

MACIAN

WEALTH MANAGEMENT



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Income-ing Retirement

Dear matthew,

Welcome to the 2nd half of 2011. As we look down the barrel of the last half of 2011, I would like to challenge you to take an additional step towards building a more solid foundation for your retirement years. Reach out to us, if you have not done so already, and book your complimentary consultation so we can discuss your road map to freedom. Remember, you can never be too early to plan for tomorrow, but you can be too late!!

Newsletter -July 2011

Well it appears that "June-uary" is finally over, and thanks to some terrific weather, this year's 4th of July kicked summer into high gear! I hope you enjoyed celebrating our nation's Independence Day as much as we did.

A persistent question has been troubling the minds of many these past few years: "How am I going to retire?", "What can I do today to help me reach my goals moving forward?", "Do I really need to get another job?" While these are very valid and concerning questions, one of our core dedications through Macian is income generating strategies. We continue to help our clients more thoroughly understand their retirement needs and work to ensure their portfolios continue to work for them and consistently meet the needs of their income targets. While working through this process, we keep a keen eye on the preservation of capital...remember, THIS is what keeps the engine running, so to speak.



While there are a multitude of different strategies to address this issue, we believe the first step is to properly balance your portfolio to cater specifically to your income needs. You may have a good portfolio now, but we feel it is always a prudent practice to review and re-review to further help ensure that your money is pointed in the same direction as your retirement. Now keep in mind, planning for this goal may require some trade-offs depending on your current situation however a little starvation today to enable a feast tomorrow is typically a good compromise to simply "getting by."

As we get further along in this process our next goal is to maintain a healthy balance between liquidity, preservation of principle and cash flow which meets your income requirements. You can think of these as "The 3 Pillars of a Healthy Portfolio." Consistently finding the balance between these separate functions is an ongoing process, yet will establish the foundation for the majority of your future growth. Without liquidity, or the availability of capital, one may run up against the lack of access to funding when needed. Without the preservation of capital, one may simply run out of money. Without cash flow, one may not have the resource to meet daily and monthly obligations. Any combination of these three can easily derail the train to retirement, and with that in mind, we hold this step under a magnifying glass for a very long time.

From here we move on to developing the actual strategy to best fit your goal. A strict income-focused strategy may be one of the safest ways to create and manage income expectations. For many this can mean tapping into Social Security, pension income and income from investments without using any of your original principle. This might also come in the form of interest generated from CDs and high quality bonds, however since these are considered safer investments their interest payments may be far smaller than that of other investment types considering the same amount of invest-able capital. I am not directly saying that riskier investments will pay a higher interest, I'm saying that these specific investments are limited in what they can produce while being much more predictable in their returns.

Another layer to this strategy would be to compliment Social Security, pension or 401(k) plan distributions with an insurance based product such as a fixed annuity. Fixed annuities can be used as a probable way to produce income and are produced through insurance companies. Nothing in life can be guaranteed, and these products are no exception. Our evaluation process is just as rigorous when determining whether or not something of this nature may fit the strategy of any given portfolio. At the same time, these may be a terrific addition to the puzzle.

Now considering that some have a higher tolerance for pain...or a larger appetite for risk, integrating higher quality dividend yielding stocks or bonds into the mix may prove to give some added kick. As both of these investments are susceptible to pricing fluxuations in addition to the cash flow component, the value of your portfolio may increase or decrease depending on the temperature of the market.

This is what we consider to be a hybrid between growth and income as they may be used to subsidize income while allowing for growth within your portfolio.

Understanding that we may need more than just the cash flow from these investments to survive, this principle amount within the portfolio may one day become a part of the income subsidy required to meet monthly obligations. Developing a total return approach is necessary to fully understand how the balance of the 3 Pillars will remain in effect, and how to most appropriately manage the portfolio moving forward. Many times we see scenarios where dipping into principle may be more beneficial than investing in higher risk vehicles to try to compensate for diminished returns. Although it is a direct reduction to the balance of the portfolio it may be a safer case than risking capital which could disappear without adding value.

In today's climate, even with their best efforts many current and soon-to-be retirees find it difficult to generate a sufficient and sustainable income stream without taking on an excessive risk with their money. Sometimes remaining in the workforce longer than expected can solve the issue, other times simply taking a closer look at your monthly budget may bring answers to the light; either way we strongly urge saving early and saving frequently. It is just as important to develop a **habit** of saving as it is with the **amount** which is saved.

I invite you to reach out to us and meet our team. We are here to answer questions and provide solutions. Until then, enjoy the rest of this beautiful weather and we certainly do look forward to seeing you soon.

Upcoming Events

Eat, Drink and be Mira!

Friday, August 5th 2011
5:30pm - 8:30pm

pariSoma Innovation Loft
169 11th St (@ Natoma)
San Francisco CA



Come help us support Mira Scholars Foundation with an evening filled with hors d'oeuvres, festivities and a silent auction. Proceeds will go towards the many great projects going on at Mira. For more information about the foundation [click here.](#)



2011 Fall Financial Series
San Francisco, CA October 15th & 16th

Fall Financial Series

October 15th & 16th
8:00am - 4:00pm
555 California Street
Floor 3
San Francisco CA 94104

Macian's Financial Education programs were born to rebuild the foundation of awareness and intelligence we all need to survive in today's unprecedented economy. Many times we can find success in simply going back to the basics and that is exactly what Macian does. For more information [click here](#)

Thank you

Here's to an outstanding July and a wonderful summer. Remember, we are here to answer any questions you may have and look forward to speaking with you soon.

Sincerely,

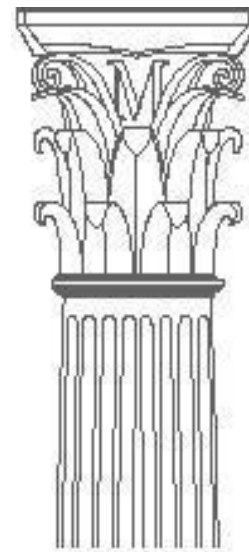


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