Are You One and Done?

** Learn how to receive these FREE Reports and Book **

- **What is your actual <u>Number</u> of how much dividends and interest your portfolio earns?** Once you get your number you will know approximately how much you can spend year after year.

- **Get probabilities of how long your portfolio may last at your current withdrawal rate**

- **"Probabilities of how your portfolio may perform in a sideways-trading market."**

Some years ago I had a first appointment with a retiree who later became a client. He said to me, " John, one more bear market and I'm done." I said, "you're done with what?" He replied "I'm done playing golf. I'm probably done eating three meals a day." He then asked " Do you know of any high paying jobs for a 77-year-old former engineer?" He was wondering what he could do about it and what actions could he take. You may also have some of these concerns.

It may be nice to learn strategies designed to answer the question of how not to run out of money during retirement, but even more important to the retired investor is the answer to the question, how do **<u>I</u>** not run out of money? The only way to answer that question is to understand what your <u>Number</u> is (more about your <u>Number</u> later).

Do you wonder if your money will last?

That is an important to ask yourself. I believe every retiree should understand exactly what's going on in their portfolio. They should know what their number is (the number, once again, which I'll expand on, is the actual dividends and income being generated by your portfolio). Zig Ziglar once said "How can you hit a target you can't see? Even worse, how can you hit a target you don't even have!?" After thirty-plus years' experience in the retirement income field, I cannot stress the importance of having a written plan detailing your investment strategy.

What is your <u>Number</u> ?

I'm not talking about your cholesterol, the number of steps you take a day, or your blood pressure. I'm talking about the key number in your retirement, and it is how much income and dividends the portfolio actually producing. I have been involved in retirement income planning for 30 plus years. I've helped hundreds of retirees and probably talked to thousands via workshops, radio seminars, one on one interviews. I can probably count on one hand the number of retired investors who could tell me how much income and dividends their portfolios produce.

I'm not talking about withdrawals. I'm talking about pure income streams. Most retirees have multiple investment accounts, whether it's brokerage accounts, IRAs, 401(k)s, annuities, bank accounts, but you would probably have better luck finding gold at the bottom of the ocean than wading through these accounts to find your number.

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For example, you can call up the company and request them to send you $2,000 a month. They will normally say "sure." They will usually set up the withdrawal, but rarely discuss if and how much of your portfolio is being sold. In my experience, most of it comes from selling the principal.

Three Types of Markets

Let me write briefly about the three kinds of markets and explain them.

● Bull Market. It's a wonderful thing to participate in. We had one that ran from 1981 to 1998, and we just had one that ran from 2009 to around 2013 or 2014. It was like the Bobby McFerrin song from 1988, "Don't Worry, Be Happy."

● Bear Market. You can think back to 2000 to 2002, 2008 to 2009. There's definitely something to worry about. Nobody's happy. Normally the market is very painful with a drawdown of 20 to 50%.

● "Sideways Trading" Market. Similar to the last two to two and a half years. There are really no positive returns. There are no huge losses. But this matters tremendously if you're doing withdrawals.

The Perfect Storm

As a saltwater fishing enthusiast, one of the movies I enjoyed the most was George Clooney's The Perfect Storm. The story was about a crew aboard an ocean fishing vessel in the Northeast waters. Everything that could go wrong weather-related did go wrong, and there was no escaping it. There was nothing that could have been done. It didn't really matter how big the boat was, or sturdy the boat, or how experienced the captain. The boat was going down. A bear market is kind of like the perfect storm where nothing goes right with investing.

Sideways Trading Market – Honey, we are taking on water back here ?

A boat captain's biggest fear is being out on the water with his family and then hearing a scream from the stern of the boat, "Honey, we are taking on water back here ?" People unfamiliar with boats don't understand that boats take on water. They can take on water from water coming over the side, from a wave or a wake. Many have live bait wells that actually pump water.

Boats have bilge pumps. Now, bilge pumps are actually a pump that sits in the back of the boat in the transom that pumps water out. And when it pumps water out, it can pump out 800 gallons an hour, or even more. The key question is, does your bilge pump remove more water than what is coming in ? And in most cases the answer is yes. But if your bilge pump turns off or the water coming in, for example, from a very large wave, exceeds the bilge pump, you're going to have a problem. I hope you know how to swim.

With a bilge pump the objective is to pump out more water than the boat takes in. Similarly, with retirement income planning the objective is to make sure the portfolio is producing as much income if not more than the amount we are withdrawing. See if this doesn't make economic sense to you. It's far better to take income streams (from dividends and interest) than sell your principal.

Once you sell your principal it is gone forever. The only market where selling principal may be appropriate (as long as the percentage of principal sold is below the market return) is a long-term bull market.

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In a bear or sideways-trading market selling your principal is detrimental to your finances. That is why in today's (sideways-trading) market every retiree should know their Number.

Today is a Good Day

Today is a good day! You may ask "Why is today a good day ?" It is because today I am offering three free reports to you that will answer these questions. **And we are only able to provide a limited number of reports. We can offer this to only to the first 50 respondents.**

Report #1 – What is your Number ? It is designed to tell you the probabilities of what you can withdraw from your portfolio under different situations [1].

Report #2 – A written plan to help you forecast your income and expenses going forward.

Report #3 – A customized Morningstar report to help you identify if a portfolio is appropriate for retirees.

♦ I will also send to the earliest responders a FREE copy of my paperback book *Distribution Strategies For Retirement* currently for sale on Amazon for $19.99 ♦

All these reports are designed to help you answer these questions. *"What is my number?"*, *"How much can I safely withdraw from this portfolio?*," "*If we continue in the sideways-trading market, how will my portfolio do?*", and "*Am I prepared for the next bear market*?"
Ask yourself, "does it make economic sense to know what your number is ?

John Romano, CFP® *

* John Romano, CFP® has over 30 years experience in the financial field. John is a Registered Representative with Securities America, Inc. (member of the FINRA and SIPC), and an Investment Advisor Representative with Securities America Advisors. He has prepared hundreds of reports for retirees to assist in their retirement income planning needs. He is dedicated to providing portfolio analysis, dividend and income information, and investment management services to retirees (and those preparing to retire) in The Villages, Florida and surrounding areas. He is an active member in good standing with the Financial Planning Association (FPA) and an advisor in good standing with the Certified Financial Planning Board.

[1] Dividend yield investing may not be suitable for all investors. You should never invest solely on the basis of dividends. Higher dividends are not indicative of the quality of an investment. Additionally, higher dividends will result in lower retained earnings. As dividend yields may not be sustainable, income investors must be sure to analyze an investment carefully and their ability to sustain market fluctuations. Investments paying dividends do not carry lower risk. Dividend payments are not guaranteed by the issuing entity. The issuer can discontinue the dividend at any time. Dividend payments reduce the price of the security by the amount of the paid dividend.