

Financial Intelligence

Produced Exclusively for Members of the
Senior Executives Association

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- SEA Benefit Provider Since 1999
- Federal Times' "Money Matters" Columnist
- "Ask the Experts" Panelist at www.federaltimes.com

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- Email Questions to me at mmiles@variplan.com

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How to Submit Your Questions

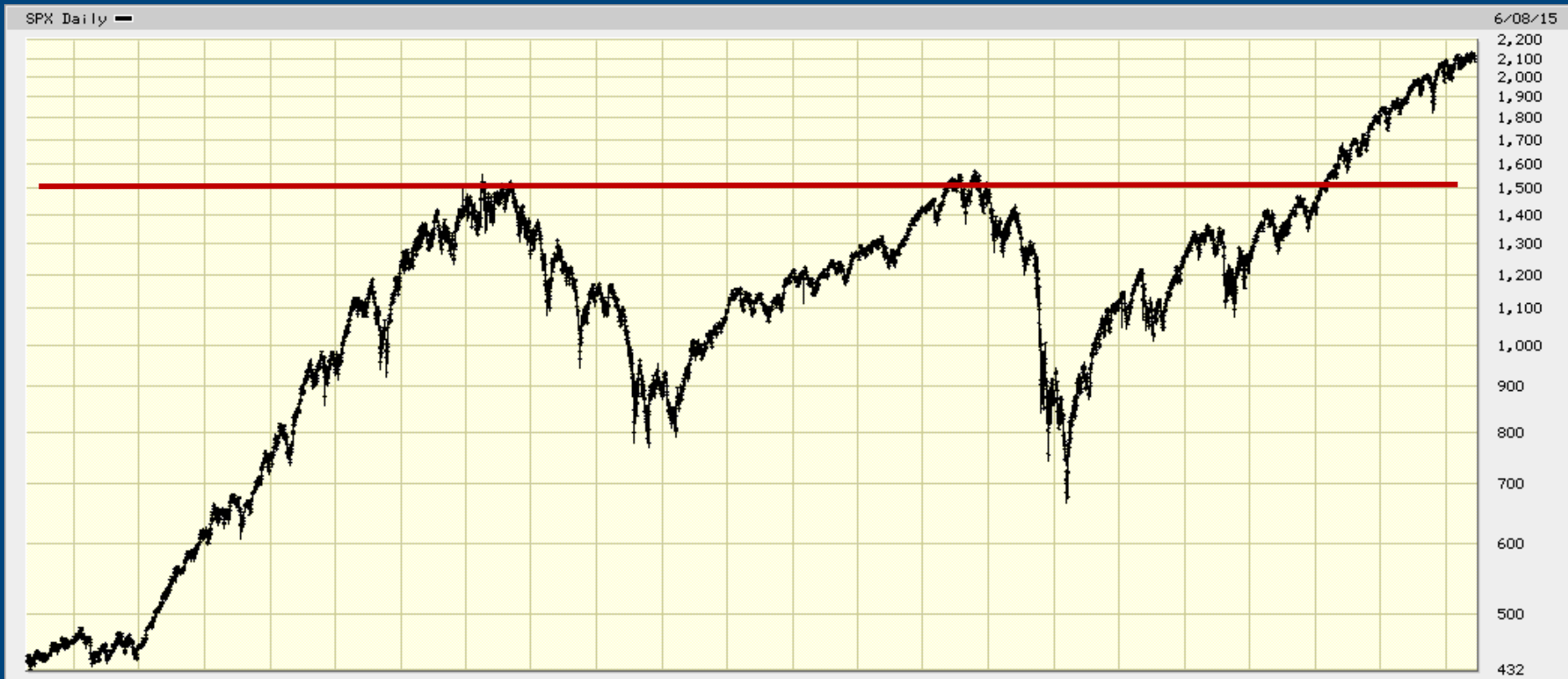
Market Review – Stocks (6 months)



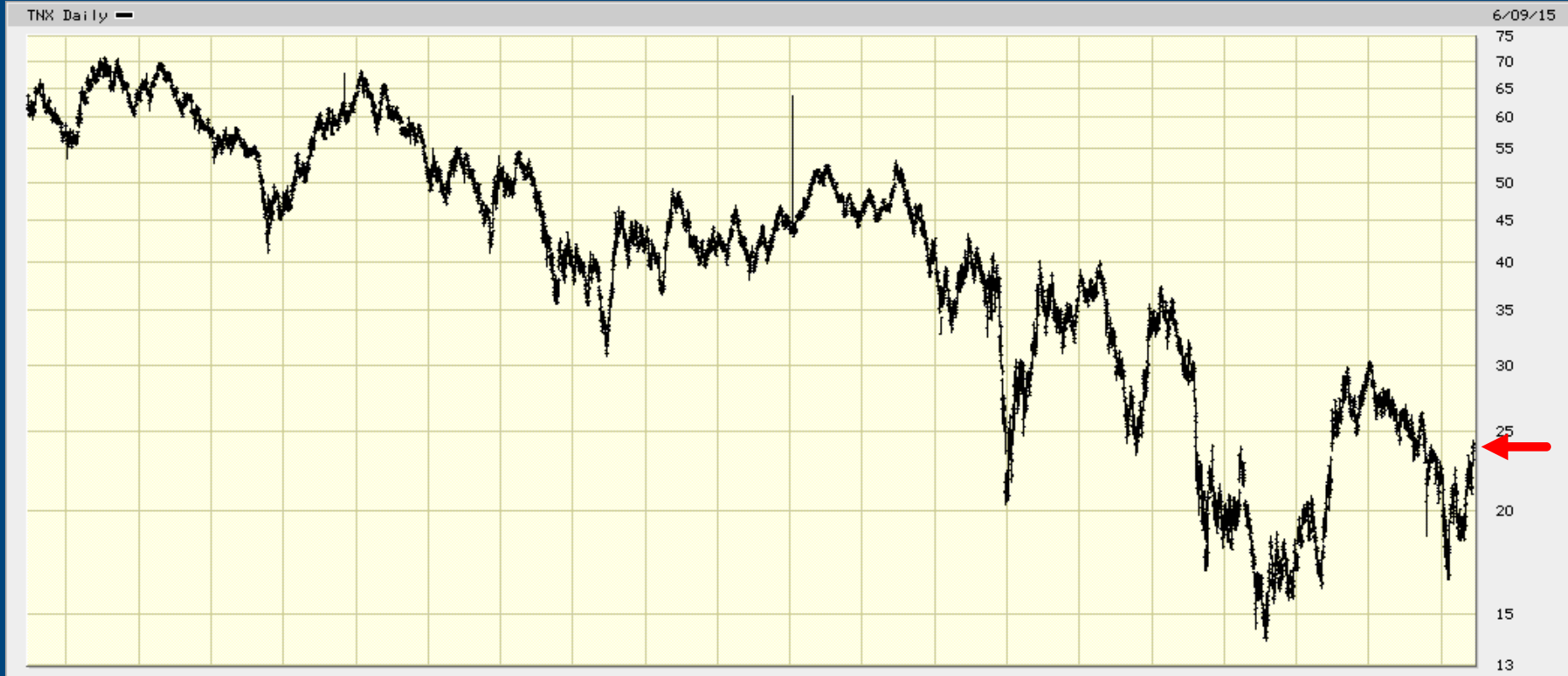
Market Review – Stocks (5 Years)



Market Review – Stocks (20 Years)



Market Review - Interest Rates (20 Years)



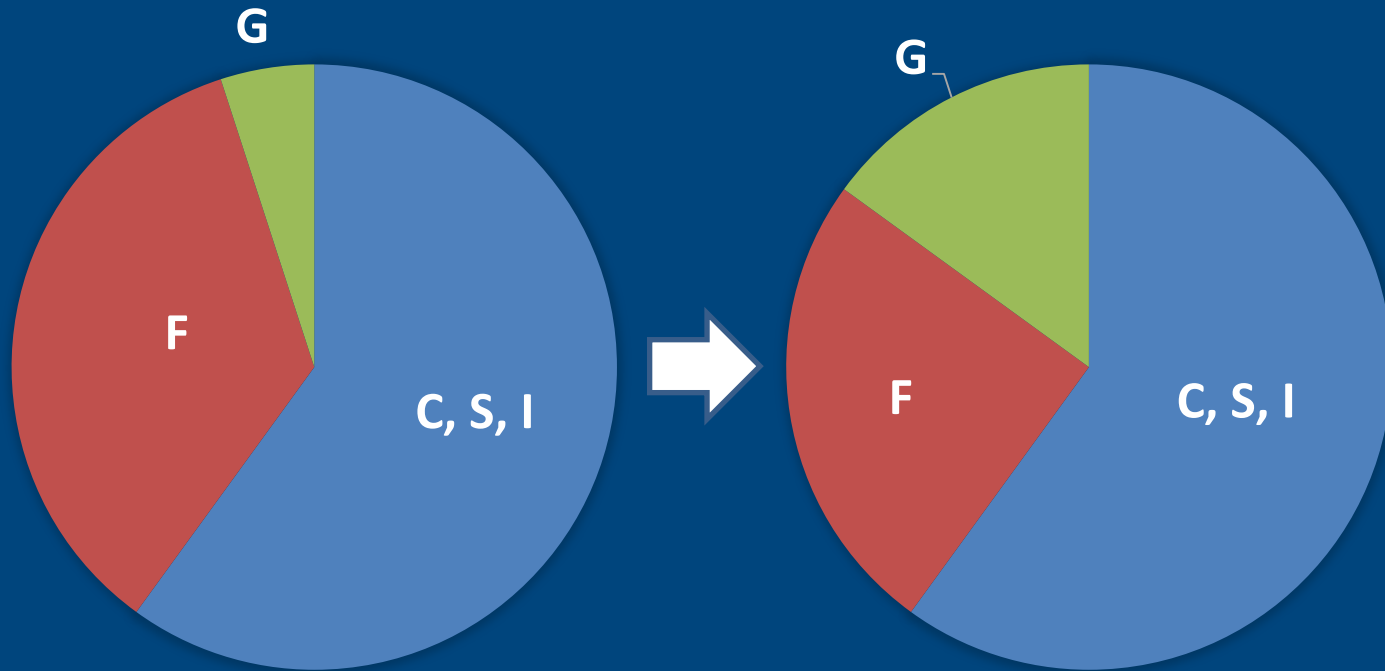
Market Review – Stocks vs. Bonds (1 Year)



Market Review – Stocks vs. Bonds (5 Years)

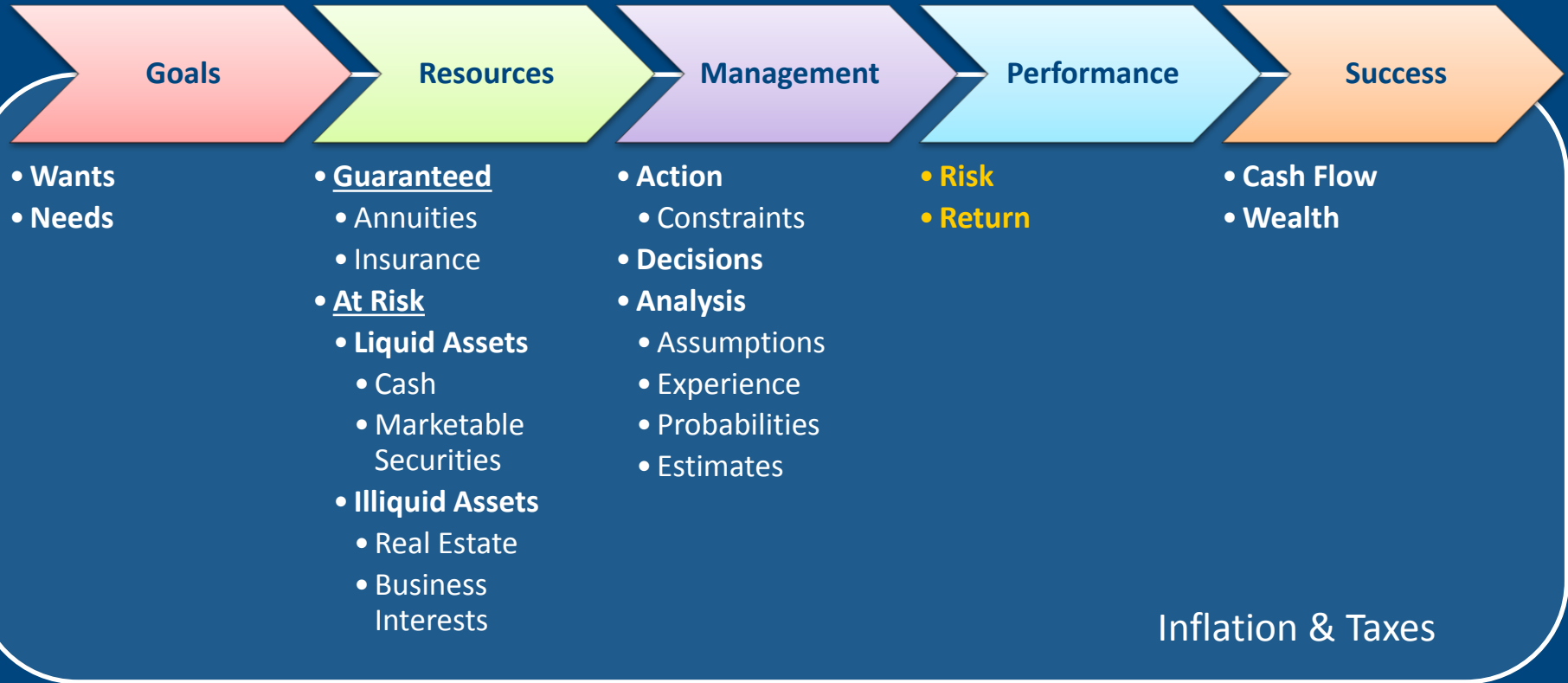


Tactical Recommendation

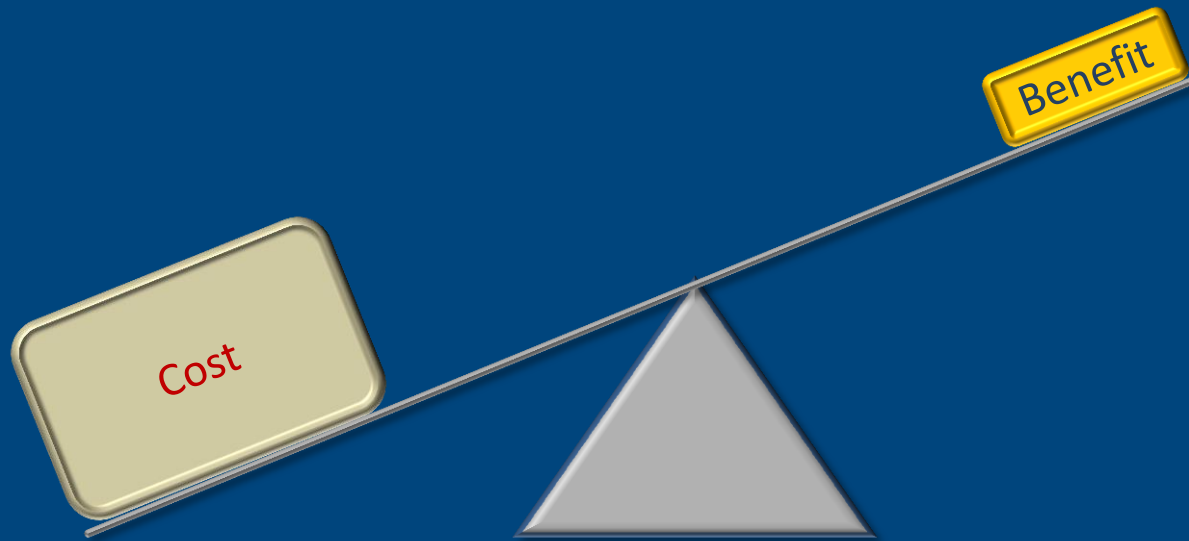


Managing Investment Costs

Financial Planning and Management



Cost-Heavy Investing



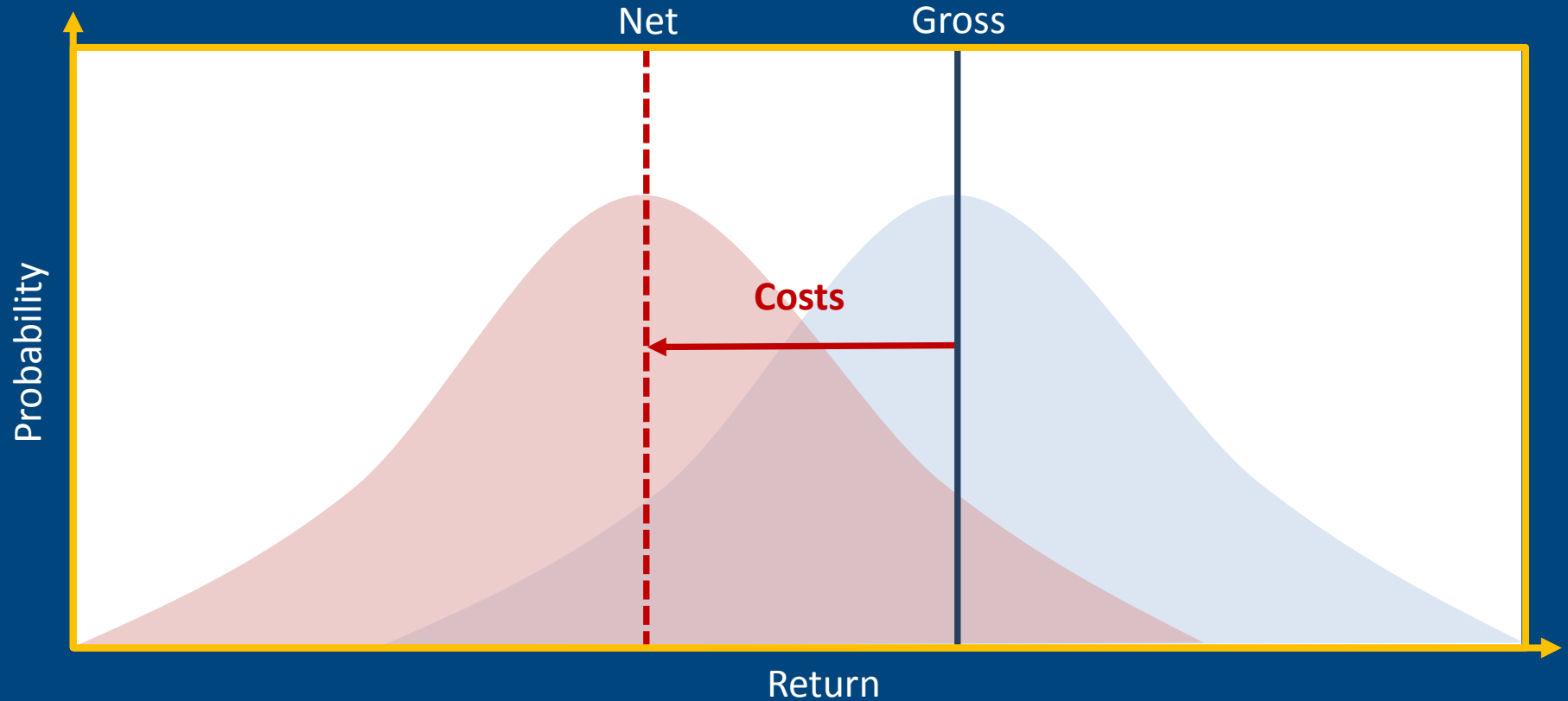
Cost-Neutral Investing



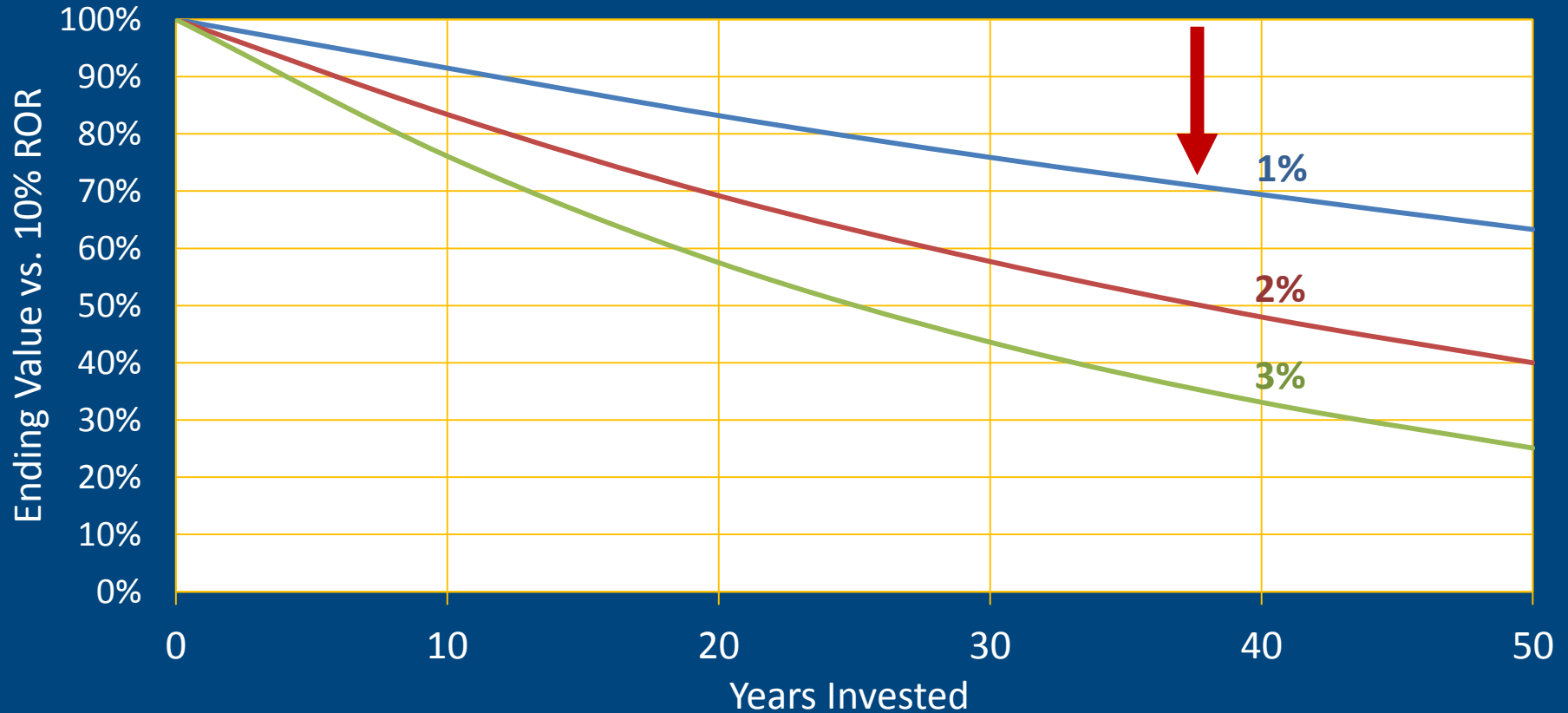
Cost-Effective Investing



The Effect of Excess Costs on Expected Return



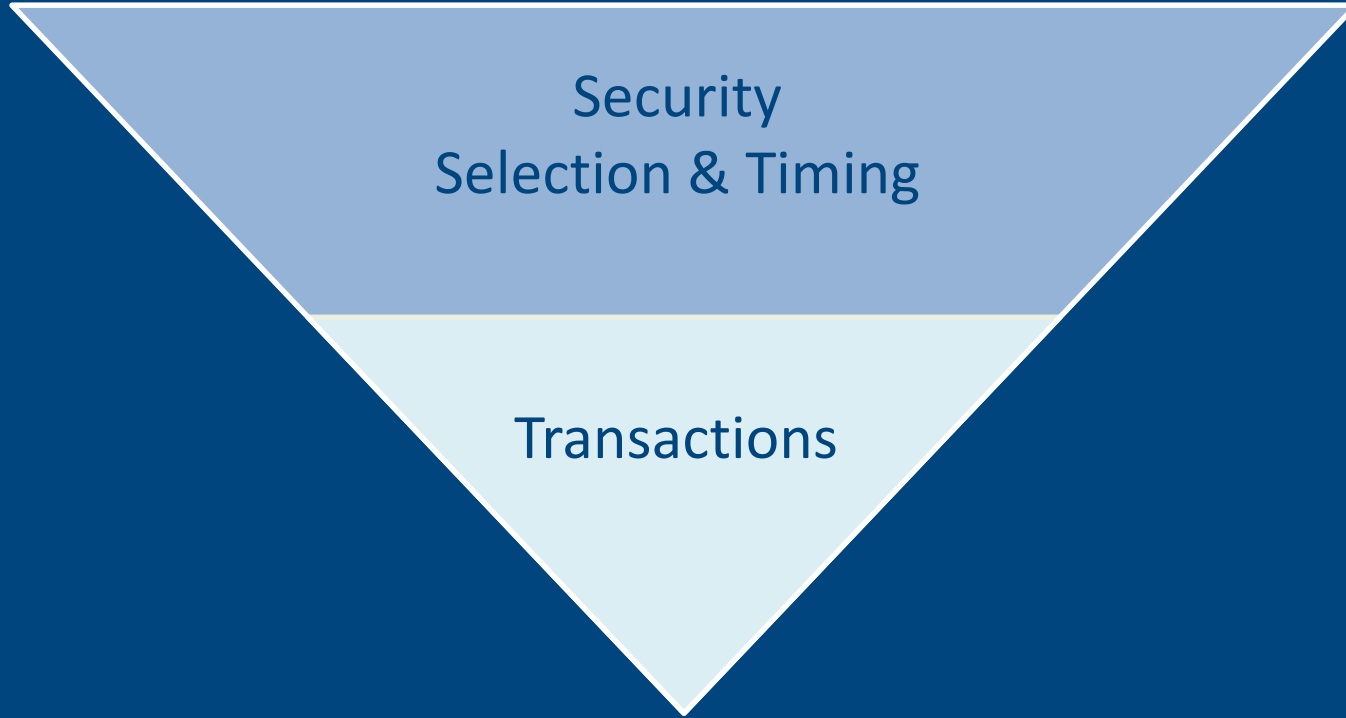
The Effect of Excess Costs on Expected Value



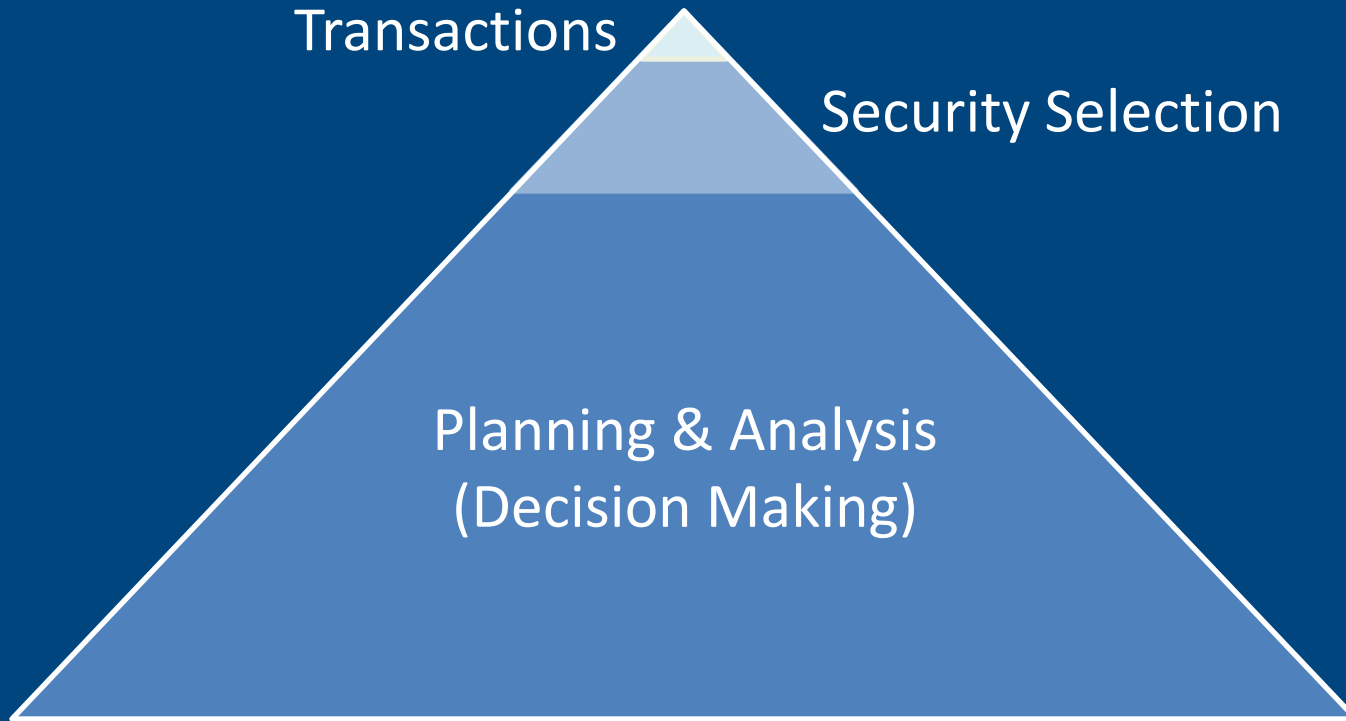
Investment Expenses

Never spend more than 1 percent of your portfolio's value, per year, for investment expenses.

Inefficient Use of Time, Money and Effort



Optimal Use of Time, Money and Effort



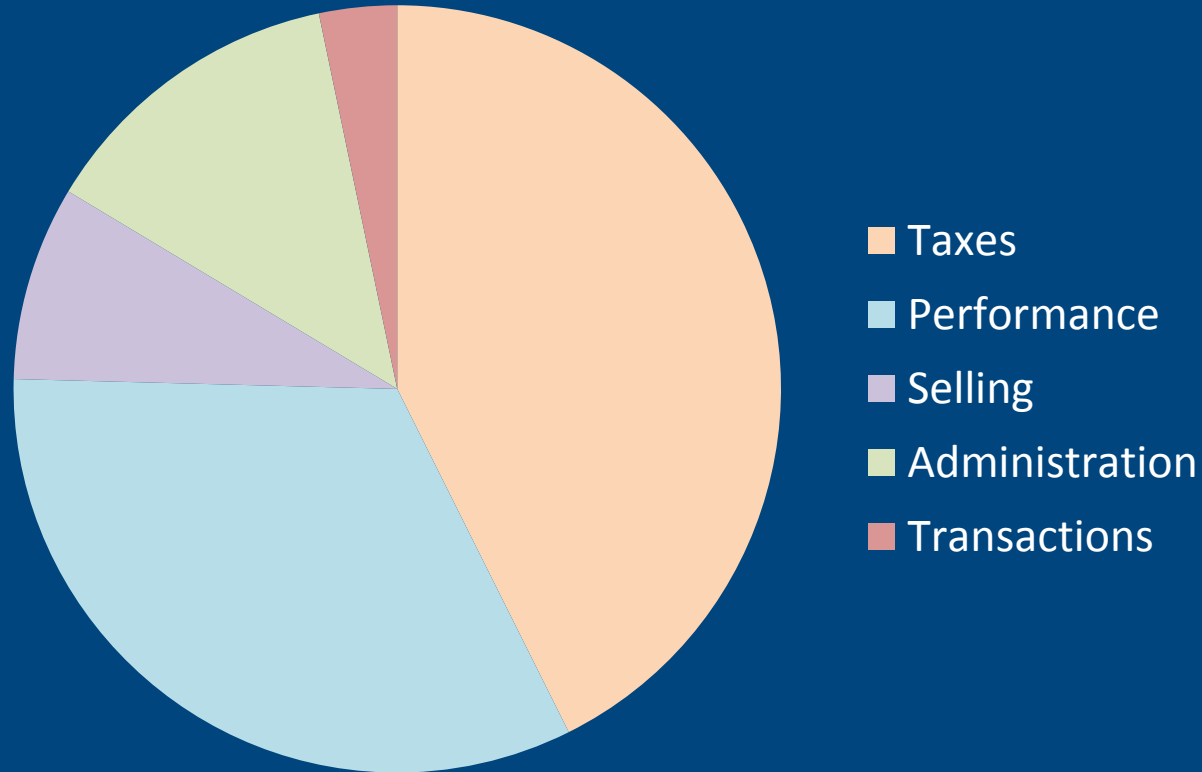
Types of Investment Costs

Category	Description	Example
Selling	Convincing You to Buy	Loads, 12b-1 Fees, DCSC
Administration	Business Overhead	Expense Ratios
Navigation	Planning and Analysis	Fees
Performance	Securities Selection and Timing	Expense Ratios
Transactions	Brokerage Commissions	Trading Commissions
Taxes	Excess Taxes Generated By Turnover	1099
Lifestyle	Reduced Standard of Living	Underperformance

Investment Costs - Mutual Fund Example

Investment Cost	Annual
Selling	0.25%
Administration	0.40%
Navigation	
Performance	1.00%
Transactions	0.10%
Taxes	1.30%
Lifestyle	
Total	3.05%

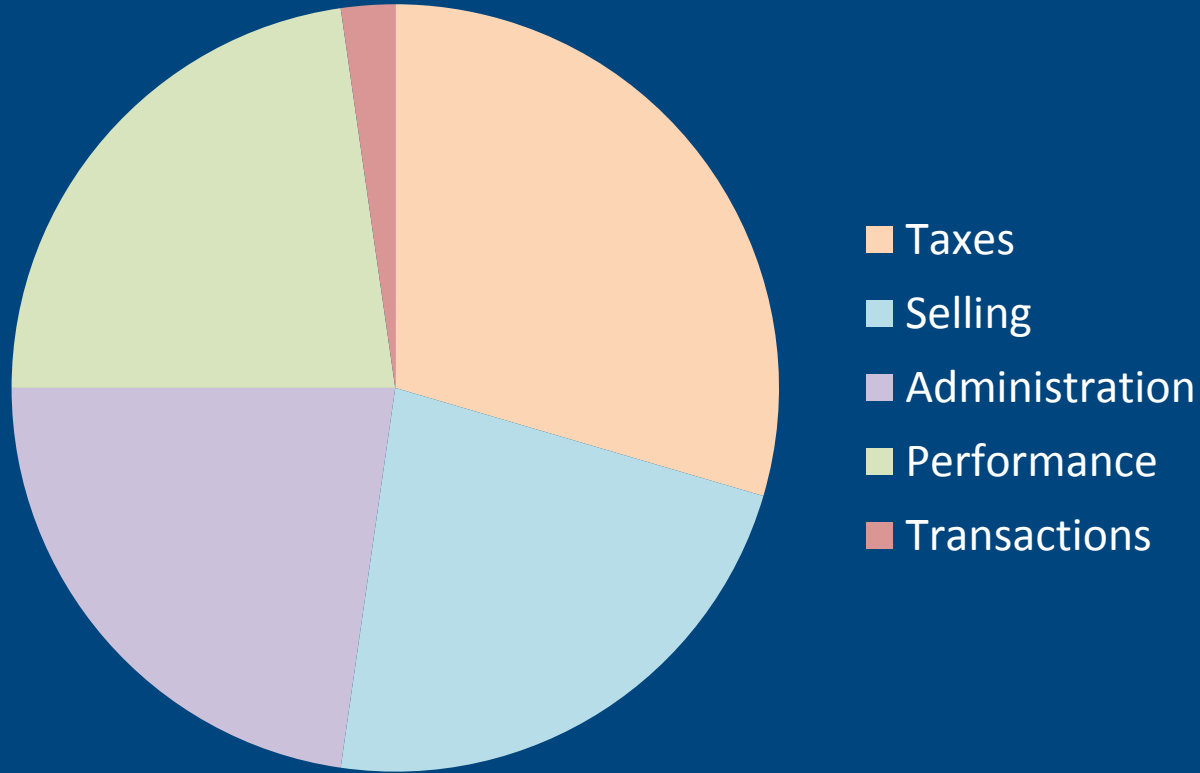
Investment Cost Allocation - Mutual Fund Example



Investment Costs – Deferred Variable Annuity Example

Investment Cost	Annual
Selling	1.00%
Administration	1.00%
Navigation	
Performance	1.00%
Transactions	0.10%
Taxes	1.30%
Lifestyle	
Total	4.40%

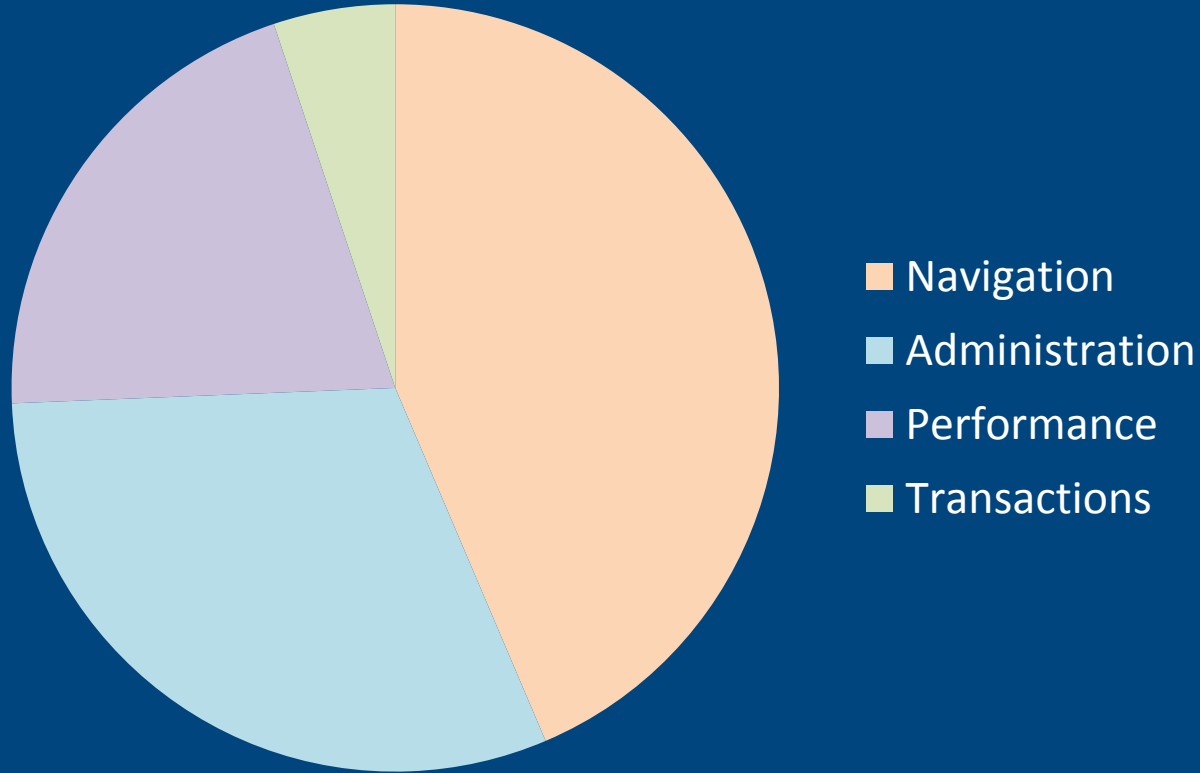
Investment Cost Allocation – Deferred Variable Annuity Example



Investment Costs – Low-Cost Fiduciary Example

Investment Cost	Annual
Selling	0.00%
Administration	0.12%
Navigation	0.17%
Performance	0.08%
Transactions	0.02%
Taxes	0.00%
Lifestyle	
Total	0.39%

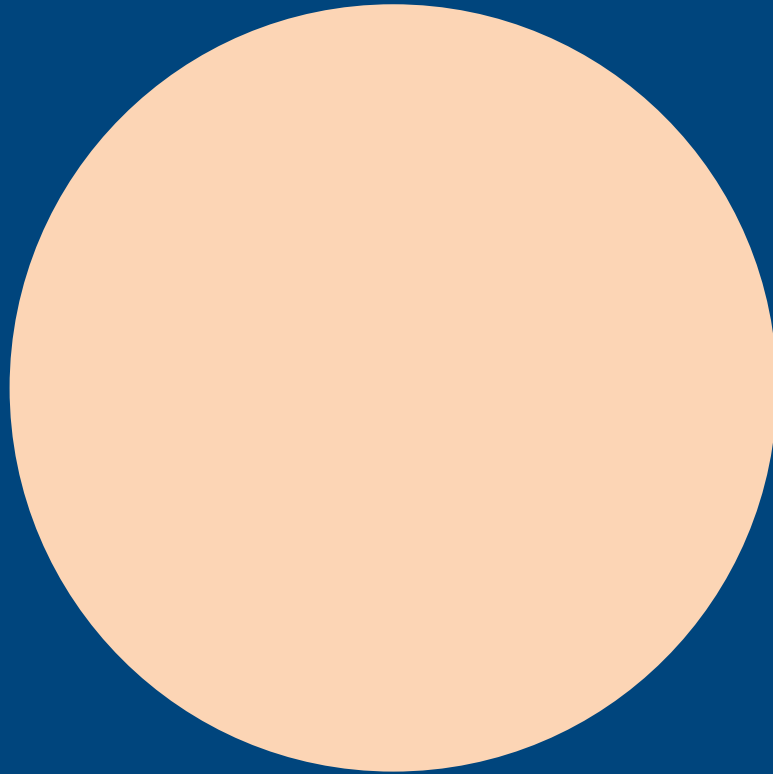
Investment Cost Allocation – Low-Cost Fiduciary Example



Investment Costs – DIY TSP Example

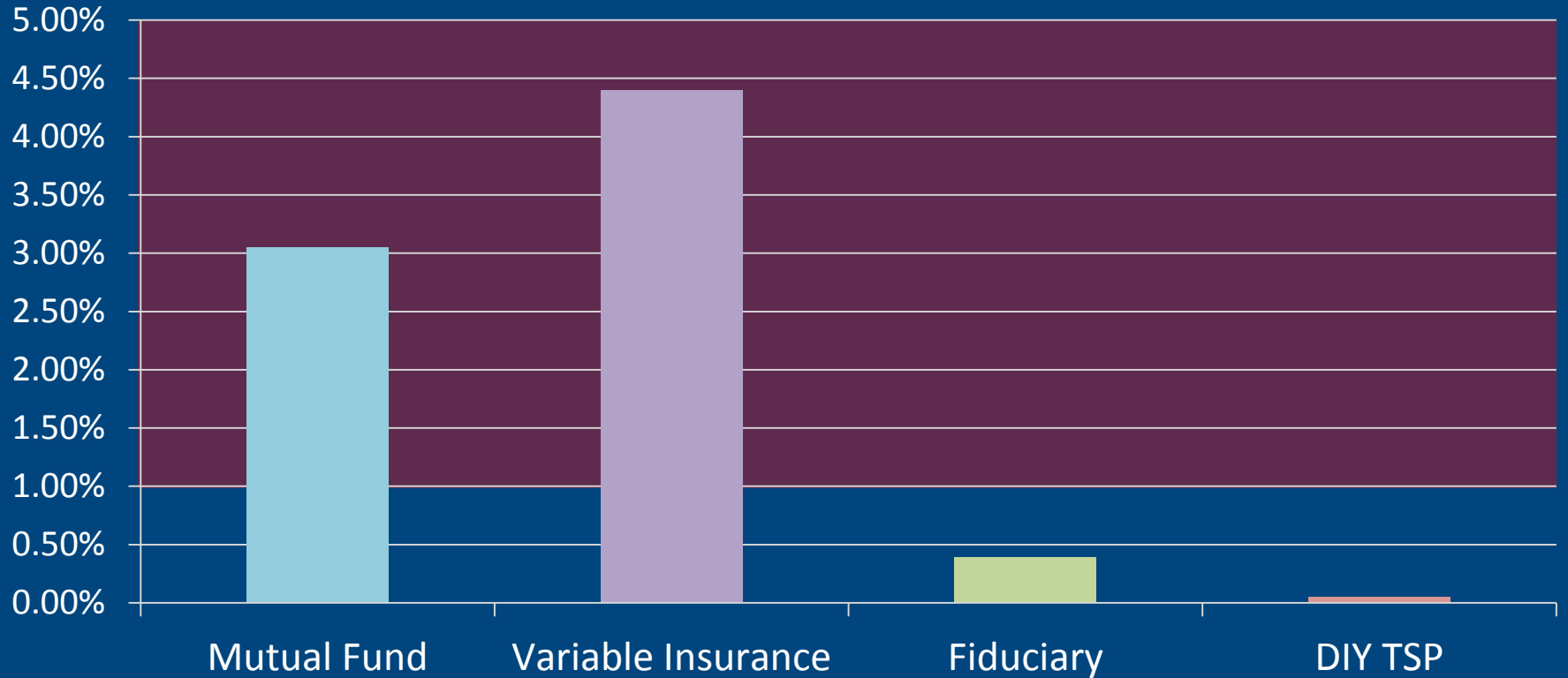
Investment Cost	Annual
Selling	0.00%
Administration	0.05%
Navigation	0.00%
Performance	0.00%
Transactions	0.00%
Taxes	0.00%
Lifestyle	
Total	0.05% +?

Investment Cost Allocation – DIY TSP Example











■ Administration

Investment Costs Comparison



Cost Example Summary

Program	Total Cost	Cost Allocation
Managed Mutual Fund w/ Advisor		
Deferred Variable Annuity w/ Advisor		
Low-Cost Fiduciary		
DIY TSP		

The success of your retirement investment program is heavily dependent upon how much you spend ...

Conclusions

... and how you spend it.

Variplan Article Database



The image shows a screenshot of the Variplan website's navigation menu. The background is dark blue with a large, faint 'VP' logo. On the left, the Variplan logo is displayed in white, consisting of a stylized 'VP' above the word 'VARIPLAN' and the tagline 'Advanced Retirement Planning and Management' below it. To the right of the logo is a vertical list of navigation items, each preceded by a small yellow square icon. The items are: 'WHO WE ARE', 'WHAT WE DO', 'HOW WE DO IT', 'OUR CLIENTS', 'CONTACT US', and 'ARCHIVE'. The 'ARCHIVE' item is circled in red. At the bottom right of the navigation area, there is a yellow box containing the text 'CLIENT RESOURCES'. Below the navigation area, there are two columns of logos and text. The left column features the CFP® logo, the text 'CERTIFIED FINANCIAL PLANNER', and a paragraph of text: 'Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® in the U.S.'. The right column features the PALADIN logo, which includes a shield with a 'P' and the text 'PALADIN' and 'SERVICES' below it, followed by five stars and the text 'AIAA OCB'.

VP
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- WHAT WE DO
- HOW WE DO IT
- OUR CLIENTS
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SERVICES
★★★★★ AIAA OCB

Next Month:

Accounting for Inflation in Retirement Planning

Questions / Comments / Suggestions



V A R I P L A N

Advanced Retirement Planning and Management

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