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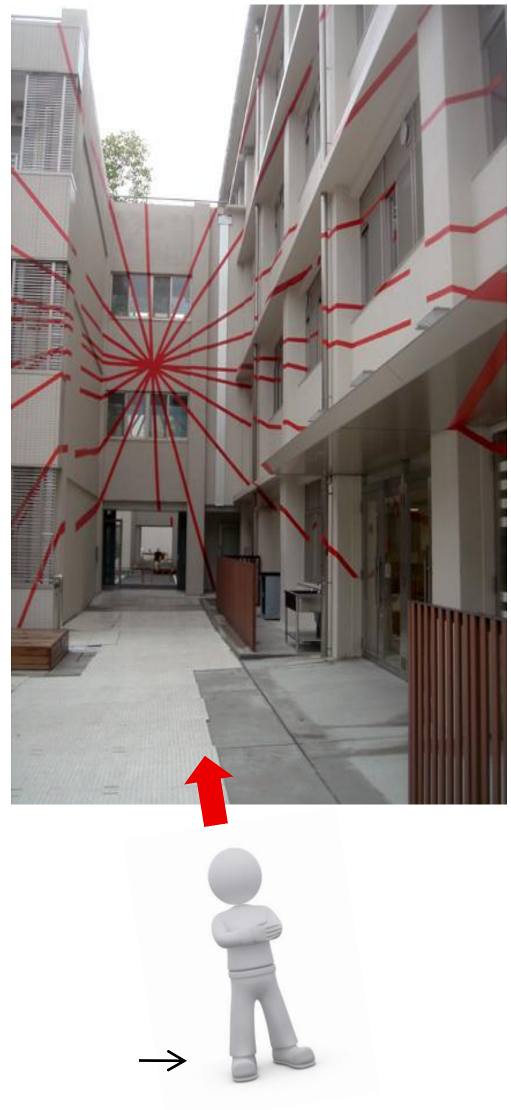
# 4 Financial Essentials before 

Tip #

# Changing Perspective

Moving just a few feet changes the work of art!



Varini's

Twenty Points for
Ten Straight Crossing

# Changing Perspective Matters

We no longer die within 5-10 years of retirement

… investing the way we were taught 40 years ago, you WILL run out of money

If you are 40 now, social security will be out of money by your age 68

…. pensions are a thing of the past, future social security is a ?, adapt to saving NOW

GDP growth in the rest of the world has exploded over the past 10 years

….. if your portfolio is primarily US domestic you are BEHIND the times

50 years after inception, only 86 of the original 500 largest US companies were still in the S&P 500 index.

…..companies are cyclical, DON'T buy yesterdays' good performance

Adapt to the changing financial world. A fresh perspective MATTERS to your successful future.

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Tip #

# Delaying SAVING will force you to work longer

Why we don't save:

At 10 we were children

At 20 we were invincible and were going to live forever

At 30 we had to buy our first house and pay off our college debts

At 40 we had to buy the bigger house, save for kids college and take family vacations

Well, get this:

At 50 you will have college, weddings and need to save masses for retirement

At 60 you will have grandchildren, health care costs and are less employable

At 70 **you will still be working** if you want to live the lifestyle you had from 30-60.

# Which option do you want?

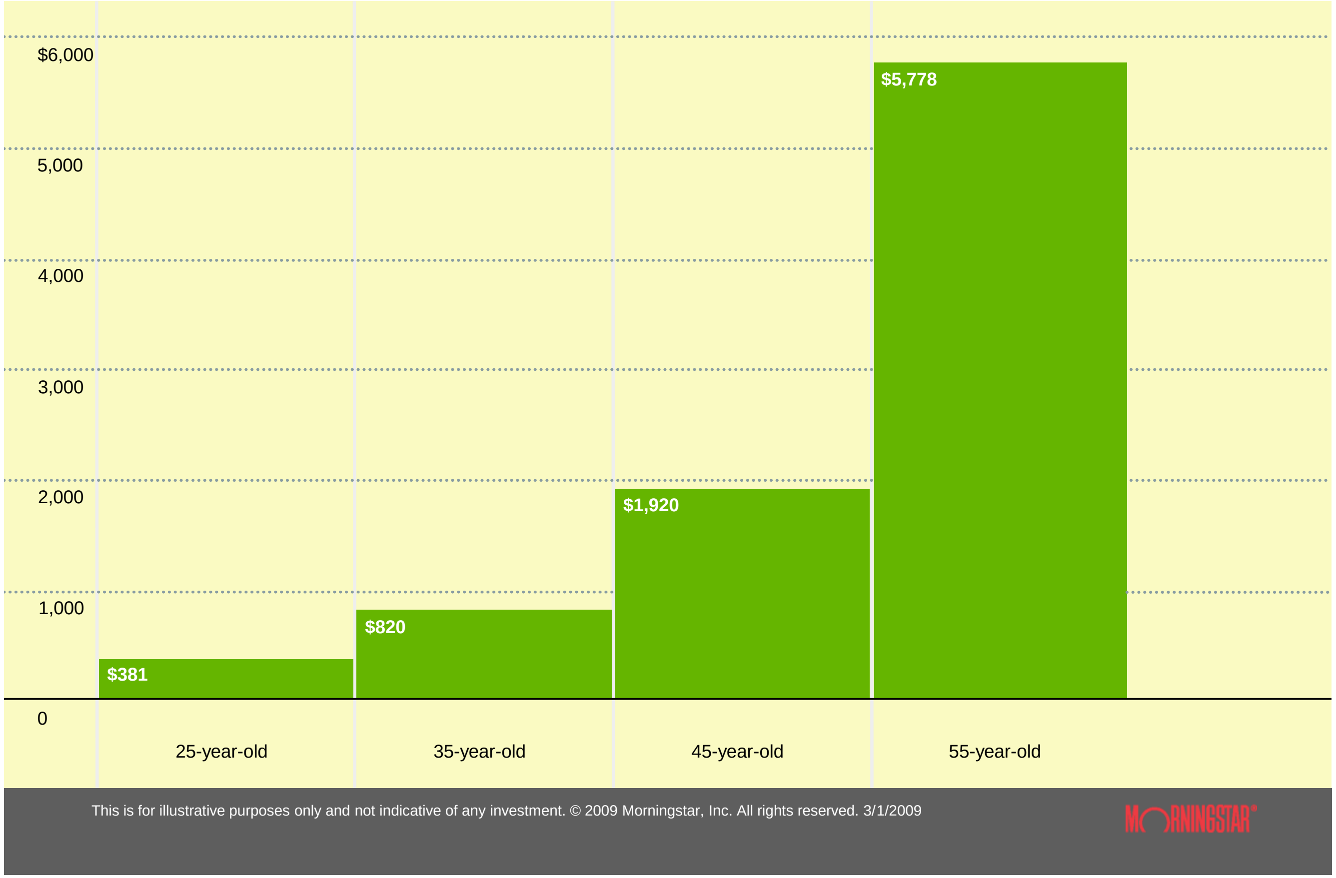
This hamster saved

………this one did not

# The COST of delaying

**The Earlier You Start Investing, the Easier It Is to Reach Your Goals**

Monthly savings needed to accumulate $1 million by age 65



# Force yourself to SAVE now

The odds of you winning the lottery

...........very slim

The odds of you inheriting enough to make up for your lack of saving

............decreasing quickly as your parents live longer and health care costs

The odds of companies bringing back healthy pensions

............very slim and workers now change companies like underwear

The odds of social security being as generous as it has been in the past

............unlikely as it is underfunded and our population is aging

Perspective has shifted

............savings burden is now on you

You have to take care of yourself

............live below your means

............pay yourself first

............imagine the hamster wheel every time you avoid saving

............success is not how much you make, it is how much you SAVE

Tip #

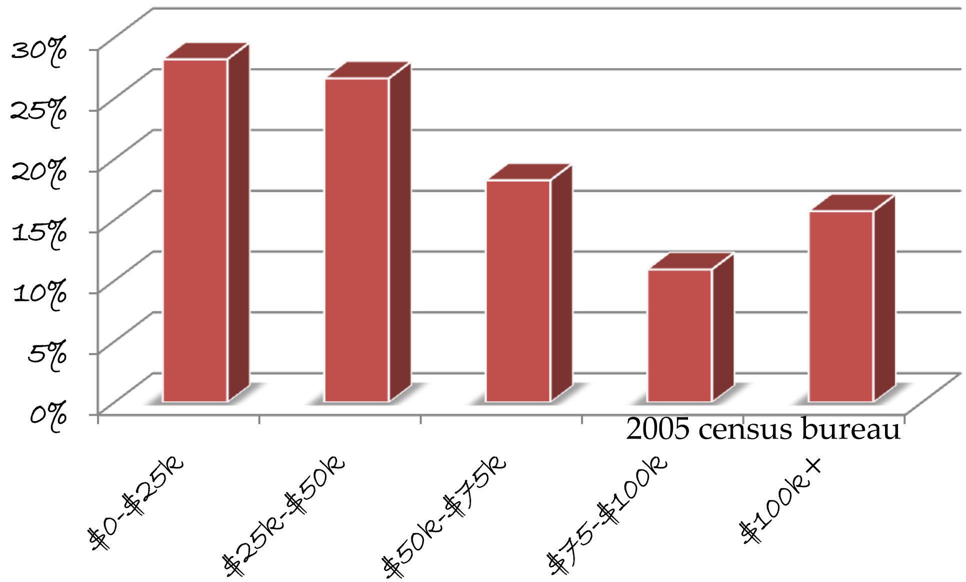
Is $1,000,000.00 enough?

## A reasonable distribution rate from a portfolio is 4%-5%

So $1,000,000 in today's dollars will generate $40,000-$50,000 gross (before taxes) income

In today's US workforce many earn in excess of $40,000:

Percentage in each earning bracket:




2005 census bureau

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The strong headwind of INFLATION

# Don't forget about inflation!

Many online articles (and calculators) about savings omit the inflation factor which is a huge mistake

For example:

You too can be a millionaire!
Save $381 a month from age 25-65 and you will have $1,000,000

This is true!........but……
At age 65 (40 years from now) your $1,000,000 will only have the spending power of about $300,000 in today's dollars

You need to set in place more aggressive savings goals to account for inflation, changes in taxes, and changes in life (divorce, health crisis, early retirement etc.)

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Tip #

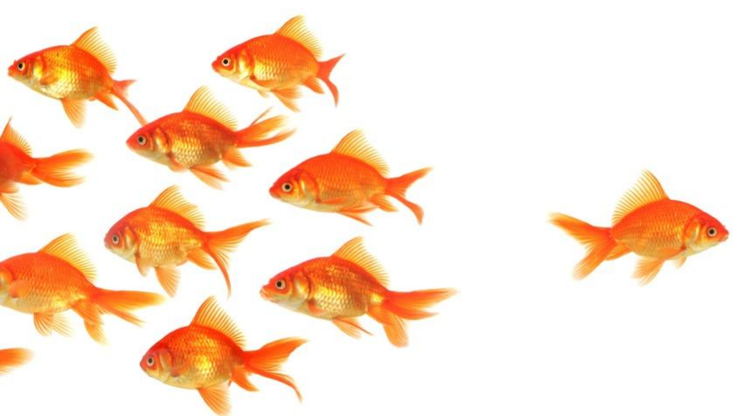
# You are your own worst ENEMY

What makes you good at surviving life…….(fleeing from trouble, safety in the herd etc.)….

………Makes you a lousy investor.

We are hardwired to flee from the market when it goes down and throw ourselves in when it is up.

When times are good you should start peeling back and when times are bad there is much opportunity. If you can't follow this advice on your own get a professional to help you.



A good investor

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# You are your own worst enemy: The FACTS

Dalbar 20 year Study (1988-2008):

| | |
|---|---|
| – S&P 500 | 8.35% |
| – Average Investor | 1.87% |

Why does the investor make so much less than the advertised fund return?

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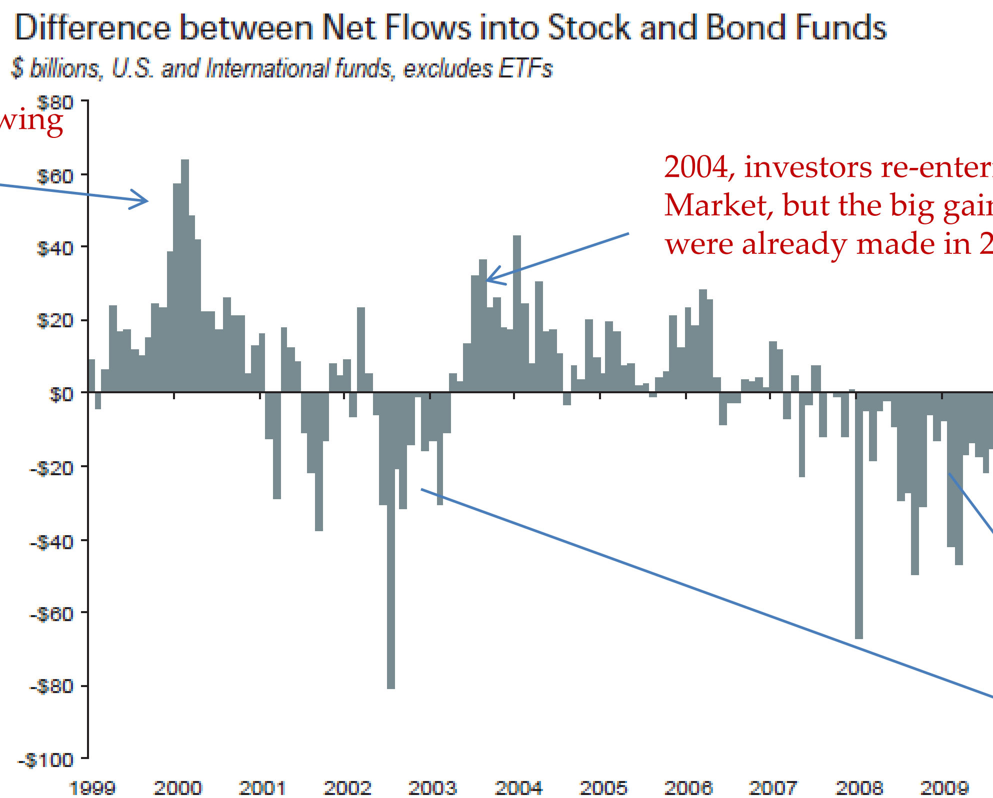
# Because of investor timing!

2000, investors still throwing their money into the tech bubble

2004, investors re-entering the Market, but the big gains were already made in 2003.




2003, 2009, During two of the biggest periods of gain in the past decade investors were still fleeing equities!

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White Oaks Wealth Advisors, Inc. is a private, fee-only wealth management firm in Minneapolis, MN that specializes in simplifying the complexities of wealth for upper net worth individuals. White Oaks Wealth Advisors, Inc. has been honored by having team members listed on the "Top 250 Financial Advisors" by Worth Magazine, Top Dog's by Bloomberg Wealth Manager and "Best 150 Advisors for Doctors" by Medical Economics .

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