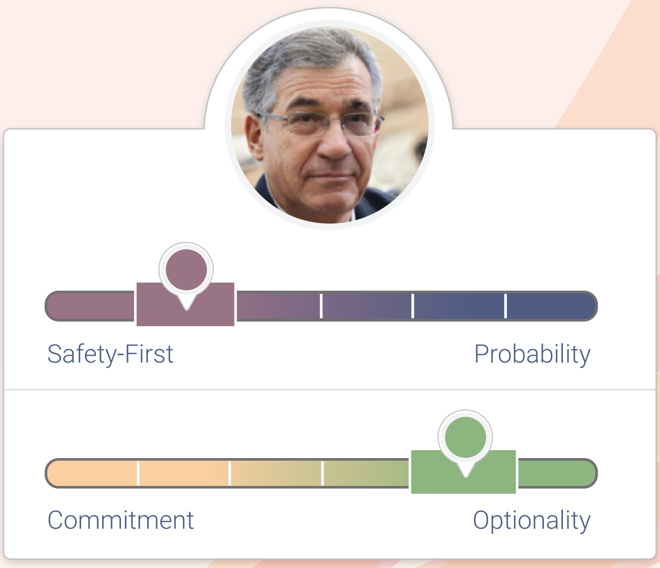
RISA® Interpretation

Thanks to the RISA® questions, we were able to extrapolate and assemble many of the preferences that Paul displayed during his accumulation years, preparatory to retirement.

His RISA® profile is:

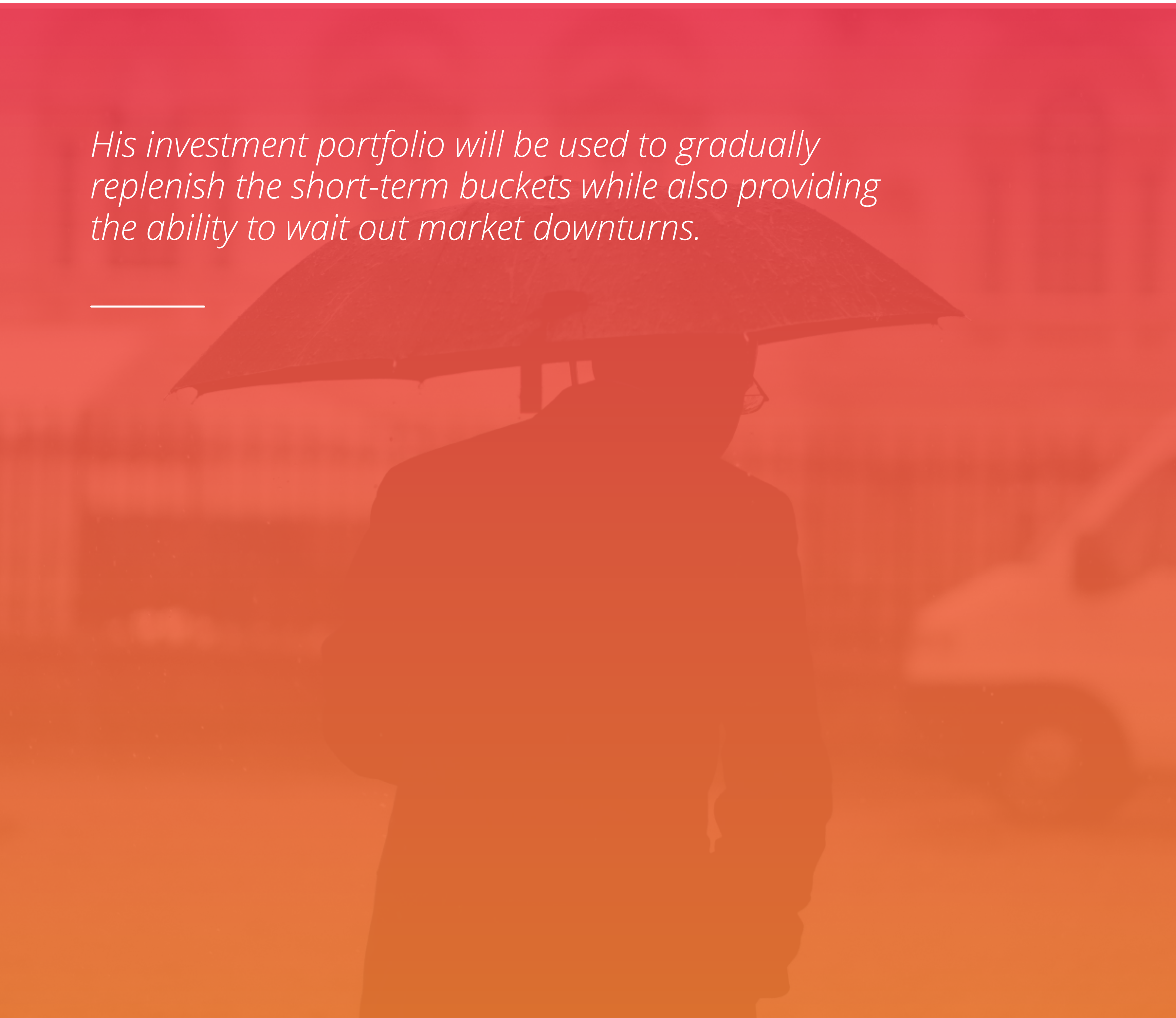


Paul's two primary factors came out this way:



RISA® Interpretation

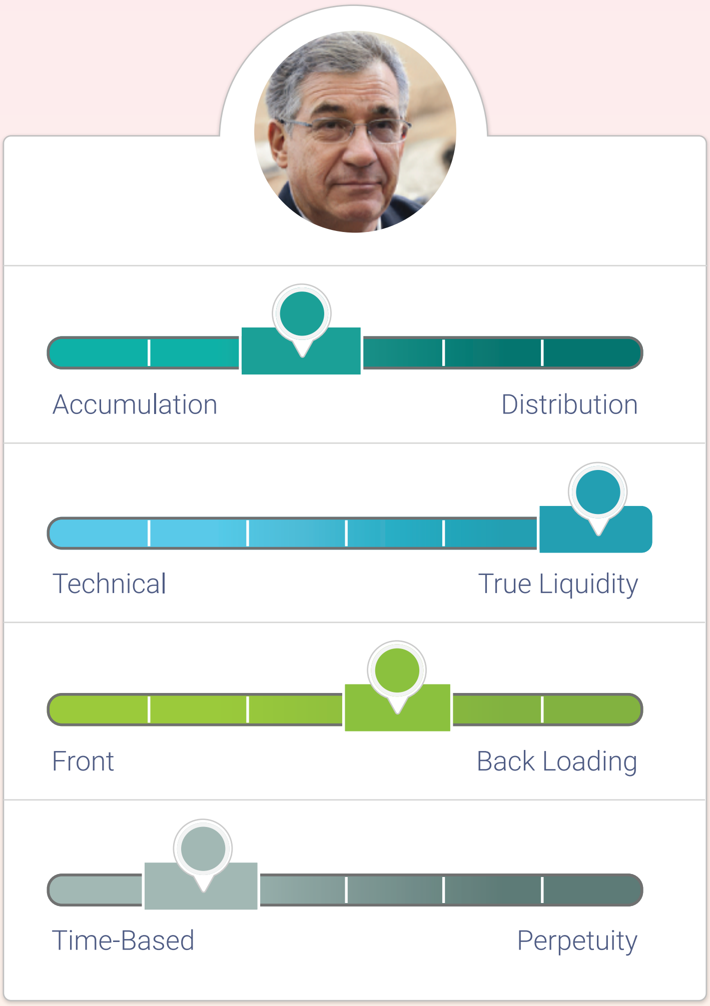
Paul’s RISA® score reflects someone who likes to draw retirement income from contractual obligations—such as government bonds, period-certain annuities, or cash equivalents—that are less exposed to market swings and provide strategy flexibility. He prefers to divide his money into different categories, earmarking assets for spending immediately, soon, or later.



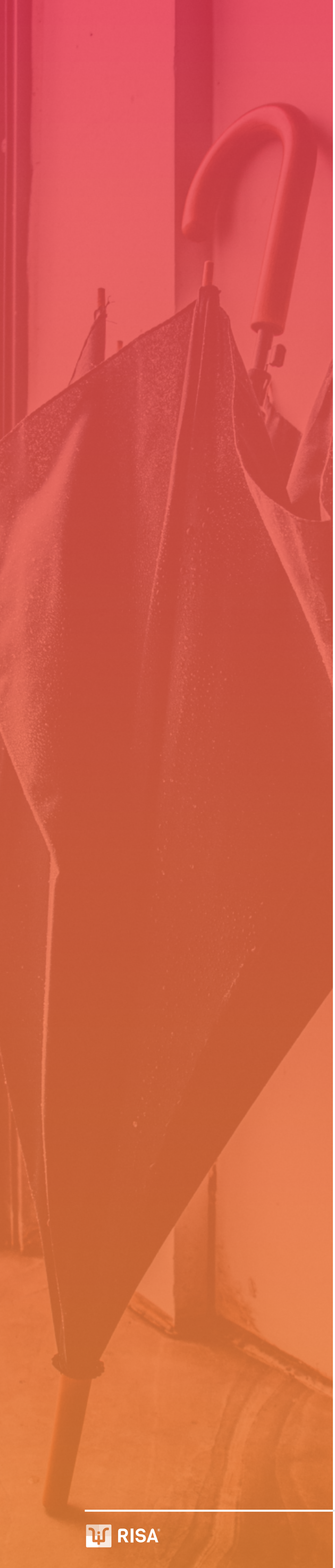
His investment portfolio will be used to gradually replenish the short-term buckets while also providing the ability to wait out market downturns.

Secondary Factors

For further detail, his four secondary factors scored like this:



His secondary RISA® factors exhibit a preference for increasing his asset bases rather than having a consistent and reliable income stream across different market environments. He also favors having assets earmarked as reserves for future unexpected events, and frontloading his retirement expenses so he can enjoy the money while he's young and healthy enough to be active. He also intends to address potential funding gaps for fixed periods of time as needed.



Altogether, these preferences reflect an investment-based Time Segmentation approach, also referred to as Bucketing.

Paul may lump this together with the idea of holding additional cash reserves outside the investment portfolio to manage market volatility or fund unexpected expenses. With the RISA® in hand, Paul is equipped to quickly assemble a retirement income plan that focuses on the factors he cares about the most.

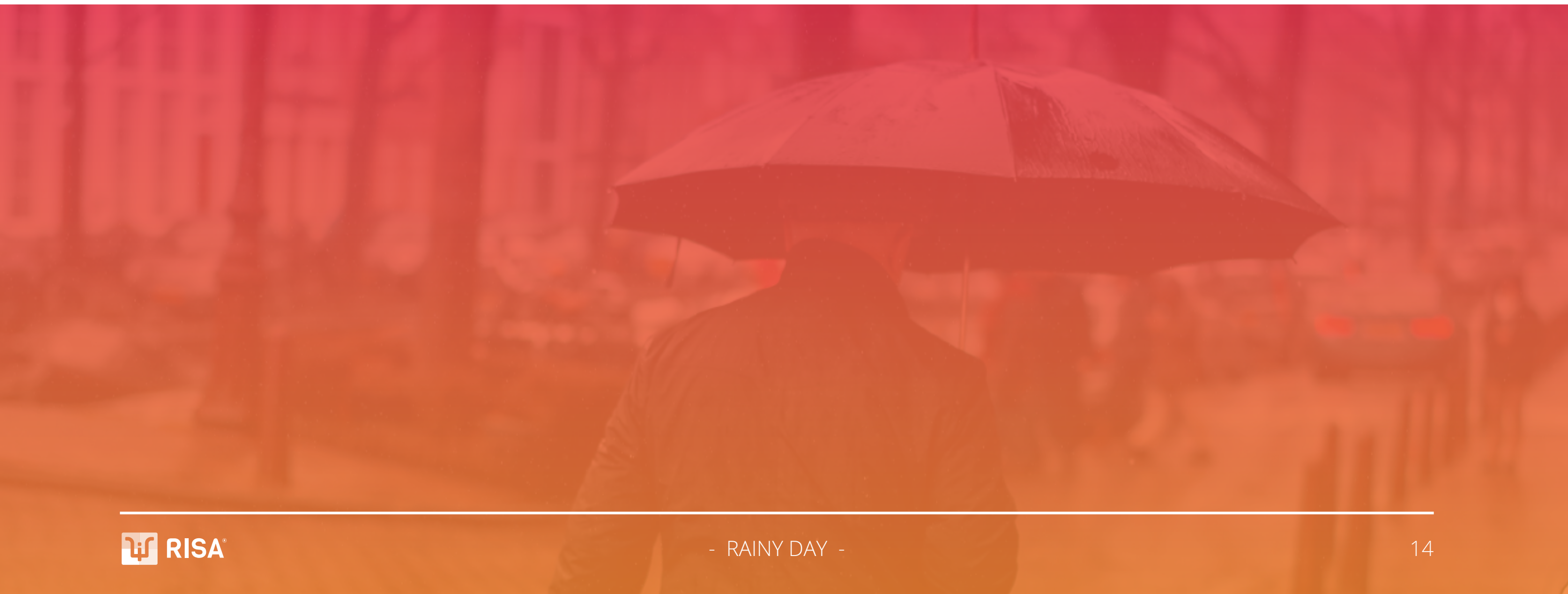
Conclusion

While this case study may not match your situation, the RISA® is specifically designed to capture your unique set of biases, leanings, and preferences. It's a tested and effective custom-tailored tool for an age-old problem: how to structure a retirement income sourcing strategy that feels right and will go the distance.

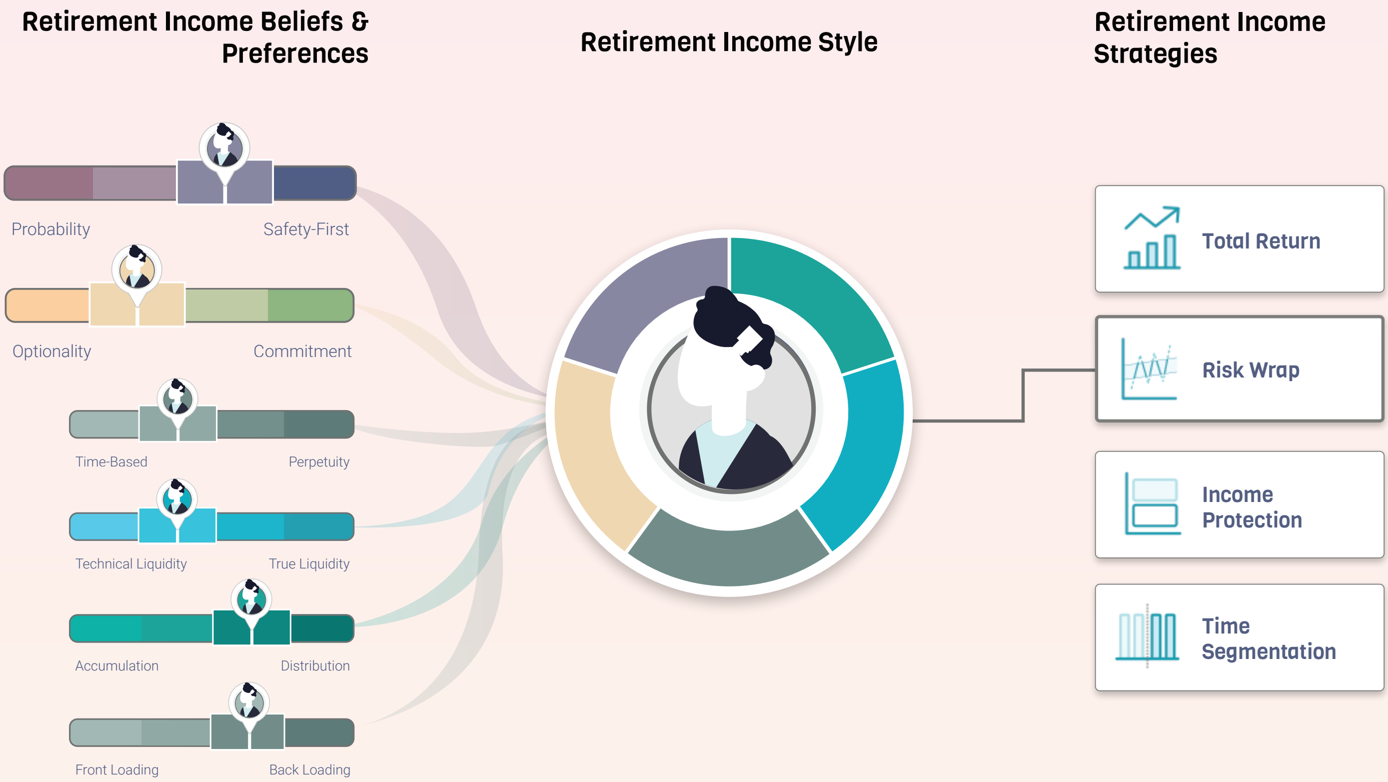
Financial experts are full of ideas and approaches to retirement income planning, many of which are valid. But they are not based on this kind of detailed assessment of your particular personality and financial style. Our RISA® system solves the problem of cookie-cutter methods by weighing specific measures of how you want to source your retirement income. As in the case described above, the RISA® will generate an appropriate matrix that matches suitable and available retirement income strategies to your particular quirks and desires.

Once you're armed with this information, you will become a more informed consumer. You will be empowered to choose the right retirement income strategy for you—one that fits as comfortably as an old pair of jeans, one that will feel right for the length of your retirement. That's important for not just your retirement satisfaction but your ability to stick with the plan. You can't be expected to implement a strategy that just doesn't feel right. That's a recipe for disaster.

But with the RISA® assessment, you can feel certain of finding the ideal approach for your situation and personality. That's one you'll be able to implement with confidence and ease. As such, it's the retirement income sourcing plan that's most likely to succeed for the long haul.



Conclusion



So take our RISA® questionnaire today. It's easy, and you might even find it fun.

But the most important reason to do it now, without delay, is that it could change the course of your retirement. It could improve your odds of successfully maintaining a retirement income strategy in a way you'll feel good about and enable you to implement it with success.

Want to learn more?

Visit our website:

www.risaprofile.com