MAGELLAN
FINANCIAL

RADIO 2

Topics

High Inflation what to do Over $300k and Under in annual earnings
De-cumulation Strategies
New Retirement confidence Survey
Advisor Advice in Volatile times: Agree or Disagree
Yale

https://www.thinkadvisor.com/2022/03/25/peter-mallouk-high-inflation-favors-wealthy-is-very-bad-for-america/

Peter Mallouk: High Inflation 'Favors Wealthy,' 'Is Very Bad for America'

By Jeff Berman

How would you say advisors can help clients who make under $300,000 overcome inflation challenges, especially retirees, and those on fixed income?

They have to get off the fixed income. They have to start to look at total return -— because if there's high inflation, you might feel good having a low volatility portfolio that's paying you 3%. But you're going to wake up seven years from now, 10 years from now and have a real problem.

So I would encourage advisors to look at clients that are in situations like retirement, where we normally have 40-50% bonds and really ask, can we own real estate? Can we own dividend-paying stocks? Are there other things we can own here? Yes, there's going to be some volatility. But by introducing these riskier assets, you actually reduce the risk of the overall portfolio,

How would you say advisers can help those clients who make $300,000 or more overcome inflation challenges?

Those people are usually sitting in a pretty good spot because they can afford the volatility. So they're more inclined to own the stocks and real estate and so on. [That's] because if things go down 30-40% for a while, they know they're still OK. So that group's easier to have the conversation with because they can protect against the upside without worrying too much about this downside.

Mark Laughenburger New Book, Retirement Hero 7702
https://www.thinkadvisor.com/2022/03/25/retirement-spending-needs-a-new-approach-vanguards-ryan-barrows/

MAGELLAN
FINANCIAL

Retirement Spending Needs a New Approach: Vanguard's Ryan Barrows

By Jane Wollman Rusoff

The de-cumulation stage of drawing down a portfolio once retired is clearly more stressful for clients than the accumulation stage of retirement planning. Indeed, the withdrawal state requires a different approach, argues Ryan Barrows, principal and head of Vanguard's Financial Advisor Services, in an interview with ThinkAdvisor.

"You need a more dynamic approach than withdrawing, say, 4% of your portfolio a year no matter what," says Barrows, who leads Vanguard's RIA channel serving third-party advisors, which is the firm's largest division.

Barrows is talking specifically about Vanguard's "dynamic spending strategy," a hybrid of the dollar plus inflation and percentage of portfolio rules, as defined on a Vanguard website. It is based on the firm's research in 2017 that introduced a "dynamic spending rule" and a "percentage of portfolio rule."

Principal Financial Group's latest retirement security survey released this week.

Goals VS Reality

50% unsure how much they should be saving
62% said key to reaching retirement is employer contributions
64-73% depending on age are NOT confident social security will be there for them.
Employers only feel 15% of employees will have properly saved enough

https://www.thinkadvisor.com/2022/01/27/how-10-advisors-are-handling-market-volatility-now-advisors-advice/

What Advisors experience with volatility and their clients: Advice!!

***Spike will read one, do you agree or disagree.**

When markets go through a correction process like we are seeing, individual investors tend to sell when they should be buying …. "Behavioral Investment Counseling" is the single most important service that financial advisors provide by helping investors avoid that costly mistake which we see on an annual basis.

I am not changing allocations in any way, nor would I if the market were down 30% or 40%. That would be a form of market timing which has been shown to be extremely detrimental to long-term investment returns.

I'm talking about re-balancing, which we are doing in our managed portfolios;
It is also useful to remind clients of their financial goals and the reason that they took risk in the stock market in the first place. If this is something that they are not comfortable with, then we will have to reevaluate their goals and what we can achieve with a lower return on investments.

As far as allocations, we are encouraging everyone to hold them for now. Once we have an opportunity to catch our breath and the volatility settles we will reexamine.

I recently sent my newsletter to clients for 1Q 2022 and reminded them that since 1926 the S&P 500 has had an average annualized return of 10.49%. J. P. Morgan was once asked by a naive acquaintance what he thought the market would do. “It will fluctuate,” the venerable Mr. Morgan replied.

Financial Crime

Former Yale administrator stole $40 million, pretending to buy computer equipment for the university. Instead, she bought a fleet of luxury cars, and several houses.