

# Finance for Life™

Achieving Financial Success™

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## Boomers Get Ready FOR A WEALTHY FUTURE

As you approach retirement it may be time to put your entire investment portfolio under the microscope. Once you review your income needs, and determine exactly how much capital you will need, you should make adjustments to your current savings to cover any shortfall.

While hitting that magic dollar figure is important, you must be wary of the risks you take in getting there. For example, if you have 5 years left until retirement and realize you need a 15% return on investment to meet your target, you may face taking on too much risk.

Assessing a fund's proven potential for performance is an important procedure when investing. This is especially true if it appears you will not accumulate enough capital to generate income sufficient for 15 to 25 years of retirement. At the same time safety of capital plays a role the closer you are to retirement. There is a "catch 22" if you are behind—you'll need superior performance—hence exposure to more risk precisely at the time you will desire more secure investments. Generally speaking, there is a direct correlation between

## Practical Wealth Creation Ideas

*...for Simplified Financial Success™*

performance and risk—as one increases, so does the other. Stocks and equity mutual funds offer greater gains than bonds, but at additional risk. Work closely with your advisor to establish the correct balance between risk and the need for capital safety.

You can place some money in a lower risk investment and be secure. Yet with that security you should also realize that you will have a slightly diminished return. Otherwise, you could end up facing an even greater shortfall in your retirement income if a higher risk investment does not deliver.

This chart gives a general idea of the investment hierarchy for returns and risk.



Please seek professional advice prior to investing. Where mutual funds are considered, please read the funds' prospectus before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments which are not guaranteed; their values change frequently and past performance may not be repeated. Any indicated rate of return is for illustration purposes only and is not intended to reflect future values of returns on investment. Financium, the publisher does not guarantee accuracy of information, and will not be held liable in any way for any statements or statistics in this publication, though we seek to present reliable, precise and complete information. Written permission of Financium who retains all rights, must be obtained prior to any reproduction. ©Financium. email: admin@adviceon.com [03/01/10]