

## **LONG-TERM PLANNING FOR FINANCIAL INDEPENDENCE**

Many of you have come in to re-visit your financial plan and progress towards your retirement goals, given the state of the economy over the past two years. Now is the time for everyone to re-evaluate and review your retirement plans. Situations need to be examined, current circumstances evaluated, and assumptions tweaked. Peace of mind about your future, especially finances, is the primary goal of just about every client we see. So keeping those plans current and realistic should be of utmost importance.

We have always used conservative assumptions when doing retirement planning, including rates for investment return. Encouragingly, even though account values have changed dramatically since March 2000, most clients are still on target for retirement because of those “realistic” assumptions that were used. Another positive trend is that many people have individual investment accounts, in addition to employer retirement accounts, probably due to the high returns that were to be had in the late 1990’s.

Even though returns on stocks have clobbered account values recently it is still very important to own equities in your investment plan. Exposure to many different asset classes is still the best way to reduce overall risk through this diversification. No one knows which class will outperform in any given year, so owning various asset classes increases your chance of higher returns, but lowers the risk of underperformance in any one class. Most economists predict that equities will return an average of approximately 8% over the next decade. Isn’t this the very rate that we used in our retirement projections, even in the late 1990’s when returns were in the double digits? This is a much more realistic return than what we had the good fortune to experience several years ago.

Give yourself what you and your hard work deserve.....assurance that the retirement and lifestyle you strive for is manageable and realistic. Review your retirement plans and financial independence goals now!