Client First Capital

Top 5 Things to Consider

WHEN INVESTING DURING RETIREMENT

www.clientfirstcap.com

#1 YOUR **TOLERANCE FOR RISK**

The connection between risk and reward is inseparable. If you want the possibility of earning better returns so that you'll have more cash flow available, then you have to be willing to accept some risk. But too much exposure to assets that fluctuate beyond your comfort zone may cause you to panic and sell at the wrong time. How you feel about the variability of your investments can be just as important as the investments themselves.

Key point: Be realistic about how much downside risk you're willing to accept. It will give you more confidence in your overall investment strategy.

Pro tip: Consider your time horizon and investment goals when trying to determine your optimal tolerance for risk. For instance, if you're just starting retirement and would like to maximize the amount you can bequeath to your heirs, then this might allow for a slightly more aggressive approach.

How we do it: We start by listening to our client's investment experience and their planning needs. By understanding and focusing on their downside risk appetite, we can build the right portfolio. By using statistics and historical data we can find the best mix of stocks, bonds, and cash. We use a basket of low-cost index funds to create this mix as our core holdings.

#2 HOW YOU WILL **MANAGE RISK**

Too much exposure to any one type of asset can jeopardize your portfolio. A well-rounded investment strategy will focus not only on producing optimal returns but also on minimizing risk during market downturns. Although this is usually accomplished by spreading your portfolio among many different types of assets, care must be used to choose the right investments that will continue to meet your cash flow needs.

Key point: Diversification is the key to ensuring that your portfolio will strike the optimal balance between cash flow and sustainability.

Pro tip: Diversification isn't a static, single action. It should be dynamic as the markets and your investment goals change over time. Regularly evaluate your portfolio's performance and adjust your asset allocation as needed to stay on track.

How we do it: Our model relies predominantly on the changes in GDP and inflation. By understanding the relationship to these numbers in terms of rate of change, we are able to better manage a portfolio over time vs. static asset allocation models. Based on the correlations, we layer in additional investments in sectors that have a higher probability of risk-adjusted returns given the current environment. As the environment changes, so do the sectors that we are overweight and underweight.

#3 THE **TAX EFFICIENCY** OF YOUR INVESTMENTS

If there's one thing that's certain about investing, it's that the IRS expects you to pay them a cut of your earnings. When left unchecked, taxes have the power to erode your earnings and significantly reduce potential cash flow. That's why it's important to be selective about which types of securities you invest in and the tools you use to purchase them.

Key point: Tax-efficient investing is the smart way to reduce what you owe to the IRS and maximize your bottom line.

Pro tip: Not all investment accounts are taxed according to the same rules. The tax code is filled with nuances. An experienced wealth manager will be knowledgeable about the latest rules and how they may apply to be used to your benefit.

How we do it: By being tax-sensitive around portfolio management. There are many ways that we are more tax-efficient than your average firm. For example, we use tax lots vs average cost basis to understand tax efficiency within a portfolio. In addition, we allocate investments based on the account tax status which allows us to take advantage of different tax environments.

#4 ACCESS TO **LIQUIDITY**

Assets like real estate or shares of a business can be a valuable part of your portfolio, but they won't be very useful in providing you with immediate income if you need to cover your everyday living expenses. A well-constructed portfolio will allow for some assets which can be readily used as cash. This should be done in conjunction with your tax reduction and risk mitigation strategy.

Key point: Always have safe places to access funds regardless of the market environment. Your portfolio should contain at least some assets that can easily be converted to cash for your needs.

Pro tip: All of your investments don't need to be liquid. A creative approach is to devote a small percentage to liquid assets that can easily be converted while focusing the remainder of your portfolio on those securities that will optimize your risk versus return.

How we do it: Ensuring you have access to liquidity within your portfolio regardless of market cycles. We make sure that you always have a safe place to access liquidity by having all dividends go into cash .

#5 ADVISOR-CLIENT **TRANSPARENCY**

Trust is absolutely crucial in the advisor-client relationship. The only way this can be earned is through full transparency about what your money will be invested in and how it will achieve your goals. A true advisor will be one that listens to your questions and answers them with full disclosure.

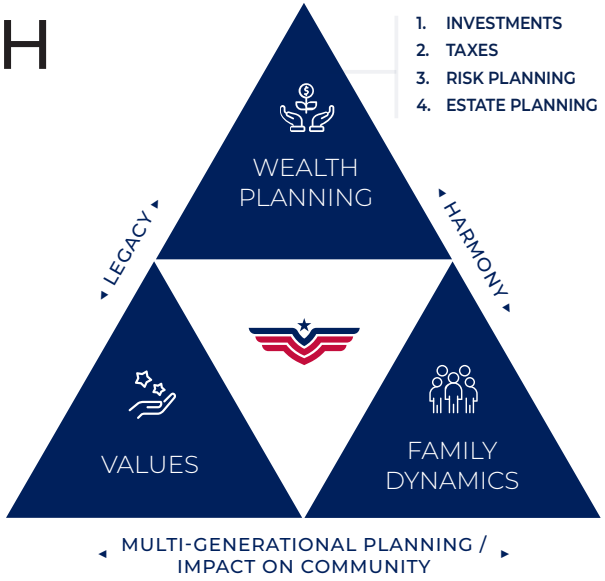
Key point: Successful investing begins with finding a partner you can trust to manage your wealth.

Pro tip: One of the best ways to ensure trust and transparency is to create a system of accountability. Schedule regular meetings with your wealth manager and review your performance reports in detail.

How we do it: Providing detailed investment performance reporting with full transparency around costs and fees using our customized reporting software. We actively manage both fees and taxes as these two factors play a significant role in overall returns.

OUR INTEGRATED APPROACH TO WEALTH MANAGEMENT

At Client First Capital, we work alongside our clients and their families to build and maintain a secure financial future. Our integrated approach to wealth management lies at the intersection of investments, taxes, risk planning, and estate planning.



READY TO OPTIMIZE YOUR INVESTMENT STRATEGY?

For a complimentary review of your wealth planning strategies, give us a call or send an email. We're here to help!

1-800-310-2828

info@clientfirstcap.com

Client First Capital, LLC is a Registered Investment Adviser. Advisory services are only offered to clients or prospective clients where Client First Capital, LLC and its representatives are properly licensed or exempt from licensure. This website 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 Client First Capital, LLC unless a client service agreement is in place. Tax and legal services are not offered by Client First Capital, LLC. Please speak with an accountant or attorney for any tax or legal advice.