PRINCIPLES THAT GOVERN PROPER RETIREMENT PLANNING

DECKER RETIREMENT PLANNING

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WHO IS DECKER RETIREMENT PLANNING?

Decker Retirement Planning, Inc. was founded on the idea that successful retirement planning can be quantified with a math-based and principle-based approach, not opinions. By establishing a financial practice setup to avoid conflicts of interest, we believed we could effectively implement the three principles that govern proper retirement planning and become a pillar of light and clarity to those searching for answers. Our mission is to objectively and mathematically show each person who walks through our door how they can enjoy the retirement they have been dreaming of for their entire life. We call this A *Safer* Retirement™.

Our staff are pure-bred fiduciaries (no-dual licenses or hidden agendas), our strategies are proprietary (built with you in mind), and our services are focused on effective distribution for you. We have two-sided risk models, which are built and designed to make money in up or down markets. The Social Security optimization strategies we developed open the door for conversations that help you get more out of your retirement. Our tax minimization strategies help you avoid the many tax pitfalls that hurt so many in the later years of retirement. Last, but not least, our *Safer* Distribution Plan offers you incredible clarity and transparency that could help you retire earlier than expected and with more money than expected.

The goal of our introductory visit is to establish realistic expectations in regards to the current financial market environment and to fully understand your unique retirement needs. From there, we mathematically quantify your retirement and present it in a straightforward way. We strongly believe that those who sit down with us will walk away with an elevated sense of clarity and transparency in regards to accomplishing their retirement hopes and dreams.

THE FREEDOM OF A FIDUCIARY

The first step toward achieving a successful retirement is not about what's in your plan—it's about who helps you create your plan: a fiduciary advisor. Fiduciaries are legally required to put their client's best interest before their own or their company's best interest. The fiduciary standard is a higher ethical and moral standard in the finance industry.

A fiduciary gives advice on all aspects of your retirement plan—not just your portfolio management. They do everything possible to help ensure you are educated on all your options, so you can pick the best solutions for you. They are privy to a host of financial instruments, products, and strategies. Fiduciaries are paid for advice that serves your best interests—fee-based advice, not commission-based advice.

In fact, a fiduciary cannot receive any commissions on securities or equities. All fees paid to a fiduciary must be disclosed.

Why is this important? Because someone who is not a fiduciary is compensated by commission, which naturally affects their advice for you. Their license, or licenses, are structured differently than a fiduciaries. They are paid sales commissions and bonuses, which they are not required to reveal. They will most likely try to steer you in the direction that benefits them most; in fact, their company may require them to do so. In addition, they may have a very limited range of what they are able to sell or even talk to you about.

Keep in mind, this absolutely does **not** mean that non-fiduciary bankers, brokers, or insurance agents are bad people. They are just doing what they are legally licensed to do; they are doing their jobs. If you walk into a car dealership, the salespeople on the floor are going to try to sell you whatever is on the lot. They won't talk about cars that are not there, even if that's what you need. They do not get paid on a purchase somewhere else.

Pure-bred fiduciary advice is in short supply in America. According to Tony Robbins, only 1.6% of all financial professionals are actually pure-bred fiduciaries. Many financial professionals claim to be a fiduciary, but they use dual-hat disclosures and other "smoke and mirror" tactics to try and keep your trust and business. Don't let yourself be fooled by fancy accreditations and attention-grabbing deliverables.

For more information, watch Tony Robbins explain the meaning of a fiduciary at youtu.be/2i6xrNius9Y

"A FIDUCIARY GIVES ADVICE ON YOUR ENTIRE SITUATION...THEY DO EVERYTHING POSSIBLE TO HELP MAKE SURE YOU ARE EDUCATED ON ALL YOUR OPTIONS, SO YOU CAN PICK THE BEST SOLUTIONS FOR YOU."

How can you know that your advisor is a pure-bred fiduciary? A fiduciary must meet three criteria:

1. **Independent Company:** Fiduciaries must be independent and not work for a firm that has a limited range of products they are required to sell. They must have the freedom to be unbiased in their recommendations. Decker Retirement Planning, for example, is an independent company with access to thousands of financial instruments available from various financial entities. We can recommend no-load mutual funds, interest-bearing checking, and other strategies that earn us no money at all. Our criteria is: “Is it in your best interest?”

2. **Series 65 License:** A true fiduciary must hold only a Series 65 License. Being Series 65 licensed means they are fee-based and cannot earn commissions on equities or trades. A fiduciary cannot receive securities commissions. They are only paid by fees for advice dispensed in regard to securities, and they must disclose all fees they are paid. This takes out the commission conflict of interest.

3. **RIA:** A fiduciary’s firm must be certified as an RIA (Registered Investment Advisor) with either the Securities and Exchange Commission and/or state security authorities.

If your advisor meets all three of these criteria, they are, in fact, a fiduciary. However, if they are missing even one, they are not. Sadly, many financial advisors may claim they are fiduciaries when they actually are not. Where do you want your financial advice to come from? A salesperson or a pure-bred fiduciary? At Decker Retirement Planning, we are pure-bred fiduciaries, who specialize in retirement planning.

THREE PRINCIPLES THAT GOVERN RETIREMENT PLANNING

As humans, we resent change. We get used to a system, it shows promise, and we stick with it. The same goes with financial investment strategies. In our 20s, 30s, 40s, and even now, we become used to the idea of accumulation. We've done it our entire life. We spend less than we make, we save, we invest, and we do what it takes to prepare for retirement.

However, we cannot use the tools we gained in our accumulation years and expect them to work effectively during our distribution years. They cannot be considered the same. The biggest reason? Take away your paycheck. With your paycheck, you can ride the market crashes out because you don't need to pull income from your assets. Without your paycheck, those market crashes become very expensive and can put your lifestyle at risk.

2008 may be considered one of the worst financial crises we have ever experienced. What if we told you that 2008, for retirees, was avoidable? I'm not talking about big banks and the issues Wall Street had that caused 2008. I'm talking about the small group of retirees who sailed through the 2008 crash, unaffected. That's right. They didn't even have to change their travel plans. How did they do it? Simple. They followed the three principles that govern proper retirement planning. These three principles can help most people maintain their retirement throughout their life, even in the worst financial conditions.

As we discuss the three principles of proper retirement planning, you are extended an invitation to be aware of your current retirement plan. Should you realize you may not be following one of these three principles, chances are, your retirement plan is at risk. Ignorance is not bliss, and neither is a broken plan. Take action, and set yourself up for the retirement you have dreamt of your entire life. Account for your hopes, dreams, wants, and needs, and allow yourself to have a comfortable retirement, however you interpret it for you and those who are most important to you.

PRINCIPLE ONE

ONLY DRAW INCOME FROM PRINCIPAL PROTECTED ACCOUNTS

When entering retirement, many do not realize that their current investments, which are typically all at risk using the asset allocation portfolio theory, are just that... all at risk and using an accumulation strategy. When the flow of money changes from going into your accounts ***from*** income to leaving your accounts ***for*** income, you no longer experience the benefit of dollar cost averaging. You experience one of the most devastating pitfalls in retirement called sequence of return risk. This is when you compromise your gains in the up years and accentuate your losses in the down years.

The first principle of retirement planning is "only draw income from principal protected accounts." That is to say, never draw income from accounts that can lose principal. Drawing income from risk accounts has led to the popular fear that has spread across the country, especially after 2008; the fear of running out of money before you die. This does not mean that you cannot have risk in your retirement plan, it means you can't draw income from accounts that have risk.

Most people should have some risk in their plan as it can provide significant upside potential. When it comes to drawing income, however, you must only draw from principal guaranteed accounts, in any form.

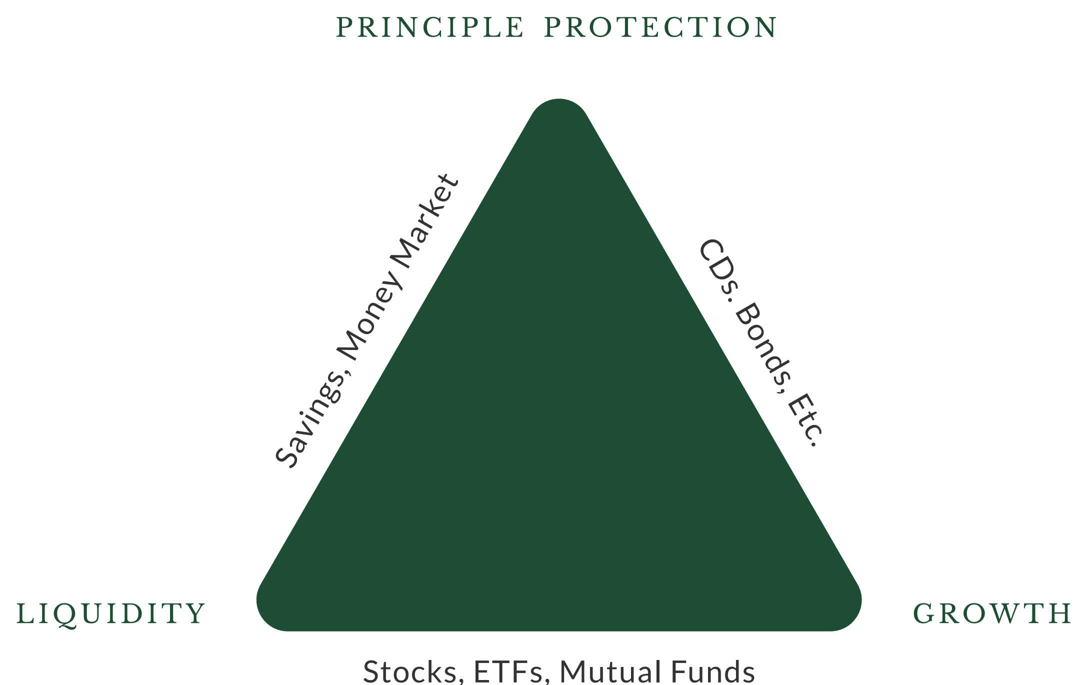
Let's take another look at 2008 and how different it could have been had you planned to take income from principal guaranteed accounts. You probably would not have made a lot of money, but you would not have lost any either. You would not have had to change your travel plans because the investments you were drawing income from were principal guaranteed.

PRINCIPLE TWO

BALANCE YOUR INVESTMENTS BY PURPOSE

A one trick pony can't fill an audience, and a jack of all trades is a master of none. When it comes to investing, there is no "one-size fits all" investment.

The investment triangle, pictured below, states there are three points of benefits for any investment. You can have growth, you can have liquidity, and you can have principle protection. The conundrum is you can only pick two.



For example, if you pick principal protection and liquidity, you are probably looking at some sort of checking/savings account or maybe even a money market. If you chose principal protection and growth, you are probably looking at bonds, CDs, or something similar in that nature. If you are looking at growth and liquidity, you are probably looking at stocks, ETFs, mutual funds, etc. Now begs the question, which should you have in your retirement plan? The answer is all of them.

As stated in Principle One, you must draw income from principal guaranteed accounts. What principal guaranteed accounts you draw from is up to you. The purpose is to plan your income for the next 15 – 20 years. This allows you to have the foresight needed to plan ahead. Should the market crash, like it tends to do every 7 – 8 years, you can sail through, unaffected.

Principal guaranteed accounts give up liquidity, which is why it is critical to incorporate the other investment types into your retirement.

For those who feel suitable for risk accounts, they can be a great investment for a 10+ year time horizon. Risk accounts typically can have the highest upside potential, which enables for more future money in your retirement. With income planned out, you are able to wage the financial storms, and ride them out, should you need to do so.

How you invest your risk accounts is up to you, but we feel it is important to warn you that buy-and-hold may not be in your best interest. Two-sided models that are built to make money in up or down markets are believed to be much more appropriate for a retiree who may not have the time to "ride it out". Can you imagine if you have a quantitative algorithm that told you what to buy, when to buy it, and when to sell it? How different would your portfolio be if you had that in 2008? Two-sided risk models, from a historic and suitability perspective, seem to be better for retirees and their needs.

Life happens, which is why you must set some funds aside that fall under the principal protected and liquid category. By following Principle One, only draw income from principal protected accounts, and not wanting to compromise your plan for income, having funds set aside for the purpose of an emergency is essential.

By incorporating all three investment types in your retirement, you can give deliberate direction to each investment for each year of your plan.

Be aware of this rule with any financial professional you come in contact with. Many only want to talk about one of the three investments types. One-size does not fit all. One investment type does not fit all the needs you may have in retirement. A sign of a pure-bred fiduciary is a financial professional who incorporates all three investment types into your retirement plan.

PRINCIPLE THREE

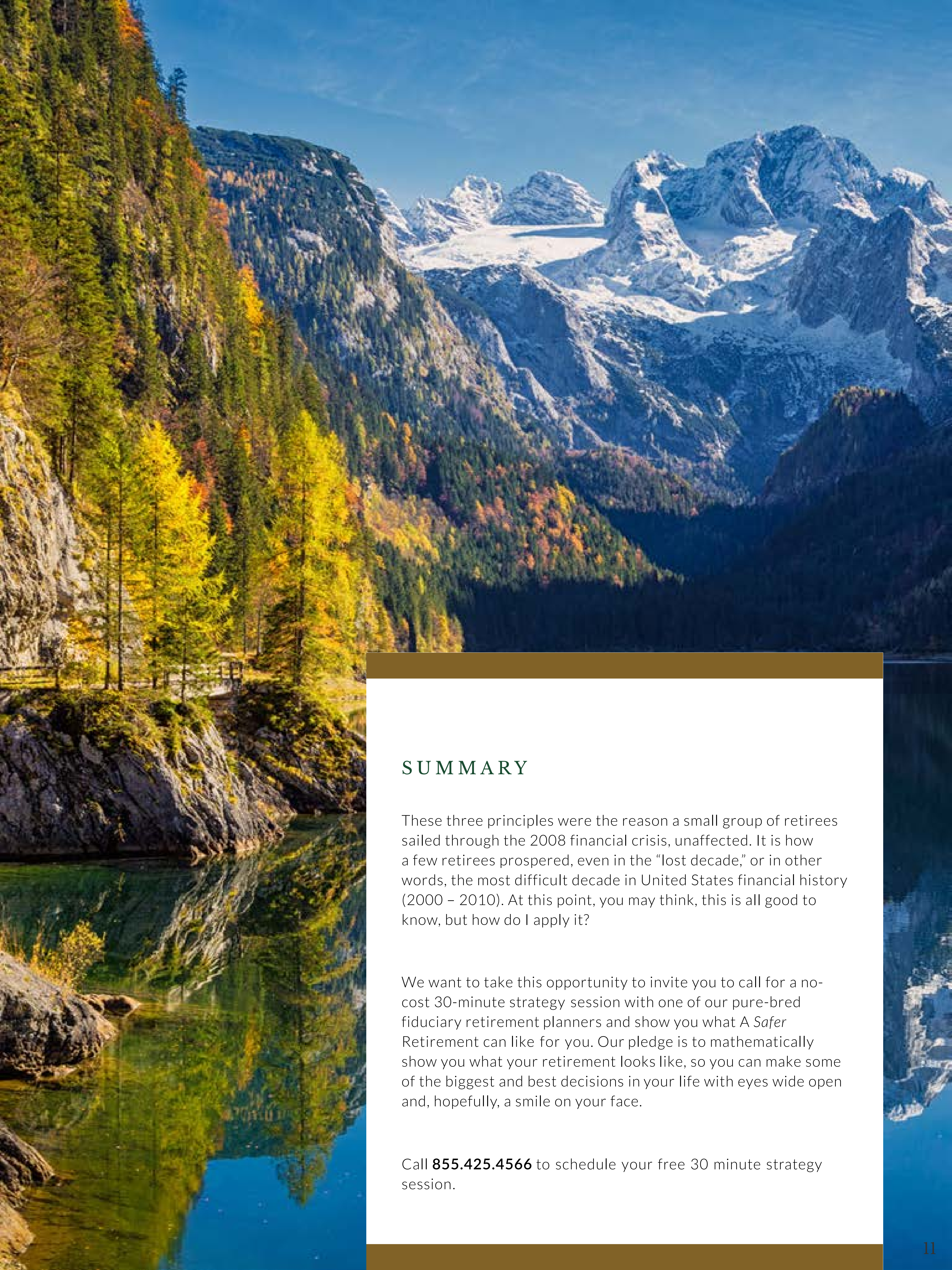
USE A DISTRIBUTION PLAN IN RETIREMENT, NOT AN ACCUMULATION PLAN

In our 20s, 30s, and 40s, it becomes second nature to look at our investments as a whole, consider the overall growth, and continue on the path of accumulating assets in preparation for retirement. The "tool" we use most often for accumulation to measure performance is a pie chart. When retirement comes, it is easy to assume that if we can keep "growing" assets in the same manner as we did accumulating them, we should be fine. Aside from the issues addressed in Principle One, the other critical point of this principle is the need for transparency as we enter and remain in retirement. This kind of transparency cannot exist with the guessing game offered by the pie chart.

Let's set the premise first. If you are using the asset allocation pie chart, chances are, you are all at risk. Second, you are focused on an overall diversification, not individual, deliberate directions assigned to each investment type and how it helps provide a specific need to your retirement plan. Third, there is no clear direction as to what you should sell or from what investment you should take your income. If it is not measured, it is not managed. Retirement cannot be appropriately measured by an accumulation tool. Accumulation models leave retirees guessing how much they should take and from where they should take it from. Are you feeling lucky?

In considering a distribution plan, you can account for the purpose of each investment. You can incorporate other aspects of your retirement plan, such as Social Security, pension, rental real estate, and more. All factors of your retirement should be accounted for, totaled up, and calculated, down to the month, net of tax, on how much you could spend. In your plan, you should also account for a cost of living adjustment to offset inflation.

Mapping out your income, investment expectations, giving purpose to each investment, and so on, enables you to start planning some of the best years of your life. Having this level of transparency is paramount when it comes to proper retirement planning. Without it, you are guessing. Unless you run the numbers with a distribution plan, you cannot answer two of the most important questions retirees face: 1) Can I retire? 2) If so, how much can I spend without running out of money before I die?



SUMMARY

These three principles were the reason a small group of retirees sailed through the 2008 financial crisis, unaffected. It is how a few retirees prospered, even in the “lost decade,” or in other words, the most difficult decade in United States financial history (2000 – 2010). At this point, you may think, this is all good to know, but how do I apply it?

We want to take this opportunity to invite you to call for a no-cost 30-minute strategy session with one of our pure-bred fiduciary retirement planners and show you what A *Safer* Retirement can like for you. Our pledge is to mathematically show you what your retirement looks like, so you can make some of the biggest and best decisions in your life with eyes wide open and, hopefully, a smile on your face.

Call **855.425.4566** to schedule your free 30 minute strategy session.