



Money When You Need It

BY ERIK FORD

Over our investing lives, the risk we take and how returns vary over time is critical to success. Referred to as the sequence of return risk, while it cannot be eliminated, it can be prepared for.

While adding assets and building toward our goals, the ups and downs of the markets are less of a concern as the average return is what dictates portfolio growth. Actually, as painful as it may seem in the near term, market corrections present buying opportunities while we are actively adding to our investment portfolios. We often observe that stocks are the only thing we hesitate to buy when on sale. Trying to time the market or reacting emotionally is counter productive when we are accumulating assets. Over the last thirty years, if you had missed the ten best days in the market (using the S&P 500 as a market proxy), your return would have been 54% less than being fully invested at all times. The lesson from this is to stay invested while accumulating and take advantage of declines if you are able.

This all changes once we start taking money out of our portfolio in the distribution phase as we retire. Typically, during distribution, we target taking out a regular amount to fund living expenses and perhaps a special withdrawal occasionally for a trip, unexpected expense, etc. During this period, experiencing a decline, or worse a sharp decline, when taking money out creates the situation of having to realize lower asset values to fund a distribution. This creates the opposite of the accumulation period when dips present opportunities.

How do we protect ourselves as we begin to withdraw funds, or even as we approach taking distributions? This is when being cognizant of risk and withdrawal timing is important. A logical way to think about risk is the probability that an investment will be worth more or less tomorrow than today. It is all well and fine if the value increases, but we are not so happy if the value drops just before we need it. Taking risk off for a portion of your investments to set aside for planned withdrawals provides both a reduction in the risk of having to realize an inevitable periodic decline and the emotional stress that comes with that.

Retirement periods can be lengthy as people live longer and very few are in a position to completely derisk into their distribution phase. Parsing out your investments into near-term needs, medium-term needs, and long-term needs such that risk can be budgeted for success and emotional well-being. Down markets are inevitable. Recognizing them as opportunities or risks is important and managing investments accordingly will lead to success and being able to sleep at night.

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HAPPINESS DOESN'T RETIRE...

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REAL ESTATE RESOURCE

This is your neighborhood Real Estate Resource page. This information can be useful when trying to compare property values or for just keeping a pulse on the real estate market in our area. For questions regarding the properties listed, or about real estate in general, consult a real estate professional.

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Address	List Price	Sale Price	DOM	Beds	Baths	SqFt	Style
2S115 Monticello Ct	\$479,900	\$478,000	34	4	2.1	1,893	Split Level
574 Coolidge Ave	\$535,000	\$525,000	84	3	2	2,208	1 Story
276 Abbotsford Ct	\$585,000	\$615,000	4	3	3	1,386	1 Story
387 N Montclair Ave	\$519,000	\$635,375	5	3	2	1,300	2 Stories
22W351 Glen Valley Dr	\$640,000	\$645,000	12	4	2.1	2,703	2 Stories
588 Harding Ave	\$589,900	\$660,000	9	4	3.1	2,900	2 Stories
436 Fairview Ave	\$625,000	\$660,000	5	4	2	1,895	2 Stories
63 Forest Ave	\$719,900	\$719,900	6	3	2.1	1,944	2 Stories
3s200 Park Blvd	\$730,000	\$730,000	195	4	2	2,828	Split Level
718 Highview Ave	\$719,000	\$732,000	12	4	2	1,600	2 Stories
615 Western Ave	\$774,900	\$750,000	17	4	2.1	2,100	2 Stories
421 Greenfield Ave	\$709,900	\$765,000	5	4	1.1	2,157	2 Stories
357 Phillips Ave	\$750,000	\$780,000	10	4	3.1	2,028	2 Stories
493 St Charles Rd	\$819,900	\$819,900	4	5	3	3,070	2 Stories
823 Abbey Dr	\$980,000	\$985,000	5	4	2.1	3,231	2 Stories
332 Cottage Ave	\$1,220,000	\$1,220,000	1	5	2.1	3,612	2 Stories
663 Forest Ave	\$1,100,000	\$1,300,000	42	4	2.1	3,908	2 Stories
682 Forest Ave	\$1,249,000	\$1,340,000	4	4	2.2	3,448	2 Stories
227 Bryant Ave	\$1,499,000	\$1,520,000	4	4	4	3,831	2 Stories
631 Carolyn Dr	\$1,595,000	\$1,535,000	22	4	3.2	4,152	2 Stories

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