

## Client Q&A

*Do you think that those of us who are approaching retirement will be able to successfully manage the financial problems we incur as a result of the “structural economic challenges, great economic uncertainty and the probability of volatile stock, bond and currency markets”?*

*- by James S. Hemphill CFP® ChFC®, CIMA | Chief Investment Strategist & Managing Director -*

The challenges facing near-term retirees, and those already retired, are both economic and psychological.

The principal economic challenge is a low-return, high-volatility investment landscape. The long bull market that began in 1982 ended in early 2000. Since then we’ve had a low-return decade bookended by two brutal stock market crashes. At current prices, we project long-term returns on the stock market will be 4% to 7%, and bonds will be lucky not to lose money.

The psychological challenge is managing our heads, given the level of uncertainty in the real economy, the financial markets and the political landscape. When high volatility is added to low returns, it seems downright unfair. Perhaps we should move to cash and wait for calmer and more predictable markets?

We think not. In a low-return environment, the cost of buying psychological comfort by selling in a bad market is likely to be irrecoverable. Miss a 30% market recovery and you’ve missed five years of growth.

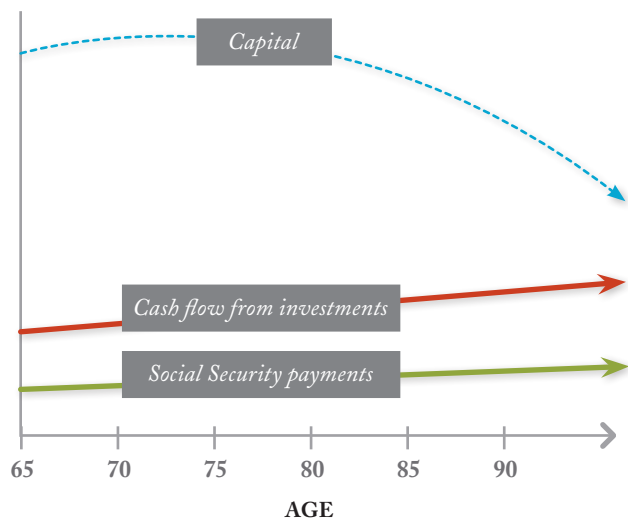
If we can’t go to cash and wait for better times, what should we do?

Think long-term, and run the numbers. Since the early 1980s, the core of our advisory business has been helping clients to save money for retirement and maintain cash flow afterward. Over the last thirty years, the tools we use to calculate retirement scenarios have improved dramatically.

When we run projections on retirement, we use conservative assumptions about market returns and volatility. We will help you to set realistic goals, track your progress toward those goals and report back to you regularly and transparently. *With returns lower and volatility higher, you will need to save more or spend less to make your retirement plan work.*

The market may be frustrating and frightening, but we have confidence in our numbers, our methodology and our ability to manage money. If you manage your cash flow responsibly and stay the course with our investment strategy, we believe you can remain confident in your lifetime financial security.

An example of a sustainable retirement cash flow scenario



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