

# A harvesting plan for retirement assets



Roger Green, MSFS, CFP®  
Green Financial Resources

Retirement planning does not end at retirement. The need to continue to grow assets to produce more cash flow remains important for most.

For 30 years I have helped thousands of people with their money, and I understand what it takes to plan successfully for retirement. The following is an overview of my plan for harvesting of retirement assets; a plan I have seen work effectively for my clients regardless of their

income or assets. This plan divides your savings and investment money into three parts.

**To start, determine how much money you will need annually from your savings and investments to augment your Social Security and other income sources. Once you determine that annual figure, determine how much money is needed:**

- 1-2 years out
- 3-5 years out
- 5+ years out

Whatever you need to supplement your Social Security and other income sources during approximately your next two years of retirement, at any given time, should be kept in cash reserves or readily accessible investments; such as savings accounts, Treasuries, Money Market accounts, and other types of liquid low-volatility investments.

The next three to five years of money you may need from your assets I recommend be kept in fixed income or moderate volatility investments. These include things like CDs, Treasury Inflation Protected Securities, government or corporate bonds, credit risk investments, and other lower or moderate volatility liquid investments. With fixed income assets, remember to stagger maturity dates to allow for your investment duration to equal the year of your potential need to withdraw and to diversify your holdings within this category. For example, don't buy a 10-year bond that you anticipate needing to spend in the next 3-5 years.

For growth in your assets, history says investments in equities/stock investments are one of your best bets\*. For your money not needed for five years or more, I generally recommend a well-diversified portfolio of pri-

marily equity/stock market investments to try to achieve growth. The goal is to help try to stretch your assets for today's longer life spans, and to overcome the effects of inflation and taxation that decrease the value of your money over time. Most people I see need continued growth throughout retirement to help stretch their assets throughout their lifetime, and to allow them to potentially leave a legacy to others.

*This is where you really need the help of a professional*, as this is your longer-term investment money with which you will take on significant risk and potential volatility to try to grow your money for your longer term harvest. Your goal is to harvest (withdraw) from a well-diversified portfolio of assets only when they are up in value; using the shorter term liquid assets as a buffer during times of market volatility, when the time isn't right to sell your equities because they are down in value.

I generally recommend each year of "need from assets" money be taken from the part of your portfolio that did the best compared to its history. This allows you to "harvest" for any given year from any investment, depending on which portion of your portfolio is doing best at the time of need – so you can harvest where there is bounty.

Because of the potentially significantly large fluctuations of the stock markets, I believe it is prudent to only have your longer term dollars invested in equities, and that you need to have a "bear market emergency reserve" to buy yourself out of periods of market downturn.

Finally, to keep this plan rolling forward, once each year, "fill-up" spent cash reserves from your investments and other assets to maintain accessible cash for living expenses. In the event of multiple down market years, you would draw that year's harvest from your cash reserves or fixed income assets, which reduces the chance of you from having to sell when the market is "low". Remember, with investments you always want to try to "buy low, sell high".

Obviously this is a very simplified overview of my plan for asset harvesting. The best place to learn more is in one of my retirement planning classes at Gwinnett Technical College. Please call us at 770.931.1414 or visit [www.rogersgreen.com](http://www.rogersgreen.com) for class dates and additional information.

If you are unable to attend a class, but wish to learn more about creating your own retirement harvesting plan, please call my office or visit our website to schedule a complimentary consultation.

\*Note: Past performance does not guarantee of future success, and no system or financial planning strategy can guarantee future results. Investments in securities do not offer a fixed rate of return. Yield, principal, 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.

Roger S. Green of Green Financial Resources is a Registered Principal with Cetera Advisors LLC, member FINRA/SIPC, with his office located at 3700 Crestwood Parkway, Duluth, GA 30096. Green Financial, Gwinnett Technical College, and Cetera Advisors LLC are not affiliated.