Financial Basics for Everyone

Your Green® with
Roger Green, MSFS, CFP®

With 35+ years of helping people with their money, I often am asked for suggestions in planning for a financial future. These are some basics:

• Start saving and investing as early as possible with as much money as you can. Compounded growth over time is the strongest tool you have to retire comfortably. Pay yourself first and don't take money from these assets along the way.

• Invest money you do not plan to spend for at least five years in equity investments. Your goal should be achieving long term capital appreciation. Most investors should avoid individual company stocks entirely.

• Make full use of company sponsored retirement plans, such as 401(k)s. Invest as much as you can, as early as possible. Avoid company stock investments within your 401k and diversify amongst the funds available.

• As a general rule, you should always "buy low, sell high". Do not panic and sell out when the market is low. Wise investors add to their holdings when the markets are low. And when everyone is wanting to buy something is usually too late to jump on that bandwagon – you'll be buying high.

• Keep the money you will need in the next one to three years in readily accessible cash reserves such as a bank savings accounts or CD. You do not need the advice of a professional to manage these monies.

• Have a plan for the withdrawal of your assets (a "harvesting" plan) during retirement or times of need. Where and when you withdraw may make a major difference in how long your money lasts.

• DIVERSIFY your investments over multiple asset categories and within an asset category. I recommend everyone include at least one-third international investments in the mix. Invest in industries outside your work industry – in other words, if you work in real estate, invest in something outside of real estate.

Note: additional risks are associated with international investing, such as political and economic instability, currency fluctuation, and differences in accounting standards.

• Beware of the tax impacts on your investments. Seek a variety of tax-deductible, tax-deferred, and tax-free investments; such as Roth IRAs or Roth 401ks.

• Consider investments with insurance protection options for a portion of your IRA, if you need income or death benefit protection from market loss, but want to keep your assets in stock market investments for continued potential for growth.

• Keep your retirement plan and life insurance policy beneficiaries current, and make sure you have a valid will in place.

• Maintain adequate life insurance, disability insurance, health insurance and long-term care insurance to protect your assets and your family. The best retirement plan can be devastated beyond repair without adequate coverage in these areas.

• Give to charity where possible, and enjoy the good feeling you get from helping others through your own hard work.

My last piece of advice would be to educate yourself and find a professional to help you with these major life decisions. Learn more in one of my retirement planning classes at Gwinnett Technical College. Call our office at 770.931.1414 or log on to www.RogerSGreen.com for dates and additional information. If you need help now, call my office for a complimentary consultation.

Note: Investments in securities do not offer a fixed rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested.

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