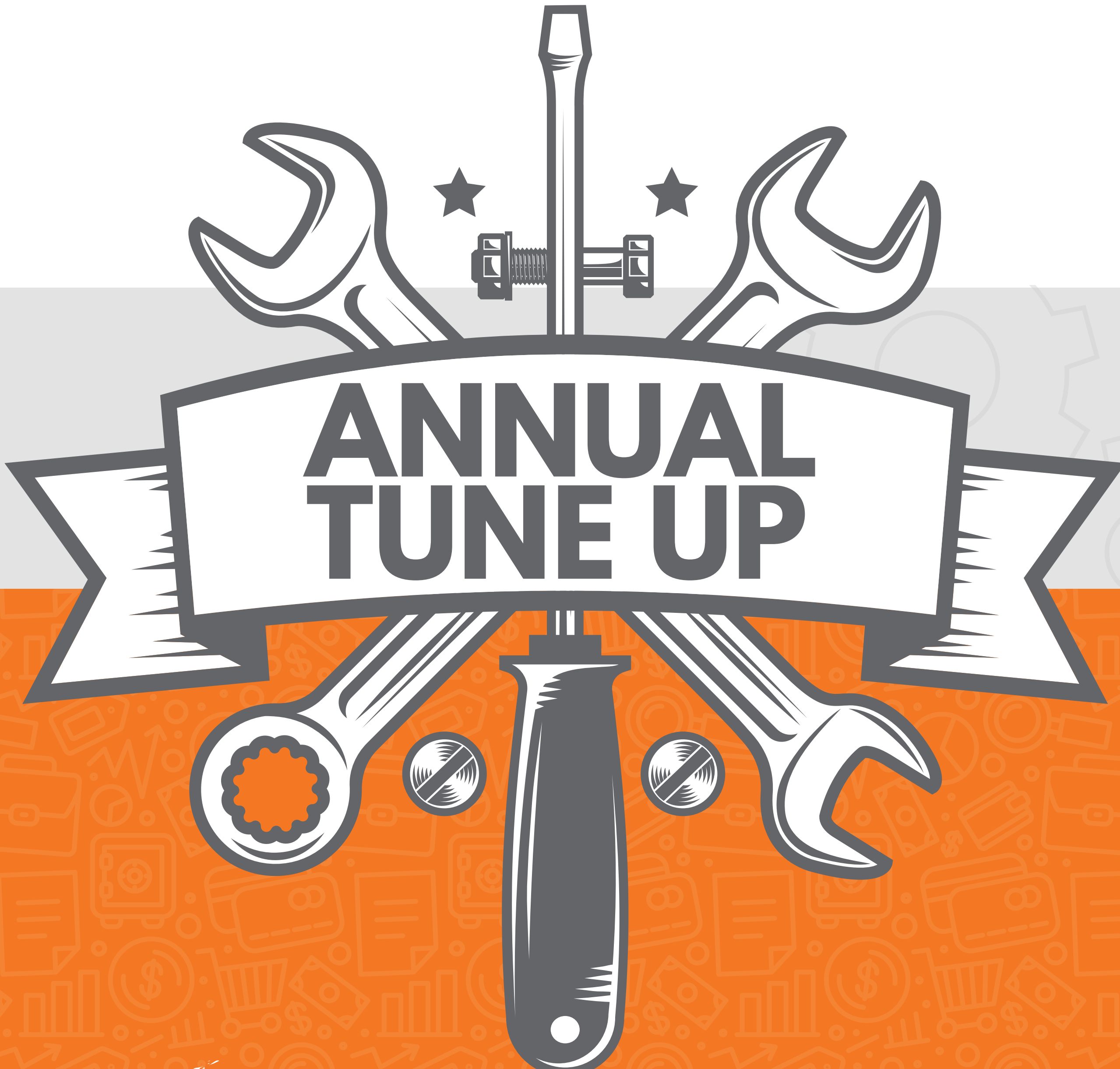
PROVIZR



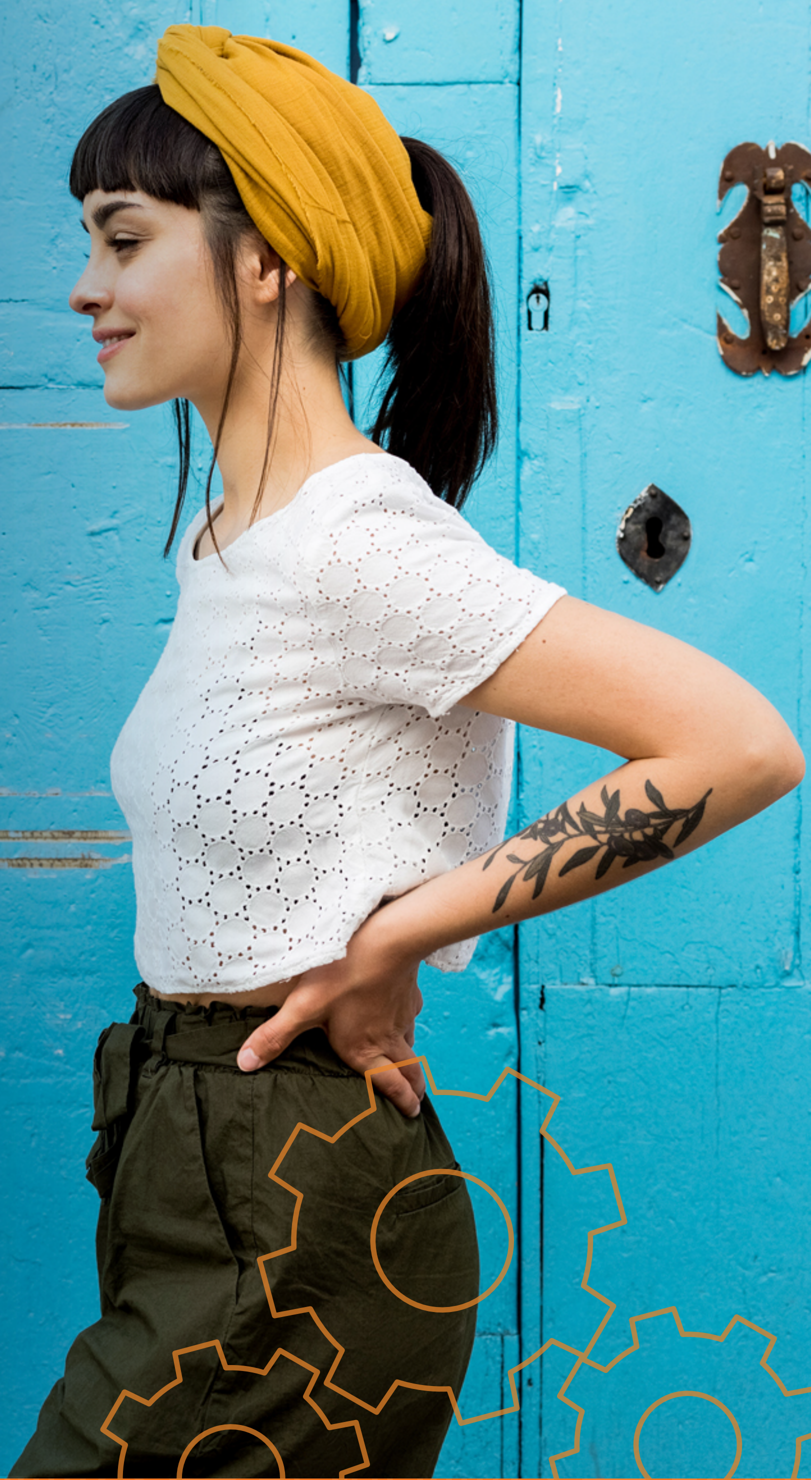
A MULTI-POINT INSPECTION FOR YOUR RETIREMENT FINANCES

FINANCIAL MAINTENANCE MANUAL

We all know that retirement savings are important, so we can skip the part where we extoll the virtues of enrolling in your employer sponsored plan. You've got that much taken care of, but what now?

It's great you are up and running with a retirement plan, but enrolling is only the first step. If you want to nurture growth, you've got to maintain your accounts. You get your car tuned up, weed your garden, and keep your home maintained. You understand things that are important to you need a little TLC from time to time, but how often are you maintaining your nest egg? Employer sponsored retirement plans are critical components to your future, but too often they are ignored after initial enrollment.

Have no fear, here is our five-point annual checkup that will help you properly maintain your retirement accounts.



PROVIZR

1 VERIFY BENEFICIARIES

Life is beautiful and there are many loved ones who help make it so. It's hard to think about to whom you wish to leave your assets, and easy to forget about updating that list in a timely fashion. However, it's important to remember those who make your life enjoyable and maintain your beneficiaries list. Take time each year to think if your account beneficiaries are exactly how you want them. Here's a list of common life events that could prompt a change. Remember, these events might apply to you or your beneficiaries:

- **Marriage**
- **Death**
- **Divorce**
- **Birth**
- **Trusts & Estate Planning**
- **Debt & Legal Issues**

1 VERIFY BENEFICIARIES

There are two ways an inherited account can be distributed if the account holder outlives one of multiple beneficiaries or contingent beneficiaries:

Per Capita

A deceased beneficiary's share of the inheritance will be dispersed to the remaining surviving beneficiaries. E.g. if the account owner had 3 children listed, but one pre-deceased the owner, then her inheritance would be dispersed amongst the remaining siblings.

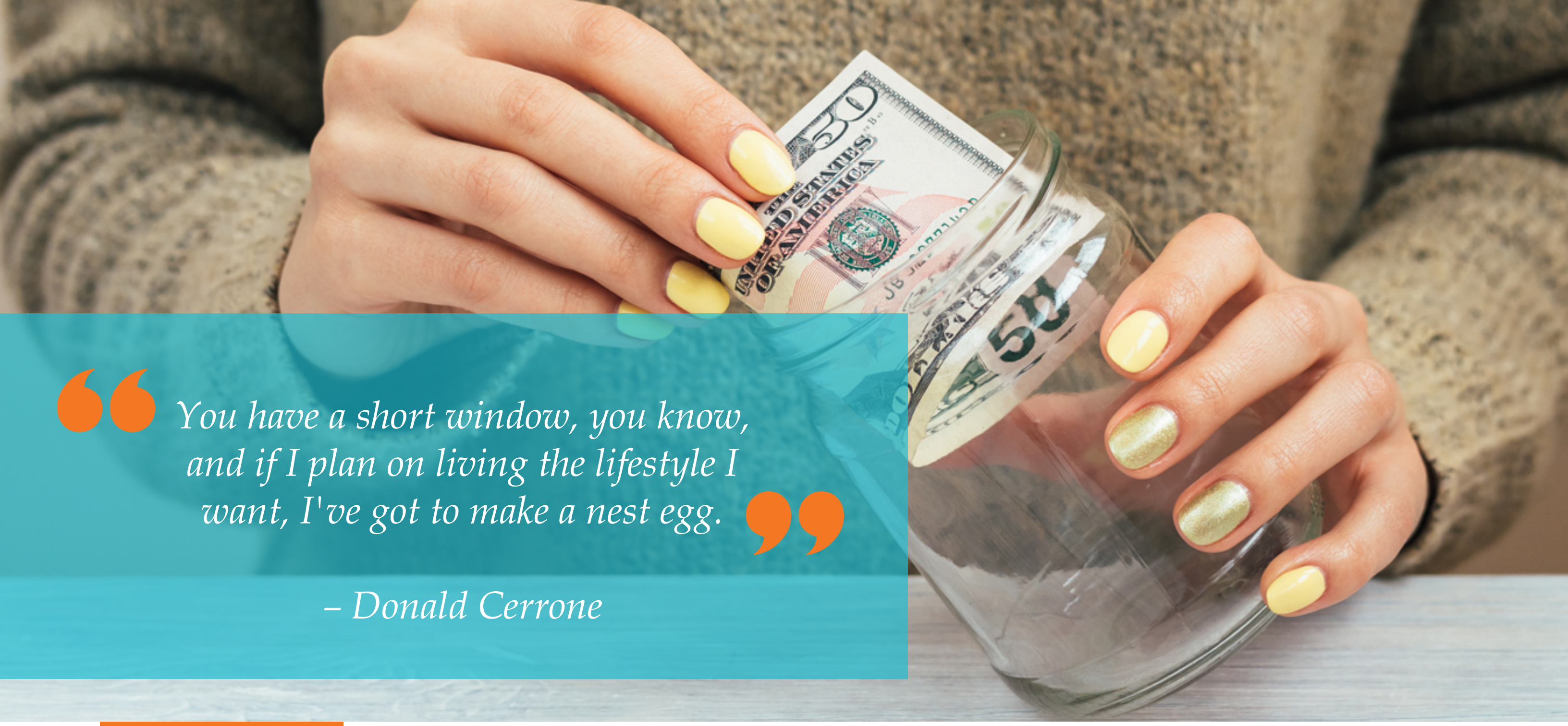
Per Stirpes

A deceased beneficiary's share of the inheritance will be dispersed to that beneficiary's heirs. In our example above, the deceased beneficiary's share of the account would go to her estate (and in turn spouse or children), not necessarily her siblings.

Most people prefer a Per Stirpes arrangement, but you might be surprised to learn that the default option for most employer sponsored retirement plans is actually Per Capita. In fact, Fidelity doesn't even list Per Stirpes as a choice on their beneficiary form. TIAA lists a modified version of this option as an alternative choice. However, both companies will honor a Per Stirpes designation if it is clearly written on the beneficiary forms. A bit inconvenient, but worth the effort in the long term.

next level ACTION

If you want to name a Trust as beneficiary (or contingent beneficiary), make sure your retirement plan administrator allows the inheritance to "pass through" the Trust to the Trust beneficiaries. Otherwise, there may be unintended tax consequences.



> *You have a short window, you know, and if I plan on living the lifestyle I want, I've got to make a nest egg.*
>
> *– Donald Cerrone*

2 BOOST YOUR CONTRIBUTIONS

As we get older, our willingness to afford more on luxuries increases. Better groceries, nicer vacations, more hobbies - as your shift your lifestyle, your spending tends to increase as well. This is, by and large, fine. Lifestyle inflation is a perfectly normal progression in the cycle of one's financial life. However, lifestyle inflation should be applied to your savings as well.

As part of your annual tune up, you should strongly consider increasing the retirement plan savings deferred from your paycheck. If you want to sustain your escalating lifestyle, you need to make sure your retirement savings keep up. Even small increases - say from 5% to 5.1% or 5.25% - make a difference and will add up in the long run. The key is to get in the habit of always pushing your savings upward.

next level ACTION

Many plans offer supplemental savings options, such as Roth or after-tax savings. Combine tax planning with your salary deferral to make optimal decisions.

3 ASSESS PERFORMANCE

At the end of the day, results matter. Checking your annual performance is the most basic step in diagnosing potential problems in your portfolio. The key here is to ensure that you're comparing apples to apples, so to speak. If you're invested mostly in bonds, you likely won't match up closely to a stock index. For a portfolio that is largely comprised of international securities, a U.S. centric benchmark won't serve as an apt comparison.

If you don't have access to a blended benchmark that is applicable to your portfolio, you may have to incorporate some math and makeshift estimations. Just be cognizant of these relevant factors when interpreting your performance metrics.

next level ACTION

With the right tools, you can evaluate advanced metrics to gain deeper insight into your portfolio and individual securities. Beta, risk-adjusted return, peer-compared return, upside/downside capture, and other data points provide useful context for overall performance.

> *"An ounce of performance is worth pounds of promises."*
>
> *– Mae West*

> *Life is like riding a bicycle. To keep your balance, you must keep moving.*
>
> *– Albert Einstein*

4 READJUST THE ALLOCATION

Diversification of asset classes helps to improve long term investment performance and to reduce risk and volatility. As you review your portfolio performance, you probably notice that some investments grow at a greater rate than others. Over time, the overall makeup of a portfolio can change significantly, leaving you with an allocation very different from what you started with. Maybe your desired allocation is 60% stocks / 40% bonds, but after a prolonged down period in the stock market, your portfolio has become 50% stocks / 50% bonds. Your retirement account is no longer aligned with your goals and expectations. Now, if the stock market were to recover, you'd participate in that stock recovery with only 50% of your investments while expecting to participate with more!

Re-aligning your investment percentages to your preferred levels is known as rebalancing. Studies have shown that doing this at least once per year improves portfolio performance in the long term. Many plan sponsors will allow you to automate the rebalancing process (at no cost), but it is still a good idea to periodically check that everything is in order.

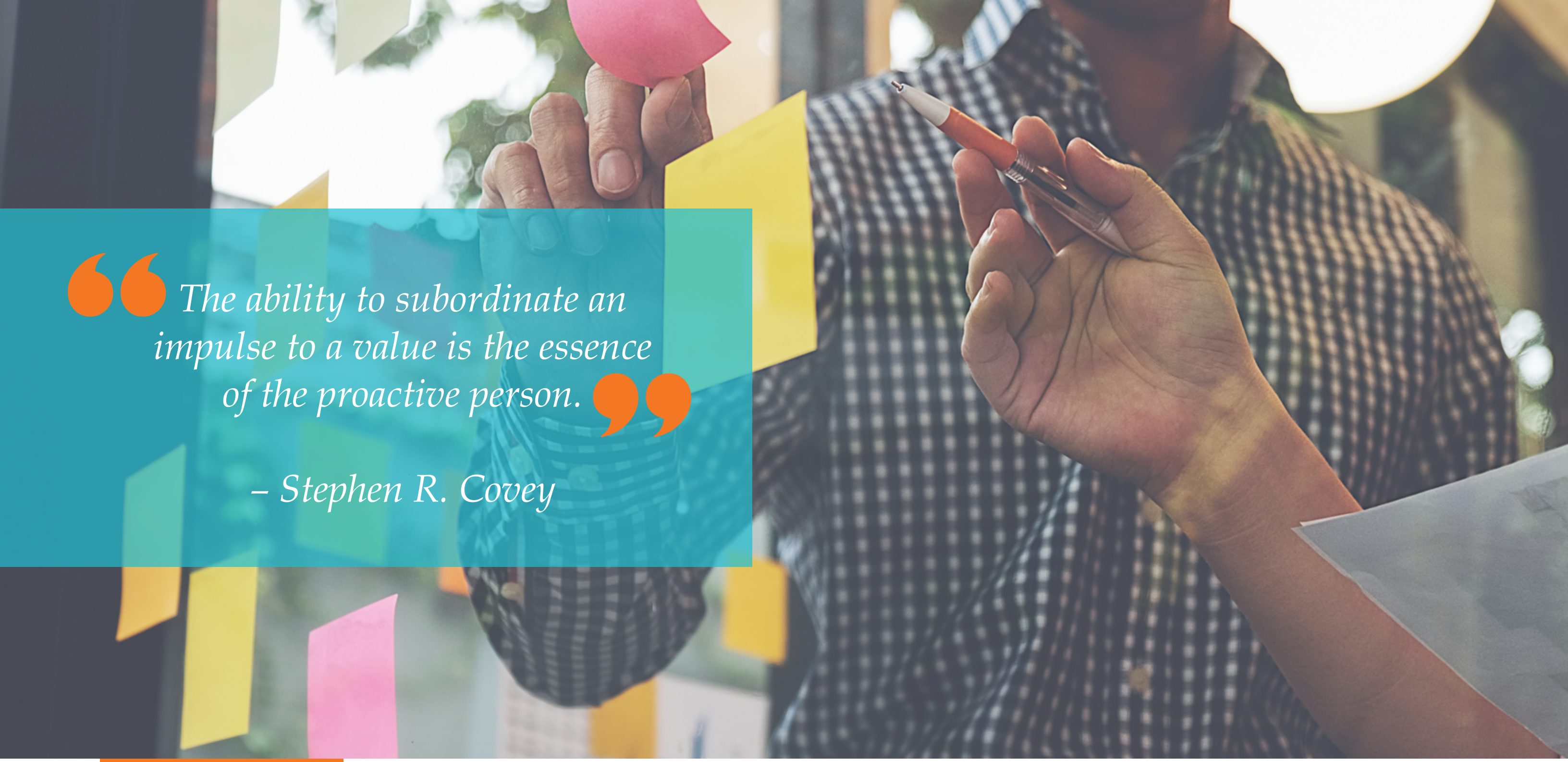
4 READJUST THE ALLOCATION

You should be aware of your risk tolerance – the severity of ups and downs you can stomach in the pursuit of returns. This measure is usually derived from some combination of personal disposition and prescribed corresponding return, say from retirement planning. Risk tolerance is not a static condition, though. It can change over time based on life progression, market conditions, financial goals, or a host of other factors. Do you have reasons to shift to a more conservative or aggressive portfolio? Take the time to consider whether your retirement account is positioned in line with your current risk tolerance. Another measure to consider is to take a deeper look into specific asset classes and determine whether they warrant greater or lesser exposure.

next level ACTION

Want more invested in technology? Think you need to protect against rising interest rates? The world is constantly evolving, so don't be afraid to be proactive and apply your research and intuitions to your portfolio.

> *Life is the continuous adjustment of internal relations to external relations.*
>
> *– Herbert Spencer*



> *The ability to subordinate an impulse to a value is the essence of the proactive person.*
>
> *– Stephen R. Covey*

5 HAVE A PLAN

“Fear and greed drive the market” is an old adage, familiar to most investors. It’s a bit of a misnomer, though, as it’s more individual behaviors than the market as a whole, being driven by these sentiments. But the point stands – powerful impulses can influence investor decision making, and these impulses usually strengthen at market extremes, as the pressure of the situation mounts. The way for you to combat high pressure, high fervor, and high stakes market environments is the same way other successful people thrive, **through diligent planning and preparation.**

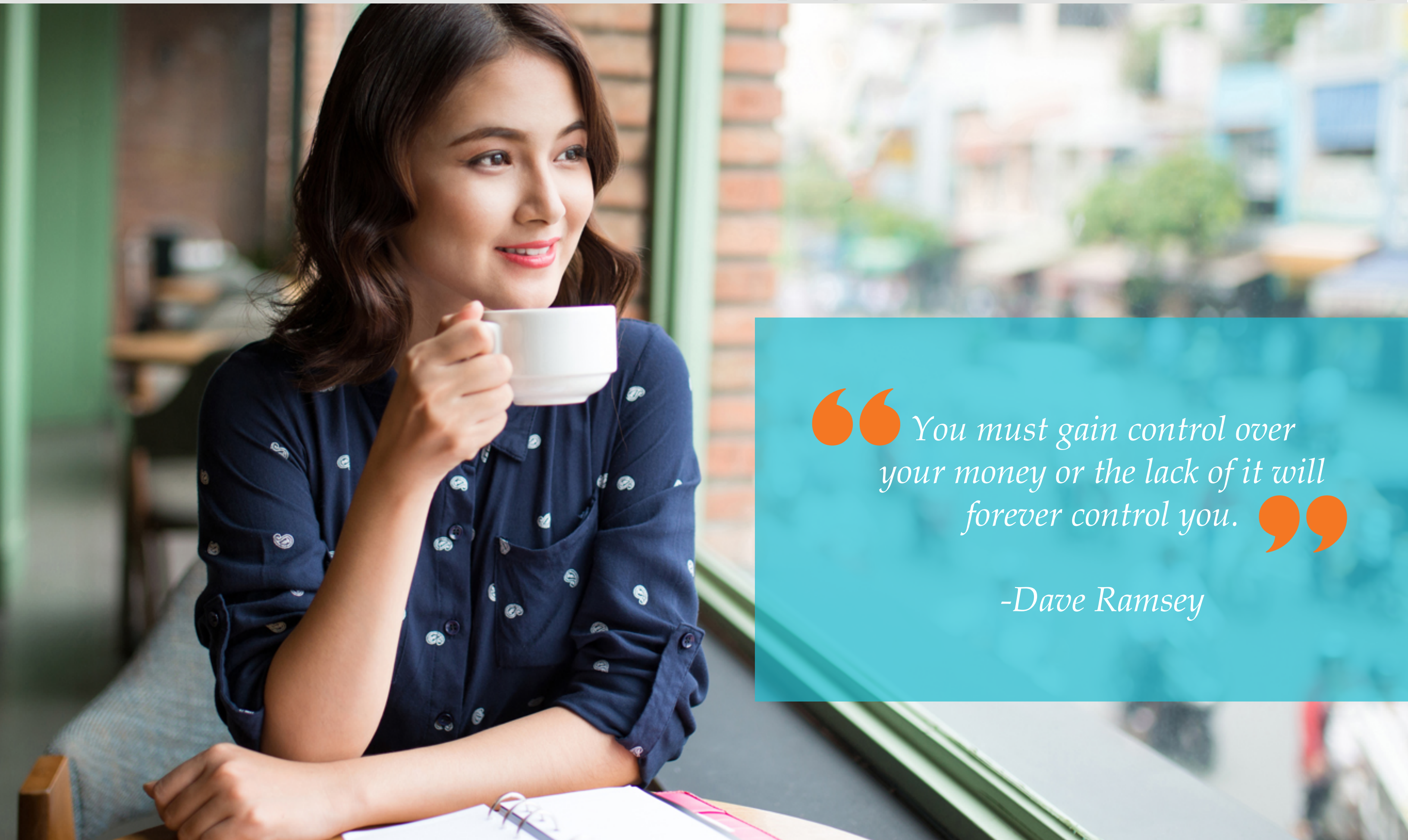
When you’re comfortable, and the market is in between extremes, your head is clear, and there’s no pressure to make a decision, this is the time to consider what you want to do if the markets or your investments move a certain way. Think through what you can tolerate, what it really means to make a change to a more conservative/aggressive stance, what your ultimate priorities are for the account. Know where you will turn and who you will listen to for information and research. And when the time comes, execute with confidence.

5 HAVE A PLAN

In times of stress, you can take comfort in the retirement planning you've done and know that your plan had suboptimal markets factored in. You can shake off the fear of missing out, and remember that your number one priority isn't maximum return for a short period of time, but rather a successful retirement in the long run. But most effective will be the ability to understand that you expected to be in this situation and you've already decided what to do.

next level ACTION

Remember, it's easy to sign up for an employer sponsored plan and just let the market take you where it may, but it's not a great plan. With this annual five point inspection, you can perform needed maintenance to your accounts and finally feel in control of your financial future.



> *"You must gain control over your money or the lack of it will forever control you."*
>
> *-Dave Ramsey*

ANNUAL TUNE UP CHECKLIST

1

BENEFICIARIES
Reassess and update your beneficiaries list yearly to make sure you have it the way you want.

2

CONTRIBUTIONS
Make small increases to the amount you are contributing to your retirement savings.

3

PERFORMANCE
Check your growth against similar metrics to make sure you are aligned.

4

ALLOCATIONS
Rebalance your allocations to ensure your desired risk and goals are being met.

5

PLAN
Decide ahead what you will do if the market shifts, then proceed confidently.

Thanks for checking out our Financial Annual Tune Up!
We hope it provided insight on how to start taking control of your retirement savings.

Still feeling like you could you some retirement guidance
We can help! Connect with Provizr for a free consult.

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