- ♪ So here we go again ♪ ♪ Here we go ♪

- [Narrator] The following program is not intended to be legal, financial or investment advice. The program is intended to be strictly educational. The opinions of those appearing on the program are those of the subject and not my My Secure Advantage, Inc. For any individual legal, financial or investment advice, please contact your legal or financial advisor.

- Welcome to our Friday afternoon webinar, Investor Education Strategies During Volatile Markets. This is the sixth Friday in a row that we have done a webinar like this, we freshen it up each week. And for those of you that have been with us in past Fridays, welcome and for anyone that's joining us for the first time, welcome. As a reminder, what we have is anyone that has an MSA benefit, we work with thousands of companies and actually millions of employees, and anyone can access these webinars live and then also via the recording. So, again, we welcome everyone today. Also, as a reminder, the way that we structure these webinars is we take the questions that you bring to us when you register, as well as any survey feedback you provide from previous Fridays, and that's how we put together the agendas each week. So with that said, I'd like to introduce myself. My name is Mike Hackett, and I have over 30 years experience in financial services. And I've been managing our education team here at MSA for about six years, I spent a lot of my time traveling around the country working with different education teams, education groups, and we really enjoy being able to go out and visit everybody, but we also enjoy doing webinars as well, so happy to be doing this today with my colleague, Constance.

- Hi, Mike, it's a pleasure for me to join you today and I'm super excited to be with everyone. Just wanted to introduce myself. Constance Foley, I'm a money coach here at MSA, I'm an accredited financial counselor, I have a master's in education, I've been a money coach for many years. I'm kind of an all around coach with specialties in retirement planning, investments and insurance. And so let's get started.

- Well, let's do a little housekeeping first. So, in terms of QA, many of you will have questions, hopefully as we start to go through the webinar. We have 30 minutes of planned comments, and then we are gonna spend 30 minutes just answering your live questions. But again, the questions that we're really addressing in our 30 minutes of structured comments is from previous webinars or what you submitted during the recording, so please make sure to submit your questions, we'll get to them at the end of this webinar. You will also be prompted to complete a survey when you leave so please make sure that you complete that survey, your feedback is very valuable to us in crafting next Friday's presentation. We will doing these at least through May, that's the plan for now. And then also, within probably 24 hours after this event, you will receive an email and have access to a link for the recording. So if you miss anything, don't worry, you'll have access to be able to go back and listen to anything you missed. So with that, let's get to the agenda. What we did is last week, for many of you that joined us last week, we put together what we call a typical retirement investment timeline. I'm gonna bring that back 'cause we kind of dealt with half of that last week, and we're gonna deal with the other half this week. And the other half this week has to do with looking at asset allocation in a few different ways that will bring back some visuals, but we're gonna talk about them a little bit differently. And then we're gonna talk about sources of income in retirement. Last week was more about your first 30 years in kind of this 60 year lifetime of investing, and we're gonna talk about that last 30 years this time. And then we'll go to an action plan. It's always important that you feel motivated to take action. Hopefully it's utilizing some other resources at MSA. So before we get started into the planned comment, we like to give a few comments about the markets, what they're doing. So, Constance, what's happened in the last week?

- Okay, so some positive moving. We saw the market up a little bit over 2% this week. And since March 23rd, when we had the downturn, tremendous downturn, we've gained 28% since March 23rd, so good news there because of economic activity, positive reaction to efforts to slow down the virus and hospitalizations have dropped as well. So year to date, we're still about almost 13% below where we were as of March when we had the downturn. So we also have seen recently in historic bear market for oil, due in part to the lack of demand because we're not driving as much, but also, there was a price war early on, between Saudi Arabia and Russia which further made oversupply happen. So we've got oversupply of oil and the price. Prices, I understand is coming back now. Monday it was a huge drop, but that's the nature of oil, is very volatile. We're seeing Georgia's deciding to open up some of the businesses that have been closed down as of today. They're starting that chain of events. And then in the meantime, we've had an interim coronavirus bill signed, passed and signed by both houses, signed by the president yesterday. So that would be for replenishing small business money and hospital and testing needs. Mike, so now we got the update. Let's talk about what we're really here to talk about, the timeline for retirement.

- Got it. Okay, so typical retirement investment timeline, so what we thought we do. Many of your questions have come into two camps. One camp has been, obviously you're in the first 30 years of your career and kind of how should you be dealing with these volatile markets, what might you be considering doing as next steps? And then the other camp has been people that are probably in their late 40s or 50s. They can kinda see retirement down the road a little bit, and, wow, what should we be doing when markets get like this? Are there any actions that maybe we should be taking now versus if we take those or other actions in the first 30 years of our careers. So what we wanna do is focus more on stage two, this latter part. So as you look at this chart, you kinda see the, from 50 on you, see the green and the aqua blue. That's what we're gonna be talking about today, 'cause your mindset kinda changes when you think about investing when you hit this stage of your investing career. And what I'd like to focus on is first asset allocation. We've talked about asset allocation from a number of perspectives. Last week, we tried to give you some pretty cool charts in terms of showing how different asset classes performed over time, how whatever performs great in one year, maybe the bottom performer the next year, so there's always a rotation of which asset classes perform the best. But we wanna look at asset allocation a little bit differently this time, so we're gonna talk about risk tolerance a little bit more, and then we're also gonna talk about common reasons that performance doesn't match our expectations. Typically, if we don't do certain disciplines throughout our investing career, then we often are surprised that our portfolios, either over perform or underperform versus our expectation, so we'll talk about that. And then we're gonna talk about the overlap between mutual funds. That's something that people often overlook. Then we're gonna talk about sources of income in retirement. We've talked about the employer sponsored retirement accounts, we're gonna talk about some other sources of income that maybe aren't under that umbrella of an employer sponsored plan. So with that, let's move to asset allocation and kind of get going, but actually, there's one more slide I wanted to kind of fit in to give you a sense and a good setup for Constance to go next. We had this slide a couple Fridays ago, and we use this to emphasize compounding and if you'd started investing when you were 25, and we're consistent and disciplined, and as your income went up a bit, and you increased your contributions, how that could add up to a million dollars by the time you reach the age of 65. So what I want you to do is focus on that last bar, so the 56 to 65 timeframe. If you look down there, you'll notice that when you start that last 10 years, you have under $500,000 in savings. So if you were to get to a million dollars, you would have to sustain the disciplines you have, which is contributing a bit more than you have in previous decades in that last one. But also you have to sustain your investments in order to try to get that 7% annual return, which is what is received throughout this chart. So it's really important that if you break up that discipline of your investments, you will not receive that 7% annual return and you will not hit that target of a million dollars. So this gets us to the next section, which is asset allocation and I wanted Constance to talk a little bit about kind of risk tolerance and how you might over time adjust what your asset allocation is. But again, you just got to be conscious of what's gonna happen those last 10 years? If you get too conservative, you might miss out on some of those returns that you're hoping to get.

- Exactly. You gotta have a plan in place, definitely. So let's take a look at the portfolio's. We're gonna revisit these a bit and just talk a bit more about them. And we have conservative balance and aggressive growth. Now, we talked in previous webinars about how you get to that portfolio that matches your tolerance and your timeframe. You take a risk tolerance survey, which many plans have if you go to your employer plan at work, your retirement plan website, typically has a risk tolerance questionnaire or investor questionnaire, I think it's called some times. So you can determine based on answering those questions, what portfolio matches your profile. Now, keep in mind, as Mike was saying, 60 years from work through retirement, just think about the fact that you're gonna be moving from one portfolio to the next, possibly during that 60 years. You may start out potentially aggressive or balanced and then end up either balanced or conservative. Or you may go back to be more aggressive in retirement. It just depends on what your timeframe is, your tolerance, your other sources of income, can you can you spend less time or access your investments less if you have other income? It's really part of your own personal plan. So the key takeaway here is don't move your plan or your portfolio strategy based on a crisis or a downturn in the market, move to another portfolio based on your plan. So that's the key takeaway that we wanna show. Let's go on and take a look at four potential problems with performance, things that affect our performance so that performance doesn't match our expectations. We've got the rule of 72 not balancing, not rebalancing rather over time, not sticking to a plan. Again, that's important in investments are too correlated. Let's take a look at the first one, rule of 72. And here's kind of an interesting fact. Really, this is a portable math problem. I love it, because whenever you think of your rate of return, divide that number into 72, and then it'll tell you how many years it will take to double your money, assuming you get that that rate of return on an average basis. So you may get higher or lower sometimes, but on an average basis. So for example, if you have a 4% return, divide that four into 72, you get 18 years, it'll take you on average 18 years to double your money. Or if you're getting more return, 8% into 72 is nine. So it's an easy rule of thumb, so to speak, is called the rule of 72, and it's easy math to tell you how often you need to maintain that rate of return to double your money. Let's talk about rebalancing.

- So, again, asset allocation is kind of a dynamic exercise that you check in on over time. And one of the things we've talked about that might be a good annual exercise when it comes to asset allocation is that of rebalancing. So maybe once a year, you look at your portfolios to say, "Are my portfolios still at the set percentages "that I wanted them to be?" So we have the moderate portfolio, this was labeled as balanced before, but because we're calling this rebalancing, we called it moderate. So if you have the moderate portfolio, which is over on the left, and you'll see you've got 35%, which is US stock, 15%, which is international, you have bonds at 40%, and then short term investments at 10%. Now, let's say that the stock markets perform really well in any given year. So instead of 35%, suddenly you find your US stocks at 38%, and maybe your international instead of at 15, they're at 17%, so your bonds has dropped to 35% of your portfolio, so you've gotten out of balance. So an exercise might be to sell some of the US stock, sell some of the international, buy some of the bond and return to that moderate portfolio target, which was the 35, 15, and 40. So that's just an example of how you might wanna rebalance on an annual basis. So if you weren't to do that exercise, it might go out of balance. We said, let's say take US stocks, it maybe goes from 35 to 38, then it goes to 40, then maybe it goes to 42, especially if you have a long bull market run like we had over the last 10 years or so before this recent correction. So if you don't do this exercise, when you have a market correction like this, you might find that you have much more exposure to US stocks, or international stocks than you anticipated because you didn't have this discipline in place. So it's a really important discipline in our minds as money coaches to try to practice if nothing else on an annual basis. Let's talk about just not sticking to plan. So again, this might be your plan to over time. There might be decades where you're the aggressive investor, then you're more of a balanced investor, and then as you get to taking distributions, you become more of a conservative investor. But you have a plan, and it's over decades of time, but if you don't stick to that plan, if you let your emotions get ahold of you, you could end up taking your money in and out of the market, and you'll miss unfortunately, some of the best updates. I've seen this with so many investors where they get nervous, they take their money out, even though they don't plan on using that money for decades, potentially, but because they take it out, by the time they put it back in, they've lost some of the best performance days of the market. So if you look at this chart, again, we brought this back from another presentation we did a few weeks ago. But if you stayed fully invested over this 20 year period, you're gonna get an average annual rate of return that's over 8%, which is great. But if you missed, if you took that money out or you tried to time and go in and out of the market, and you miss the 10 top performing days of the market during that 20 year period, because you weren't invested during those times, you would lose over half of your return, you would drop to a 4% average annual rate of return. But if you missed the top 30 days, so again, this is a 20 year period of time, you're taking your money in and out of the market, rather than just leaving it in, you end up missing the top 30 days of performance, you actually move into negative territory in terms of your average annual rate of return over that entire 20 year period of time. So we really recommend one of the most important disciplines of investing is having a plan, having a timeframe and understanding how your portfolio should change over time as you get closer to the time when you're gonna need those funds. So we've talked a bit about that, but we wanna now take another look at some other things that you might wanna be considering in terms of the overlap of mutual funds. This is another mistake that can happen over time if you're not watching, especially if you jump around and have different jobs with different companies.

- It's so true, Mike. And in an average career, they say people will change jobs more often than you think. So I often talk to people that have had two or three jobs and they're not even mid-40s yet. And again, I think it's a very common thing that we have today. So what happens if you have two previous plans over here with two former employers, you have your current plan, you may have outside investments as well. So you've got really a lot of different things going on, a lot of moving parts, and you may have some overlap in your investments. So it gets back to the key point we're talking about diversification, but having a balance of so much in US stocks, so much international, et cetera, bonds, et cetera. So how do you tell if there's too much weight in a particular investment type? Well, you can go to morningstar.com and Morningstar requires you to have a username and password to log in. It's a free login. And when you have that established, you can access one of their basic free tools, it's called Instant X ray. You actually have to probably put that in the search box. It's not the easiest one to find, but once you search it, you can find it easily, and put in the ticker symbols for your investments that you have throughout all of your portfolios, and you'll get a really good, again, circle pie chart, like we saw previously showing asset allocation. You'll be seeing your whole portfolio spread throughout your different accounts, where you have the most weight and if you're overweighted. The other advantage with the Instant X-Ray is it talks about expense ratio. Are you paying too much for the funds that you're investing in compared to the average that you would pay for that type of fund? Now, don't go by price alone, because sometimes you need to factor in the rate of return to see exactly where you are. So if your rate of return is better than the cheaper fund, then go with the better rate of return if it nets out be a better deal. So those are two things that can instantly find through the Instant the X-Ray tool on morningstar.com. Also another thing that people consider I get calls all the time, should I consolidate my account? Because again, you have different things spread out, and it's hard to manage when things are scattered, and we only have so much time in the day. So it's important to decide if it's really in your favor to do that. It may not be a good time right now to consolidate simply because maybe your account value or your values are down. If you request those monies to be moved over to your plan that you have currently or an IRA, you're locking in the loss because typically they have to liquidate whatever funds that you have. Mutual funds, stocks, et cetera are in that account to move the cash, it moves it over as cash. So beware that also it can take a few months for that money to get over to your consolidated account. So record keeping would be an advantage, you'd have everything in one spot. But talk to the money coach, they can help you figure out the right timing and the right approach to use.

- So that's a lot of different perspectives, different thoughts around asset allocation. I think asset allocation is one of the most important disciplines, one of the most important principles in terms of investing, so we hope we've given you some good tools and some different ways of looking at it and acting on it as well. But now we wanna turn to some other questions that you've asked us about, which is sources of income in retirement. So there's a number of sources, and we've spent a lot of time talking about retirement, if it's employer sponsored retirement accounts, if it's IRAs. Now we wanna take a little bit of time to talk about other sources of income, specifically non-retirement accounts sources of income for a retirement. So these are four that we're gonna get into in a little bit more detail, Social Security being the first, investment accounts, pension or annuity. Hopefully, if anyone out there has a pension, that's great. Maybe a spouse has it as well. But oftentimes people try to create that lifetime income stream through an annuity, so we'll talk about the pros and cons of an annuity. And then we'll talk about a reverse mortgage as well. There's a lot of folks that are pretty house rich in terms of they have a lot of equity in their home, and so they're asking questions concerning, "Should I be doing something with that "if I need that to maybe supplement "my income in retirement?" So we'll cover those different points. Let's start with Social Security. When it comes to Social Security, I often get asked, "Is it even gonna be there when I reach retirement age? "How's this system actually gonna work?" And I can assure you, there will be a Social Security system, and although we'll see a lot of kind of scary articles in the media, one thing we'll say is that there will be a system, but how will work, there might be some small tweaks to it. So if you look at what an average person can expect today, the average monthly payout is about 1,477, so $1,478 or so, a month is what the average payout is. And there's a few important things that you need to recognize. Number one is the definition of your full retirement age. This is something that's moved a little bit over time. So it used to be that it's based upon when you were born, and so people born back in the 30s, et cetera, their full retirement age was 65. People born more in the baby boomer and as you came out of the baby boomer, it's now 67. So that's an example of something that's moved. What does that really mean full retirement age? You will get the full retirement benefits that you've paid into the system. It's gonna look at the 35 years of income that you've paid into the Social Security system to generate what you will be getting as a benefit, as a payout on a monthly basis. So if you wait until age, let's just say 67, you'll get your full payout. If you start before then, you'll get less than that. So you can start taking Social Security when you're 62. So if you were to start at 62, versus waiting until you were 67, roughly that might be a 30% last payment on a monthly basis. But if you wait until age 70 until you start taking your payments, you're gonna get more than what you would get at full retirement age, again 67. So that's an important component, an important piece to the formula for what your payout is gonna be. It's also that, again, I mentioned, you can start your benefit at different ages. So there's a 62 to

70 timeframe. There's a great tool on the Social Security website, ssa.gov. You can go check it out. It'll allow you to put in different factors and kind of see what your benefit might be. Maybe you haven't reached the 35 years of input, yes, maybe you are deciding what if I started at 63 versus 65 versus 67? So you can kind of see what your different benefits will be. So that's Social Security. Let's talk about investment accounts. So Social Security is kind of your base. So let's say that's income you can expect once you get into retirement depending upon when you start, but hopefully your investment accounts might be able to offer us some stream of income as well. That might be brokerage accounts, investments that you've made over time, be it in mutual funds, stocks, bonds, whatever, through whatever investments or brokerage house that you've been invested in over time. So we talked a little bit about opening up a brokerage account, that's a great thing to talk to a financial advisor, or a money money coach about if you're interested in going down that path. But there's other investments than just stocks, bonds, mutual funds, et cetera. You might like to invest in real estate. A lot of folks will invest in real estate, buy properties in order to get the income from tenants, or simply for the growth and value over time in terms of buying different forms of real estate. Also, they may invest in a small business. A lot of the previous generation, I know my father had a small business and so there's often people in the family or people that we know that start small businesses and who might invest in a small business, and then hope to get a return on our equity or to get income from that as well. And then there's other investments. It could be investing in commodities, investing in collectibles, whatever it might be. Different people have different passions, different things that they research and they feel really confident about in terms of investing. May only be a small portion of their portfolio, but many of these investments can result in income streams when you get into retirement. So important things to consider, hopefully, you'll be able to tap into Social Security and investment accounts. But let's talk about more annuities. And again, if you have a pension, that's fantastic, but if not, how does an annuity help you create a stream of income?

- Well, an annuity is really creating your own pension, your own stream of income, as you mentioned, and you do it to an insurance company. You would give the insurance company sum of money, they in turn will give you a contract that provides a stream of income that would be lifetime income. So it's a nice product to have, and it can be something that would benefit you to supplement your income. And it's not for everyone. So there are so many different ways that an annuity contract can be put together, there's even hybrid annuities that provide long term care benefits in addition to the other part. So if you're not sure if it's right for you, or how it can help you, I would suggest first stop would be with the money coach. And keep in mind, we don't sell products, so we're not gonna be selling you an annuity, but we can certainly help you be a good consumer to understand the process and what's involved and know what questions to ask. So we do have a handout as part of the presentation, that starts to help you get a baseline of information and a place to start to talk with a money coach or a financial adviser. So let's go on to talk about another source of income that can be helpful to supplement retirement, this would be a reverse mortgage. So for someone who's owned a house and has a lot of equity in their home, they may need to supplement their income. And so a reverse mortgage could literally be turning on the income stream from their home. It's considered a loan, so there's no tax consequence. You're literally taking money out of your home, but it's not a loan where you have to make a payment. And the advantages are, there's no impact to the Social Security income that you get or your Medicare benefits, you have to be at least 62 and have a certain level of equity in the home, and you also typically would have to meet with a HUD housing counselor. If you go to hud.gov, you could find a housing counselor in your area with an excellent search tool there. So you have to make sure that you understand the process involved and the requirements. Limitations are, you still have to pay property taxes and insurance and then also maintain the home. And it can be kind of an expensive option, so I wouldn't rush to do it as a first solution to an income problem, but it could be part of your toolbox and something that you could consider under the right circumstances. So let's go on and talk about some withdrawal rates and that type of thing, Mike.

- Right, so when we created this last slide before we kind of get into some housekeeping and then answer your questions. This is again, the last part of this chart, which is the timeline I showed you in the beginning. This is the kind of age 50 to 85 and beyond. So we just talked about some non-retirement sources of income or creating an income stream. Now, I just wanted to get back to talking about your retirement accounts, and what some ways that you can tap into those and what are just some common kind of rule of thumbs per se. So in terms of early withdrawals. If you wanna start taking withdrawals from your retirement accounts, it typically will start at age 59 and a half. So once you start taking distributions, there's no penalties, anything of that nature. If you do it before then, there could be penalties, you might have to pay taxes, et cetera. One nice exception to that is a Roth IRA. If you have a Roth IRA, and you need to tap into that for whatever reason, you can get at your contributions. So let's say that you've contributed, $50,000, over 10 years, you put $5,000 a year into this Roth IRA, and you needed to get at 20,000 for some reason, you could take out that 20,000, you put post-tax money into the Roth IRA, so you won't be paying taxes, and there will be no penalty for doing that. Whereas if you tried to take that money out of a traditional IRA, you'd have both taxes and a penalty to deal with. So opening up a Roth IRA, building up your contributions into that over time, that could really give you a nice again, as Constance said, "Something in your toolbox," should you need to tap into that money." In terms of tapping into your traditional IRAs, they've made some changes over the years in terms of if you wanna get at least $10,000, put that toward higher education, or maybe a first time home purchase. There's a little bit more flexibility now in using a little bit of the money for that. And then also if you've been working for an employer, and you're over 55, and and you leave that employer, you might be able to, under a separation from service clause, be able to tap into your retirement funds a little bit early. And if you work for a public organization, that's actually 50. So I would talk to a money coach, make sure you are aware, and you do your research on these before you execute on any of them, 'cause we're also often gonna try to see what other sources do you have, what are their means of trying to satisfy whatever the requirement for cash is that you're going into these accounts early. So we'll try to help you out and make sure this is your best decision. When it comes to withdrawals in general, again, ideally, this is something that we always try to say when you're looking at beginning of withdrawal stream from your retirement accounts, ideally, you're still earning. Again, we hope your retirement last 20, 30 years. So as you start to withdraw money, we often, you may have heard of the 4% rule, we kind of call that the two to 4% rule, 'cause we hope you'll start at less than 4%. But once you start withdrawing and creating a stream from your retirement accounts, our hope is that you'll actually be earning more in that account, than you'll be withdrawing on an annual basis. So your account even continues to grow in value, although you are withdrawing some on an annual basis. So that's just something that we strive to help people to do. But we help people run the math and run the numbers just in terms of if you were to withdraw this amount from your accounts, how long would that last you, assuming again, inflation and rates of return et cetera. Something else we just wanted to make sure to emphasize is maybe you're lucky, and you didn't have to start tapping into your retirement accounts. Once you reach age 72, you will be required to take minimum distributions. It used to be 70, so it used to be that you had to start earlier than that, they just pushed this back this year, back to age 72, so that's nice. So you can leave your money in there if you don't need to tap into it yet. So that's nice. And then we just wanted to mention again last week, if you wanna go back and look at the recording, I just wanted to mention that if you go to mysecureadvantage.com, you'll see a COVID-19 banner, you can click on that. All the recordings from our webinars are available as well as the handouts that we provide. But we talked last week about, is it a good time to do a traditional to a Roth conversion? A Roth is one way to get a stream of income in retirement that's tax free, and that could be really nice. So some of you were asking about that, but again, we covered that last week. But that's something to consider as well when it comes to streams of income. So with that, I'd like to go to the action plan. We really hope that you have gotten value from attending these weekly webinars. Like I mentioned, we will definitely be doing them through May, so we hope you'll be attending and joining us weekly. It always motivates you to check on your wellness plan, not just your financial wellness plan, but your overall wellness plan. Almost every single one of you through the companies that you work with, through the employee assistance programs that are associated with your company, you have great benefits. So regardless of what you're going through, whatever help you need, we hope we can be of assistance to you in terms of the money coach services that we provide, being able to have a consultation with the money coach on anything financial topic. So that's why we say speak to a money coach. But you also have a lot of other great benefits we hope you look into and tap into during this difficult time. So in terms of what's next, we would like to help you get started in terms of the recording. I just wanted to mention that within 24 hours after this webinar, you'll get an email and a link to the recording, so take advantage of that if you missed anything, or you wanna go back and maybe hear some of the Q&A if you have to check out early. Please remember to take the survey. And in that survey, please indicate what are the questions you'd like us to address next week, and any other comments are important. We've also contemplated whether we wanna turn these into 30 minute webinars versus 60. So if you have an opinion on that, we'd love to hear it. And then lastly, we have upcoming events. So next week, we always have at 9AM on Fridays, we have our navigating your finances in unpredictable times. So that's gonna be focused more on budgeting and how you deal with unpredictable income stream, so that's a great one at 9AM on Friday Pacific Time, and then at 12PM Pacific Time, we'll have our Investor Education Series. We'll probably be changing the titles on these a little bit. Again, based upon your feedback, we'll build a presentation that hopefully solves as many or answers as many of your questions as possible. So with that, why don't we jump to the Q&A and I'll hand it to Constance to kick us off.

- Okay, thanks, Mike. So Peter says, "Savings plans are so chaotic "that you can't count on them for your retirement. "Do you recommend hard currency?" Oh, gosh, even currency can be volatile. So I would definitely check in with a money coach to talk more about what what type of currency you're talking about and that type of thing, what your plans are, your timeframe for keeping it and how much of your portfolio you wanna put towards that investment. Typically, investing principles say, "Don't put more than 10% "of any one asset in your portfolio," whether that's a category like domestic versus international stocks, for example, or any other approach that you wanna use, mutual funds versus ETFs versus bonds. So you wanna have diversification, so perhaps some hard currency could work if you understand what affects it. I think that's the main thing, understand the volatility, what can affect the value and go on from there, just to put in perspective, Mike.

- I have a question from Steve, which is, "Is it a good idea to invest in my employer stock?" And this is something that we often get asked. Many of you might have access to an employee stock purchase plan. And I often, when I talk to my kids, I have three daughters, and what I've often tried to teach them when it comes to investing outside of mutual funds, if they're interested in a stock is really what is a stock that you really respect the products, you respect what they do, their role in that industry, their position in that industry. And those are hopefully also reasons why you're working for a particular company. So if you feel really good about a company, I think it's a great idea to participate in employee stock purchase plans, you also get a discount, typically when you purchase those stocks. And given the market fluctuations, again, some companies are up, some are not. But especially if the company stock has maybe dropped a little bit, you might get a nice price point in terms of participating in a program like that. So I wouldn't recommend putting too much of your investible funds into one single stock, but nonetheless, I think it could be a really good component of your portfolio, especially given the discount that you might have from the market as well as you might get just from the program. Often it's a 15% discount on the price. So again, I'd wanna know more about how much money you have to invest but I think it can often be a really nice supplement to your investment funds.

- Okay, great. So Angelica asked, "Would you recommend lowering our contribution "to our 403b or 401k, which are two employer plans "that work for retirement to the max, "so lowering the contribution to the max "matched by the employer or stop contributions completely "for the time being?" So I think you're referencing the volatility that we're experiencing right now. And, again, put it into context, for example. I'm getting calls from people who are still not getting their unemployment. I mean, the system's inundated in their state, so they're waiting to see even if they've gotten approval, they don't even know sometimes because of the site's been crashing. So we don't even know if we're gonna get unemployment or when that's gonna happen. So if you need to reduce some of your contribution to give you more cash flow, actually I encourage you to look at your pay stub, see how much that would give you every two weeks, right? So is it worth lowering that to just the match to give you more cash flow? If it makes a difference, and you need that money right now, I say that's a good idea. If it's mainly because you're afraid, consider the fact that, as Mike pointed out, when you're going through a down market, you're gonna miss some of the best up days in the process, because it'll be a mixture. It's not all down, it's just a combination of things. So if you take money out of the market, you're gonna be missing some of the better days that are gonna happen as we move toward a better economy. So, keep it in perspective. Money coach is always available to speak with you, to sort through those difficult questions.

- Okay, we have a question from Lillian, "Recommendations on where to start a Roth IRA." So we were speaking about some of the nice benefits of a Roth IRA. Whether or not you wanna open a traditional or a Roth IRA, there's a lot of places you can do that. There may be a mutual fund complex you're already comfortable with, maybe they administer your 401k or your 403b already. Some of the largest are Vanguard and Fidelity, T. Rowe Price. Any of those platforms would allow you to be able to open an account and then invest in mutual funds through your Roth or traditional IRA. You can go to a place like Schwab, E Trade, TD Ameritrade, there's a number of platforms. They're often more for investing in stocks and bonds, but also they have complete access to mutual funds. So there's a lot of great platforms. I think you often wanna go and check out and research, just look up. Kiplinger's typically has some good articles on just comparisons of platforms. NerdWallet, I think has some really good research as well. Some of those, you might get advertising and get hit up, so be careful, but if you just go looking for some different great write ups on the different platforms, what they cost, what services they provide, and just the user interface, you can kinda get a sense of what do I want? What kind of research do they make available to me at very low cost, so I can do my own research and decide what I wanna invest in? And again, as you're doing this research, if you have some questions, and you just kind of wanna back board, money coach could be a nice person just to ask those questions of make it a little bit more confident to make a decision and go in the direction of a particular platform.

- Great, thanks. Okay, Peggy's asking, "I am two years from retirement and heavy in US stocks." I don't think you're alone in that, Peggy, I think a lot of people were because of the market was so good for so long. "Should I make changes to balance now "or wait until the market is doing better to balance?" So again, I would refer you back to the risk tolerance questionnaire, look for one on your employer's plan website to check in and see what your risk tolerances, what asset allocation and portfolio you should be in, and if it doesn't match what you're currently in, then I would just... If you can wait a bit for the market to come back so that you don't lock in a loss. So we're still about 13% below where we were before the tremendous drop in March. So if you can wait a little bit for that to come back and maybe meet in the middle or get closer to not being as far down as it is, I think that would be better. But it really depends on your timeframe and your personality, how you feel you want to approach it. You can always talk again, to a money coach or a financial advisor, and we can help you find an advisor if this is a good time for you to do that as well.

- So we have another question. "Why are some companies doing reverse splits now?" "How will this affect my investment?" So it's interesting. Sometimes companies like to maintain a range in which their stock trades at, the stock price. You might see some companies as their price goes up over time, maybe once they get above $100 a share, they'll do a split and they'll drop it down to $50 a share, you now have twice as many shares, and it's at $50 a share rather than a hundred, so now you've doubled the amount of shares that you own. It doesn't really impact what the value was in any way, but there's kind of a mentality or a study of sorts as to what do we want our stock price to be so that's when it goes up, and then they drop it down. The reverse is true, too. So a price might drop to such a point where they don't want it to be trading at $2 a share or one dollars a share, so they might do a reverse split, to try to again, increase the price of the share, but again, now you own half the shares that you own before if it was a 50%. So it doesn't impact your investment per se. I mean, it is what it is, it's just, it's more of a mechanics to try to get the price up or down when they do a split of that nature, be it positive or negative. But again, oftentimes when they're doing a reverse split, they're trying to get it... Oftentimes, certain exchanges will only allow a company to stay on that exchange at a certain price point, and then when they drop below that, they have to get off that exchange. So there's are some other motivations for it, but that's why you might see some companies in this environment where their stock prices drop significantly, doing things such as that.

- Okay, Rita asks, "My company offers a "'lifetime income strategy option.' "Is that the same as an annuity?" It's hard to say, Rita, it could be an annuity. I would definitely ask that question, because a law was passed last year to allow employer plans on how to offer annuities. So I think it's been a slow rollout, because open enrollment, I think, had already happened for many companies and then the law was changed. So they're really just getting a good head start at having annuities in plans. So it could be an annuity. I would ask, is this from an insurance company or is this simply a strategic approach to income based on my life expectancy and average rate of return? It could be that as well because it says strategy, so not necessarily an annuity.

- This is from Peter, "I have been with the same company for 35 years, "but pensions were eliminated about seven years ago. "What do you recommend for those of us that still have them?" So first of all, that's awesome that you had 28 years in a pension. I'm sure your contributions were great, and that's gonna give you a nice stream of income for the rest of your lifetime, so that's great. I'm sure it transitioned to other forms of compensation, so maybe you opened up a 401k a 457, whatever it might be. So hopefully, you again, you're building up contributions into another type of retirement program. And like we were talking about before, maybe you have other investments, just investment accounts, and those might provide you some additional income when you go through your retirement years. So in terms of what I recommend, if you still have them, that's awesome that you have that as one of your components, or one of your streams of income in retirement, but again, what it comes down to whenever we as money coaches help work with folks, we look at what are the different streams that you might have be at Social Security, be at a pension, be at other forms of retirement accounts that you have maybe throughout your career, be it the non-retirement investments that you have, we could just kind of help work with you to understand what are the different sources you might have to provide income to you, and then again, based upon your lifestyle expenses, what you anticipate in retirement, how might you draw upon each of those streams of income, and then how you do that as your own, but we'll just make sure you're hopefully comfortable with some of those decisions and options that you have.

- Great, okay. Monica asks, "Do annuities have a fixed contribution "or can you fund it over time? "And are they pre or post-tax?" So the good news, I guess, or bad news, depending on how you look at it, you can get an annuity with a fixed contribution where you just have one sum and you put it in, and then that's it, and that's your money, and that's gonna be used then for the income stream if you decide to turn it on. You don't have to turn on the income stream, you can just let it ride as an investment, and it could even be inherited as a full sum of money and invested. Pre or post-tax, it could be pre-tax, could be post-tax. So if it's pre-taxed, it's a qualified annuity, if it's post-tax, it's non-qualified. And you could actually feed money in from a qualified plan into a qualified annuity. So again, there's so many options with an annuity. It really is a product that you can design and customize to your needs.

- Okay, I have a question from excuse me, it's hard to say, I think it's Liliya. "Do you recommend investing in a 529 plan "for children's college education "during these turbulent times? "I have one which has gone down significantly. "Is it likely to go up? "Should I keep it or cash it out?" I'm glad you asked this question. This is a great question in terms of another investment goal. So I have three daughters, and I had a 529 for each of my daughters, and they now are in their early 20s, or their spread, and they're kind of early to mid 20s, and so they have used up their 529 funds. So it worked out really well for me. But what I did is I opened up those accounts when they were first born, so they had 18 years. So I looked at that as an 18 year investment cycle. And so hopefully, regardless of what, I would base this decision on how many more years you have until you need to tap into those funds to pay for college education. And I'd wanna look at what are your investments within there and again, what's your timeframe, and therefore how much risk are you willing to take? To allow it to hopefully recover, how much time do you have to attend allow that? Versus if you really need to tap into that money, you might need to be conservative so that you don't take more risks should the markets go down. But I think 529 are a good vehicle for investing. It's kind of the same as with that 18 year timeframe, I was pretty risky with my investments those first six, seven, eight years. And then as we went on, so imagine those three circles that we showed you, I was an aggressive investor pretty much in the first 10 years, then I went to more of a moderate or balanced investor, when I was down to about six, seven years, and then I was a conservative investor the last three years so that I didn't take that much risk 'cause I knew I was gonna start tapping into that money. So I had a plan for what kind of a portfolio I would build within that 529 plan based upon how much time I had until I needed to start using those funds. So hopefully you have something similar or that can now help you kind of put together a plan in terms of how much risk you wanna continue to take given how much time you have till you need to tap into that.

- Okay. Joseph asks, "What is your opinion in investing in REITs, "specifically Equity REITs? "I understand mortgages are considered too risky." So REITs, it's an acronym for real estate investment trust, and what it is, it's a portfolio of real estate properties. They can either be commercial, they can be residential, they can be industrial properties. And they're divided into shares of stock, so when you buy a REIT, you're buying shares in that portfolio and participating in the profit, and whatever experience the portfolio manager provides investors. And so mortgages can, I guess they can be risky, it kind of depends on your perspective. But what is risky about mortgages are interest rate moves. So right now we're pretty low on interest rates, so in the future, we're likely to see interest rates go up, and so that means that mortgages will be more expensive. In the cost of those portfolios, the expenses will be greater, and so that perhaps would mean less return. If you can remember back 2008, that was a good time to buy into a REIT or a real estate trust, because that's when properties were low. They were being sold for pennies on the dollar, and then interest rates were also not very high. So it's a cyclical thing. So I would say REITS are for the long term, and you wanna really project where you see interest rates gonna impact your investment.

- So the next question is from Ayana, and it's, "If I retire early and pull my retirement early, "would I receive the full amount again "once I reach full retirement age?" I think this is referring to Social Security. So If you start your Social Security, let's say, you decide to start at 63, and your full retirement age is 67, you will receive less of a monthly benefit than you would have if you started at 67. But it's not gonna just go up each year or true up once you hit full retirement age. You've kind of started the cycle, and that's what you're gonna be on from there on out. That's one of the negatives of starting early. But nonetheless, it's still, you start to get that income early, so there's not to say that that's a bad thing, and those are just some of the pros and cons to consider. So often as a money coach, when we help people kind of try to make this decision, we wanna look at those other streams of income you might have available to you to help you decide, do you need that income earlier and you don't wanna wait till be at 67, 68 or whatever it might be. It's an important decision, but there's a lot of considerations in terms of whether to wait or whether to start that stream of income early.

- Okay, so Beth asks, "I'm 44 with a 401k, "and a Roth 401k, stocks and a new rental." So she owns a rental property, it sounds like. "I have some extra funds I would like to invest. "What's your recommendation in the current market?" So, gosh Beth, I wish I could help you there, but unfortunately, we were not in the business of giving specific investment advice. However, you can certainly talk about your plan and what you wanna accomplish, what kind of income you wanna have in retirement. We do retirement planning, so we can certainly help you address some of those concerns. But I would suggest if you're not working with an advisor, we can also help you feel more comfortable and find new one, and one that would fit your needs and also have a good personality for your needs as well.

- The next question is from Mark, "I spent a large portion of my savings "paying medical bills for a family member. "What is the best plan to build a retirement nest egg "within a 15 year time span?" First of all, my hat's off to you. I think that's awesome that you helped a family member, and willing to take a drop in your own savings in order to do such. I've seen so many amazing stories during this pandemic, and during this difficult economic times. People not just stepping up for family members, but just stepping up for members of their community, so I applaud you for that. What is the best plan? So what I often will look at is what money do you have to work with? And so I'll often wanna start with if you have an employer based plan, where maybe it's a 401k, or 403b, maybe the TSP, and you can afford to contribute up to the maximum amount, which is $19,500 a year if you're under 50, and it's an additional $6500 a year if you're over 50. So that gives you the opportunity right there to invest a significant amount on an annual basis just within your employer sponsored plan. You might be able to open an IRA as well, be it traditional or Roth or you might even be able to open up an investment account. So it depends how much money you have to work with, but if you are willing to kind of buckle up and kind of cut down on your short term expenses, or I say short term, but your expenses today in order to put more money towards your lifestyle expenses when you get to retirement, I think a great place to start is trying to max out your 401k or whatever your employer sponsored plan might be. But again, if you have more money than that, and you wanna look into investing, that might be a good idea, especially with the markets being kind of down now, you might be able to get some good mutual funds that might serve you well over the next 15 years.

- Okay, so Stephen asks, "Are there any," excuse me, if I said your name wrong, Stephen or Stephen. "Are there any recommendations "regarding rebalancing 401k investments to reduce loss "in current market and investment? So keep in mind that you really don't have a loss unless you sell, unless you change out from one investment and liquidate and move it to another. Loss is only on paper right now. So typically what we recommend is if you can hang in there, if your anxiety level isn't high and I appreciate if it is because has been really a rough ride here with everything going on. But if you can hang in and let the market kind of come back a little bit more, revisit your risk profile in terms of your risk tolerance, see where you really should be if you're uncomfortable with the risk that you have and the loss that you've sustained. Wait a bit till the market comes back a little bit more, then do the risk tolerance and then rebalance because right now it's just a loss on paper. It won't be a loss unless you actually sell and move the money.

- I've got a question from Mark, "What do you think about investing in gold?" The way I often look at this is I like to see core investments which is be it your retirement investments, be it the mutual funds, you spread across. We've talked about being invested in US stocks versus international stocks bonds, being diversified possibly into real estate. I've worked with a lot of folks that may allocate 5%, or some small amount of their portfolio to things such as gold, other commodities, maybe not just gold, but precious metals, energy in general, but they wanna go more towards a very specific market segment. And it doesn't just have to be gold or energy, it could be any number of things oil per se, which again falls into that, but they may wanna go that specific. So if you have a passion, and you wanna get into something like that, I would often do my research to look at what's been the historical performance of an asset class or of a particular investment such as that. And if you look right now gold just since the beginning of the year, I think is up about 12% or so versus the market. So often, gold has been a nice hedge, has performed, kind of gone in the opposite direction when markets have dropped. So it is something that a lot of people look to to have some small portion of their investments and to again, if markets drop, it off and goes up. Doesn't mean it's always gonna do that. Again, future performance is not based just on historical performance, so you can't necessarily say because it did in the past, it'll do it in the future, but it's been pretty consistent when you look at it over time. So maybe as a small component of a portfolio, that might be a good idea.

- Okay, so Sarah asks, "You suggested rebalancing your accounts yearly "in target funds. "I understand that's done for you." That's right. "What do you suggest if I have target fund accounts?" So with the target fund, it's based on the projected age which you will retire, typically at 65. What year will you be age 65? Will it be close to 2030, 2040, or this year perhaps? So what you wanna do, Sarah is take a look at the asset allocation for the target fund that you're in, and does that match what your risk tolerance profile suggests that you should have? So if you're in the 2040 fund and you feel it's a little bit too aggressive, you could change that and move it into the 2030 fund. Or if you wanna be more aggressive, move it to the 2050.

- I see one question just concerning, "Should I put more money into my retirement account "or should I put more money "into a regular investment account?" And that's a good question because one can grow under the umbrella of retirement versus another one is a non-retirement kind of bucket of money that you might have. That's something I would want to spend more time with an individual to understand, should I increase my contributions? Again, there's other things here. When I increase my contributions to a retirement plan within my employer, especially if I'm in a traditional or I do a traditional IRA, I'm getting a tax benefit today, if I do Roth I'll pay taxes, but then I'm gonna get a tax benefit in the future. If I'm just investing and gonna go buy some mutual funds or some stocks in particular, I've just have a passion about whatever that investment is, and again, I just wanna grow that money, maybe for my wealth purposes, or for some other goals that I have. So I would wanna look at how much money you have going into those buckets right now in order to kind of give you a better answer to that question. So good thing to talk to a money coach about if you wanna call in and set up an appointment. Okay, closing remarks. I just wanna mention that it's been another pleasure. Thank you so much, Constance. Always a pleasure spending time with you

- Thanks Mike.

- and answering the questions and trying to make sure that we're giving you a hopefully a little peace of mind on these Fridays. So please make sure to answer those surveys and to give us your thoughts and feedback, and we'll look forward to spending some time with you next Friday as well.

- Stay well, everyone, thanks.