

YOUR CHANGING DEFINITION OF RISK IN RETIREMENT

During your accumulation years, you may have categorized your risk as “conservative,” “moderate,” or “aggressive” and that guided how your portfolio was built. Maybe you concerned yourself with finding the “best-performing funds,” even though you knew past performance does not guarantee future results.

What occurs with many retirees is a change in mindset—it’s less about finding the “best-performing fund” and more about consistent performance. It may be less about a risk continuum—that stretches from conservative to aggressive—and more about balancing the objectives of maximizing your income and sustaining it for a lifetime.

You may even find yourself willing to forego return potential for steady income.

A change in your mindset may drive changes in how you shape your portfolio and the investments you choose to fill it.

Let’s examine how this might look at an individual level.

STILL BELIEVE

During your working years, you understood the short-term volatility of the stock market but accepted it for its growth potential over longer time periods. You’re now in retirement and still believe in that concept. In fact, you know stocks remain important to your financial strategy over a 30-year or more retirement period.¹

But you’ve also come to understand that withdrawals from your investment portfolio have the potential to accelerate the depletion of your assets when investment values are declining. How you define your risk tolerance may not have changed, but you understand the new risks introduced by retirement. Consequently, it’s not so much about managing your exposure to stocks, but considering new strategies that adapt to this new landscape.¹

SHIFT THE RISK

or instance, it may mean that you hold more cash than you ever did when you were earning a paycheck. It also may mean that you consider investments that shift the risk of market uncertainty to another party, such as an insurance company. Many retirees choose annuities for just that reason.

The guarantees of an annuity contract depend on the issuing company’s claims-paying ability. Annuities have contract limitations, fees, and charges, including account and administrative fees, underlying investment management fees, mortality and expense fees, and charges for optional benefits. Most annuities have surrender fees that are usually highest if you take out the money in the initial years of the annuity contract. Withdrawals and income payments are taxed as ordinary income. If a withdrawal is made prior to age 59½, a 10% federal income tax penalty may apply (unless an exception applies).

The march of time affords us ever-changing perspectives on life, and that is never more true than during retirement.

SageView Advisory Group | 1920 Main Street, Suite 800, Irvine, CA 92614 | 800.814.8742 | www.sageviewadvisory.com

SageView Advisory Group LLC is a Registered Investment Advisor. Advisory Services are only offered to clients or prospective clients where SageView and its representatives are properly licensed or exempt from licensure. This document is solely for informational purposes. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital. No advice may be rendered by SageView unless a client service agreement is in place.

1. Keep in mind that the return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost. This is a hypothetical example used for illustrative purposes only.

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright 2019 FMG Suite.