

Financial Intelligence

Produced Exclusively for Members of the
Senior Executives Association

Mike Miles



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

Advanced Decision Support Services

1. **Pay-As-You-Go** → Advisory Services Agreement
2. **Specific Task** → Limited Consulting Agreement
3. **Comprehensive Support** → Vantage™ Agreement

Advanced Decision Support Services

- Capable
- Concerned
- Conflict-Free
- Cost-Effective & Affordable

SEA Member Benefits

- \$49 Benchmark™ Portfolio Review – **Save \$200**
- Free Hour of Consulting / Analysis – **Save \$195**
 - \$250 Vantage Discount – **Save \$250**
- Email Questions to me at mmiles@variplan.com

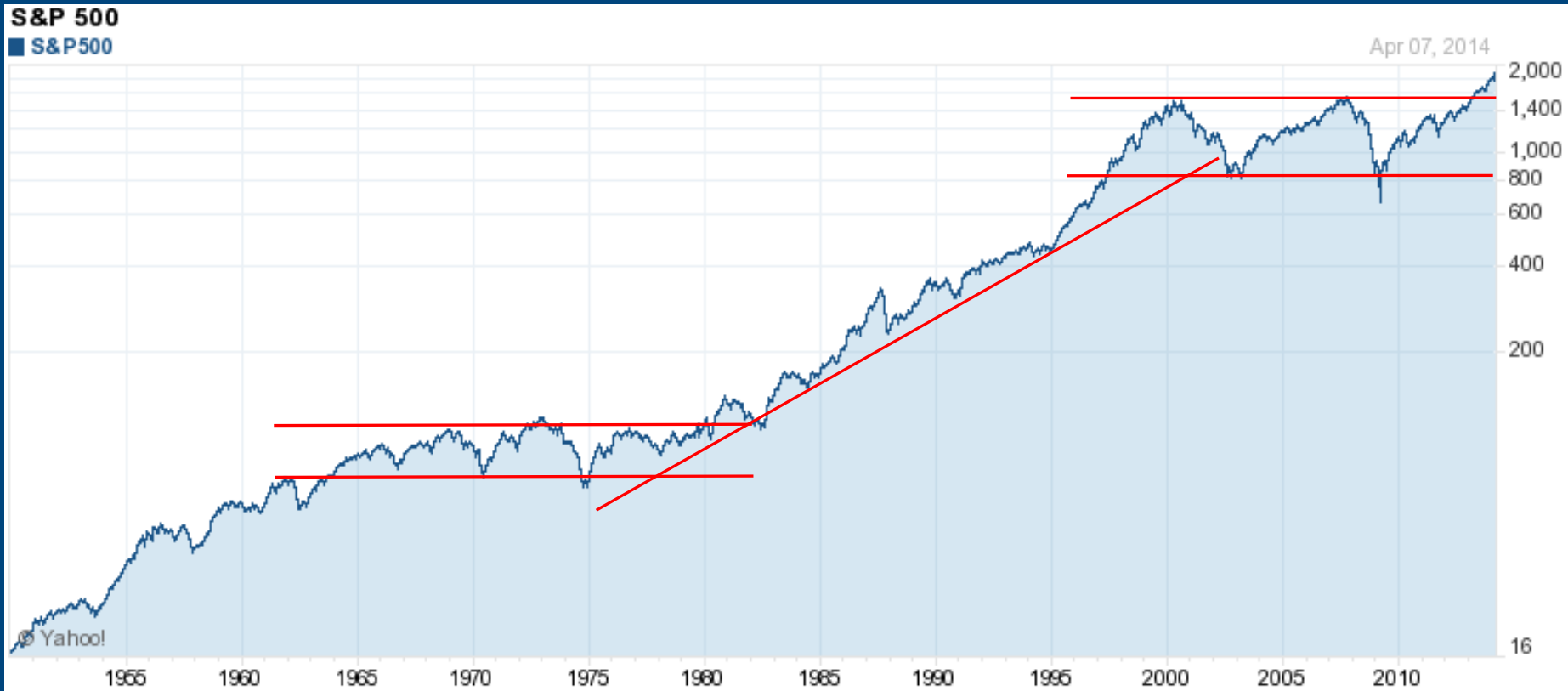
Contents

1. Market Review
3. Defining and Measuring Investment Success
5. Questions and Answers

Market Review - Stocks



Market Review - Stocks



Market Review - Interest Rates

CBOE Interest Rate 10-Year T-No

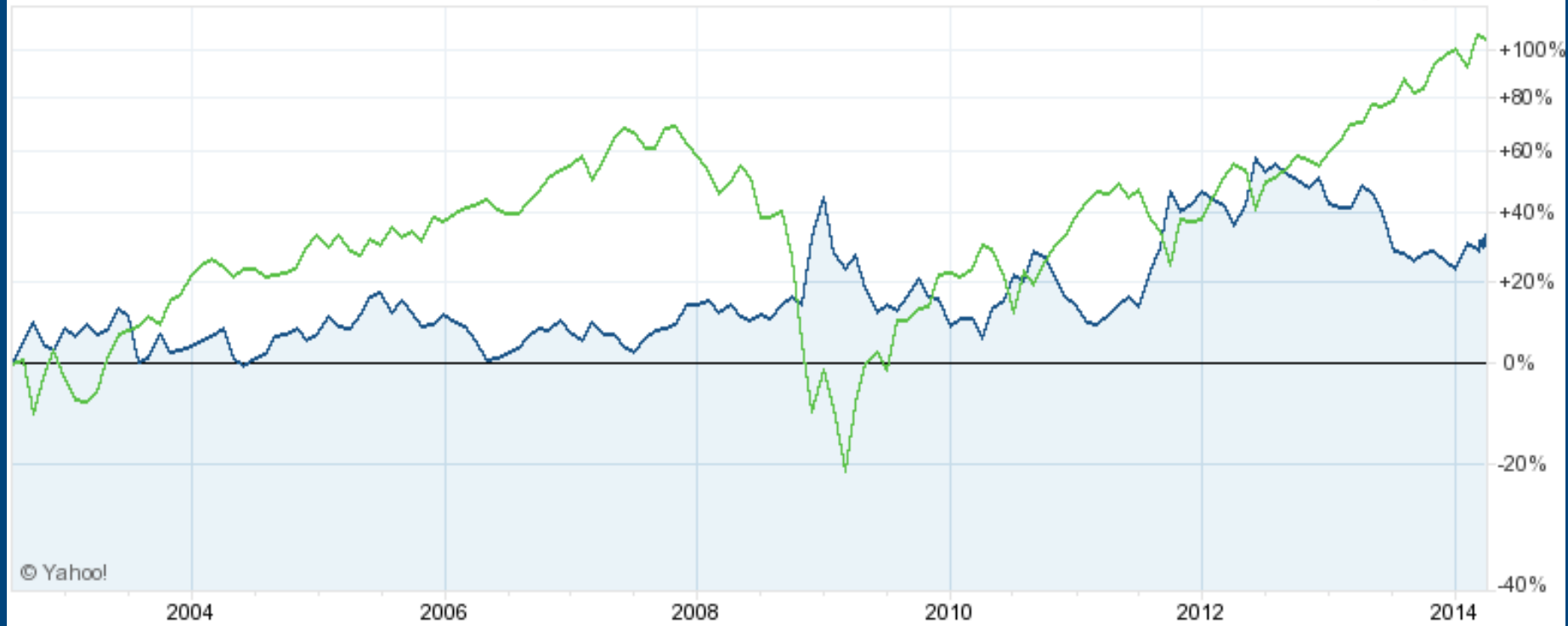


Market Review – Stocks vs. Bonds

iShares 20 Year Treasury Bond E

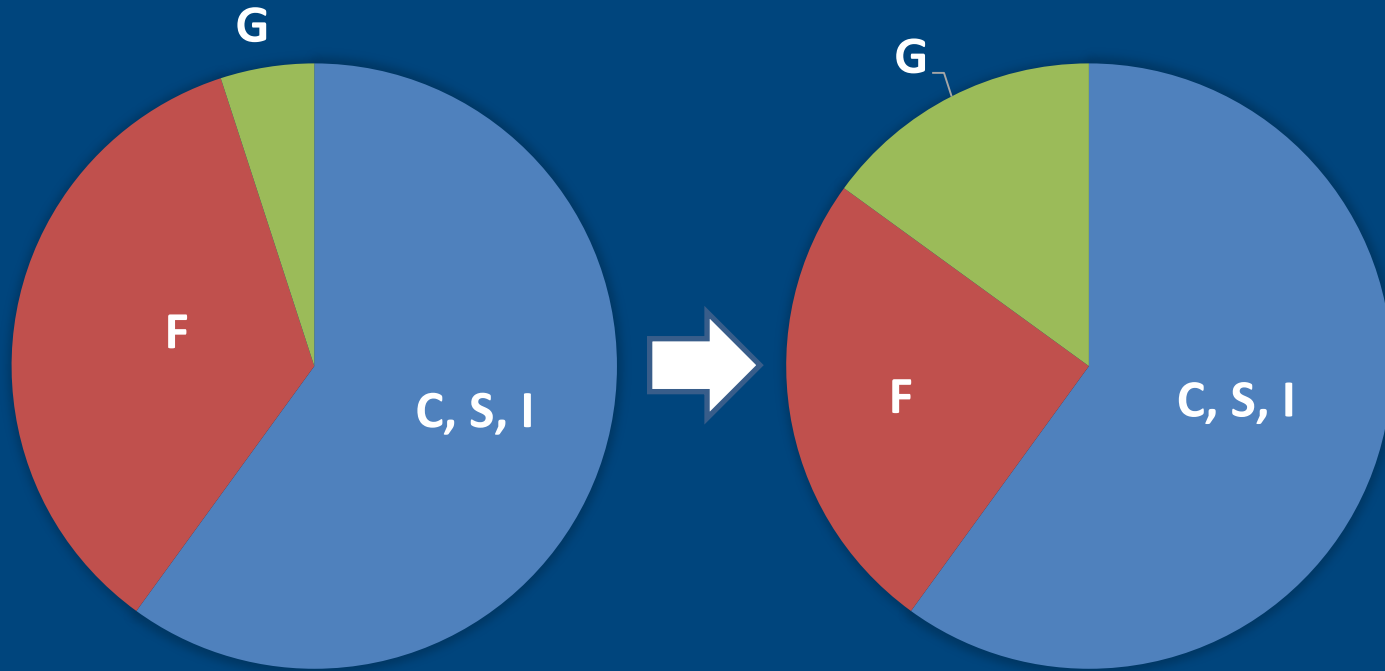
TLT IVW

Apr 07, 2014



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Asset Allocation

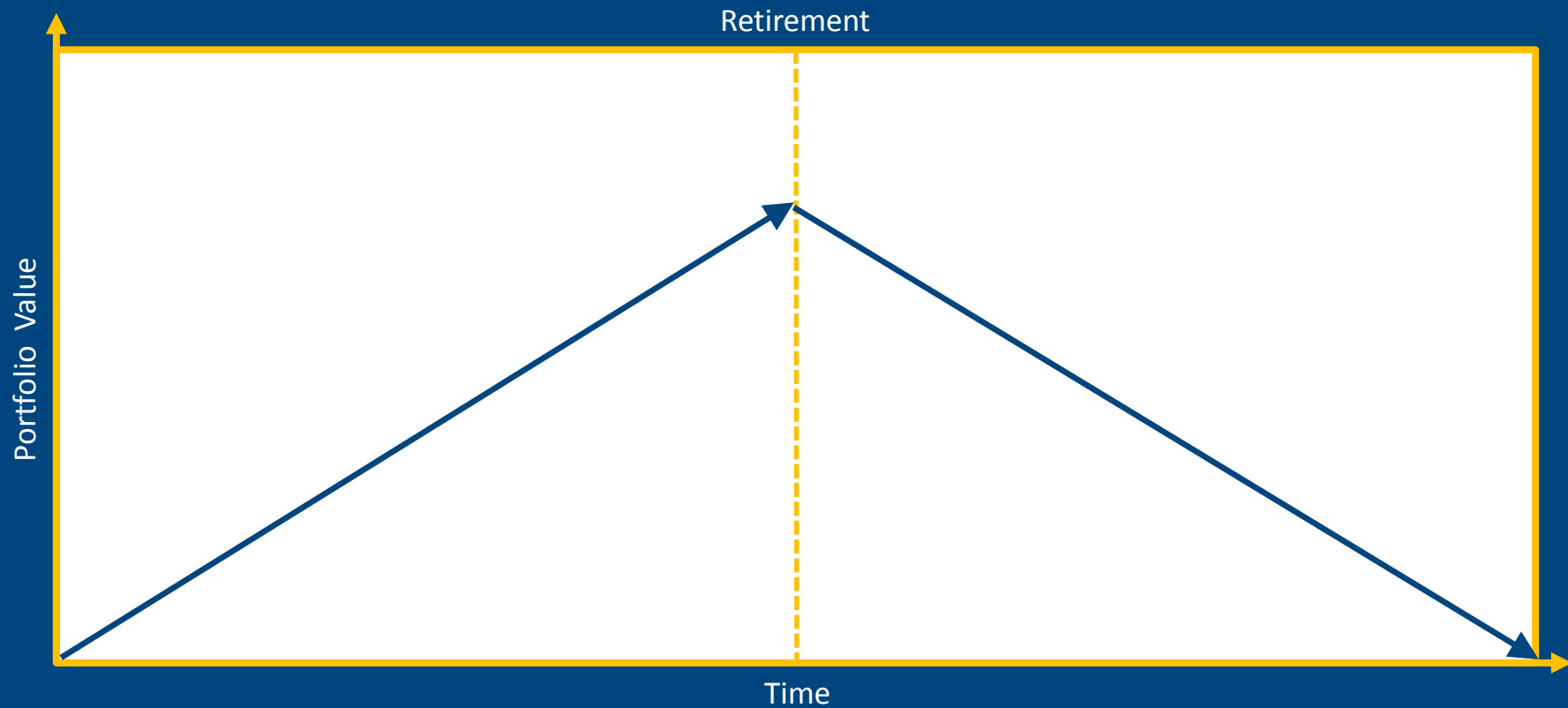


Defining and Measuring Success in Investment Management

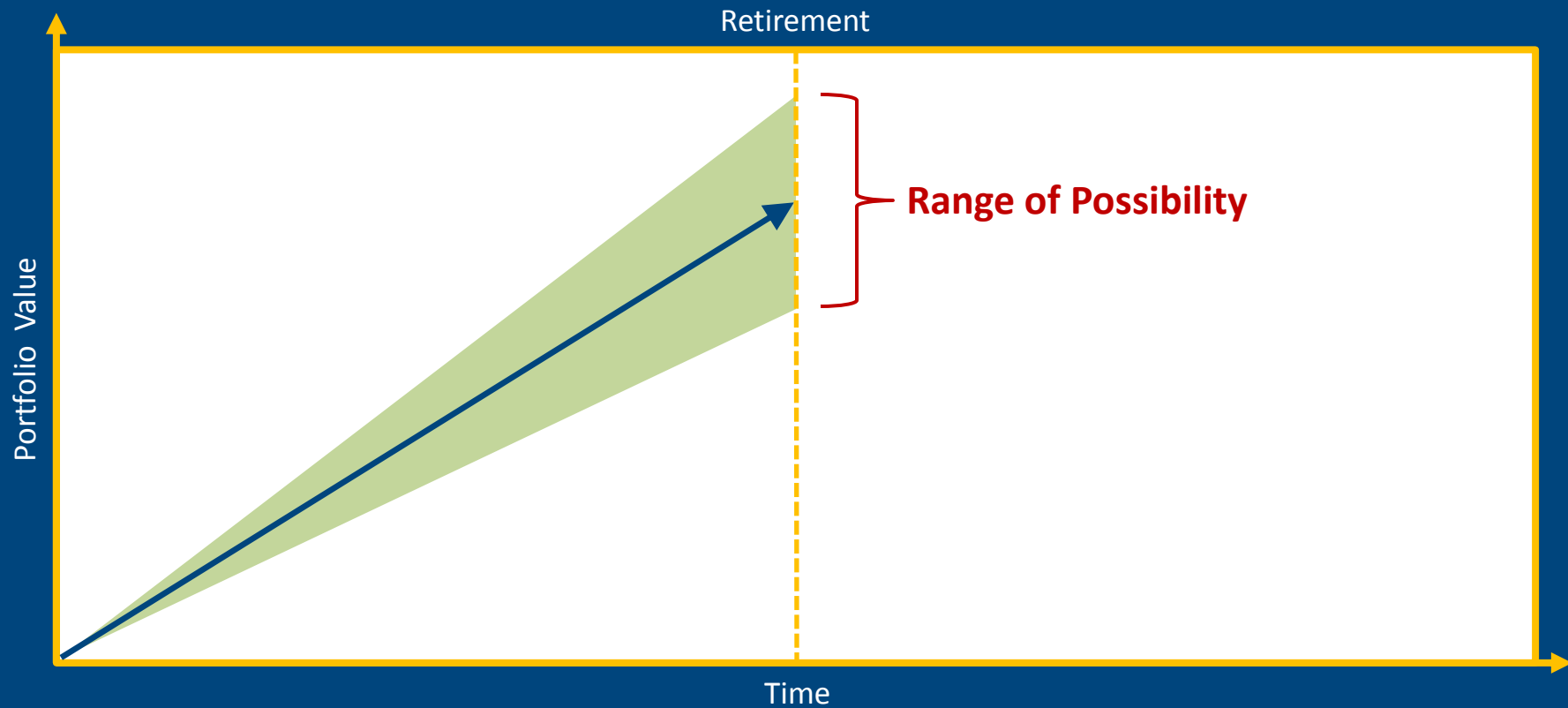
Success in Investment Management

Producing the cash flow necessary to support your desired lifetime standard of living while maintaining at least your minimum wealth requirement

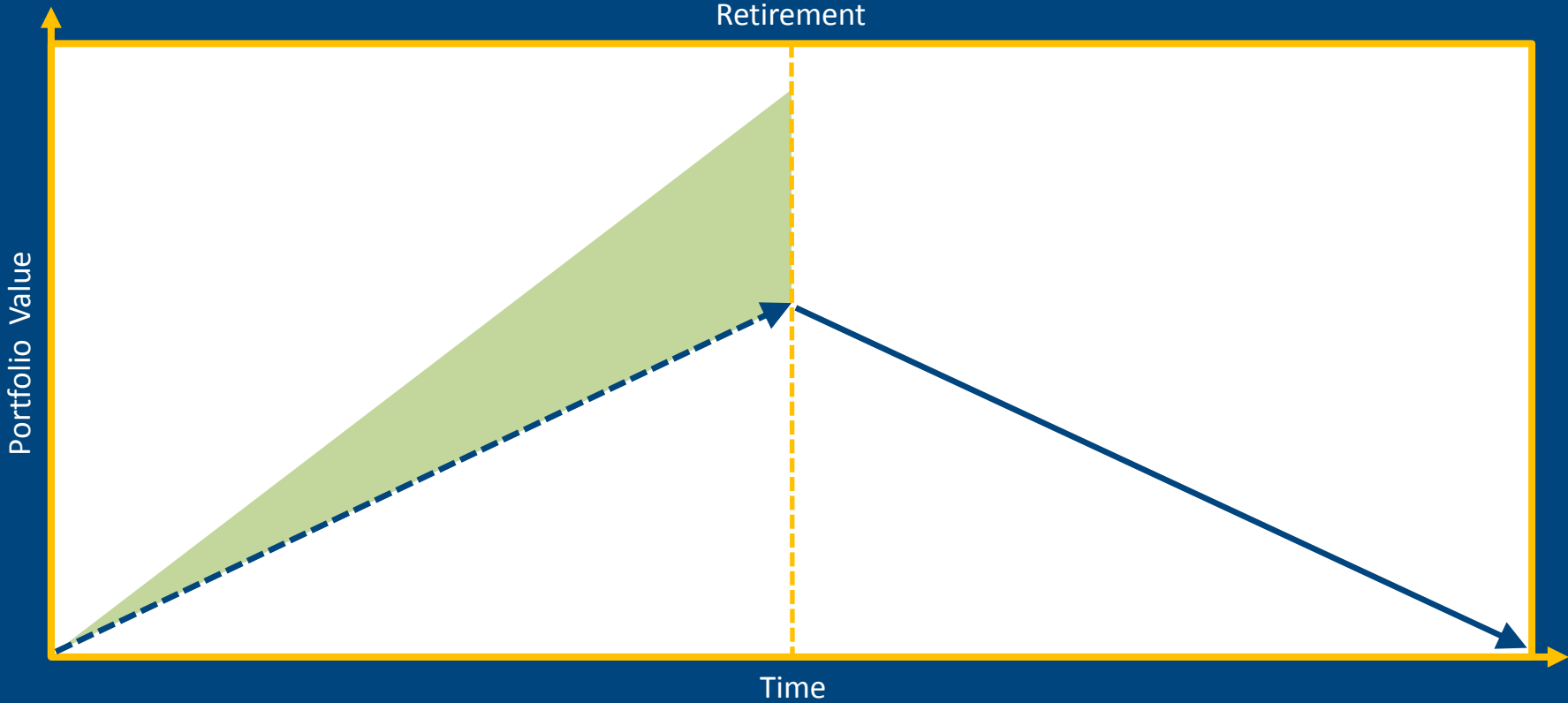
Developing a Portfolio Value Plan



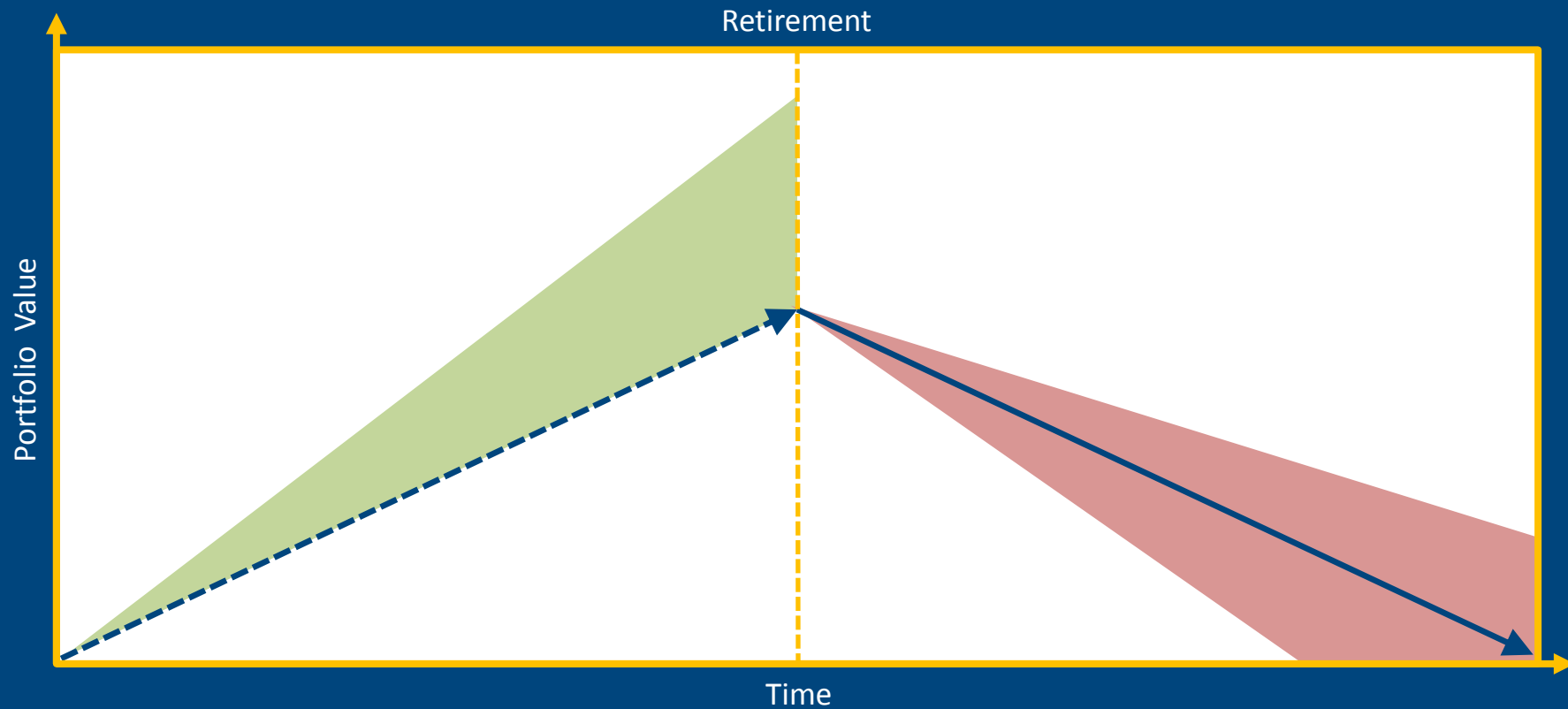
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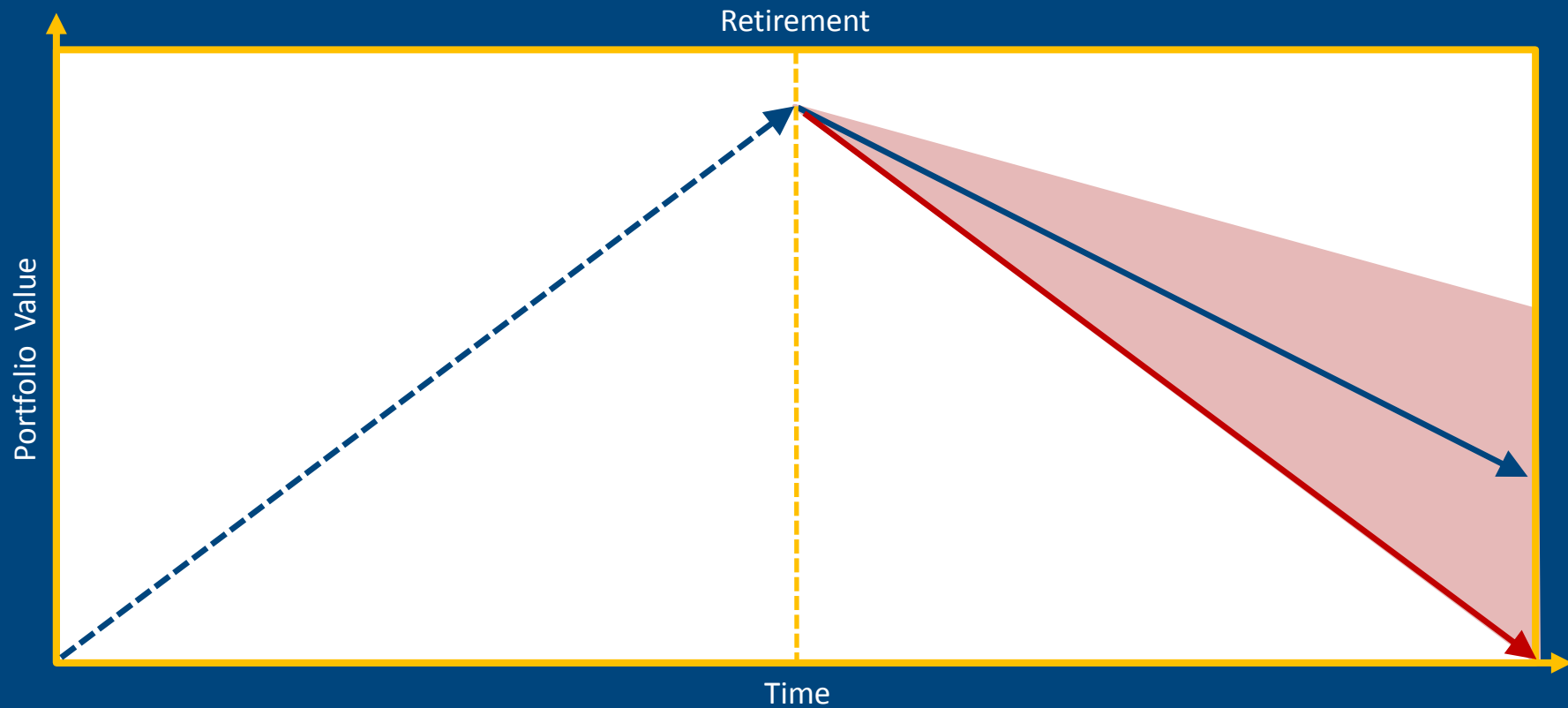
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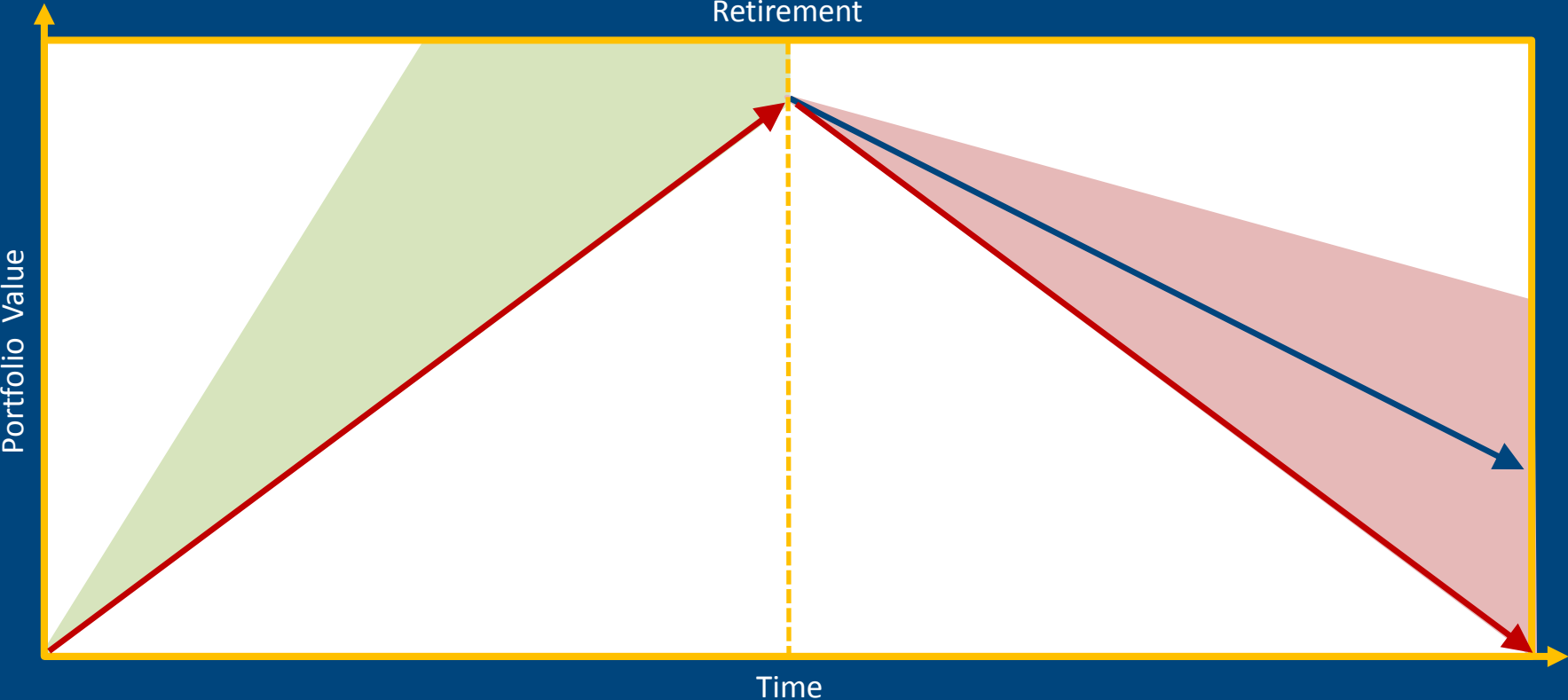
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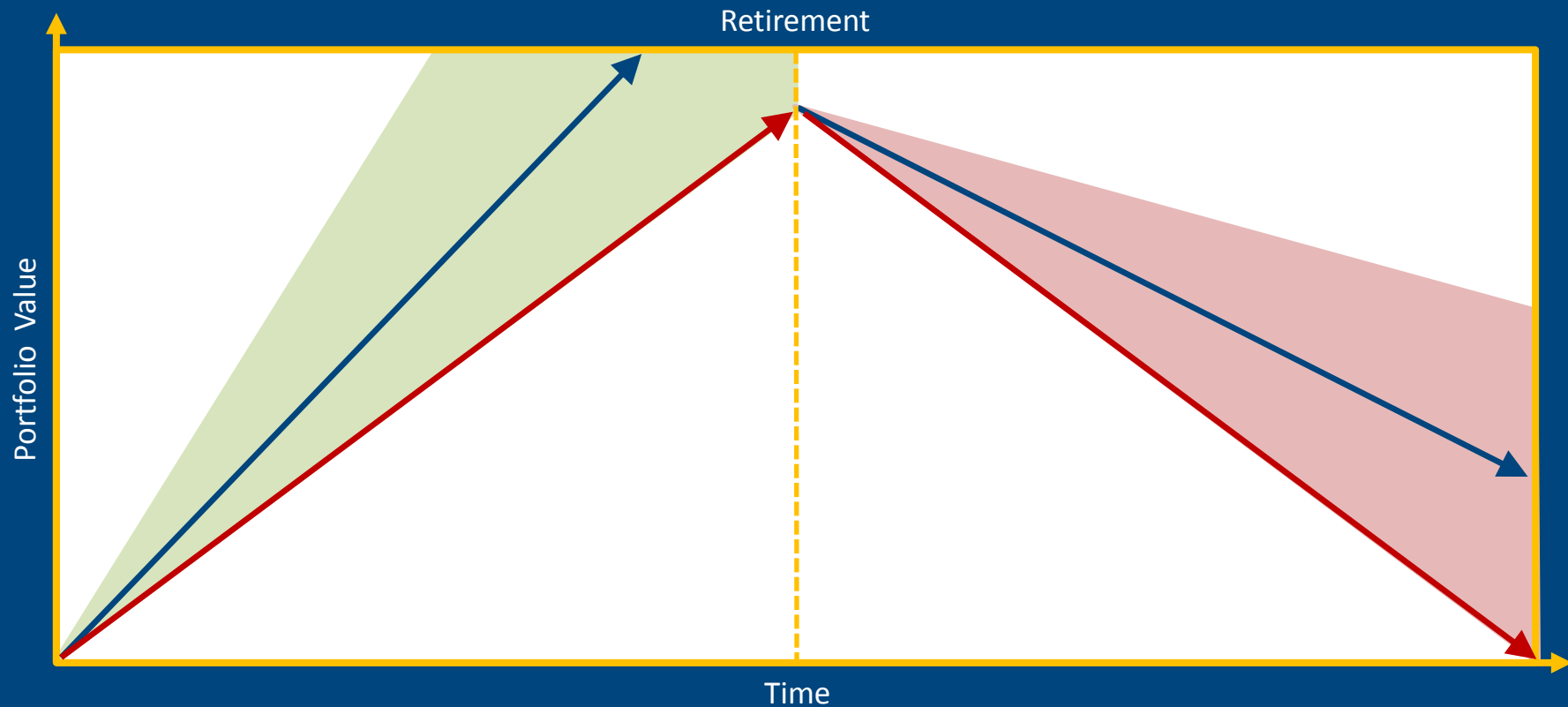
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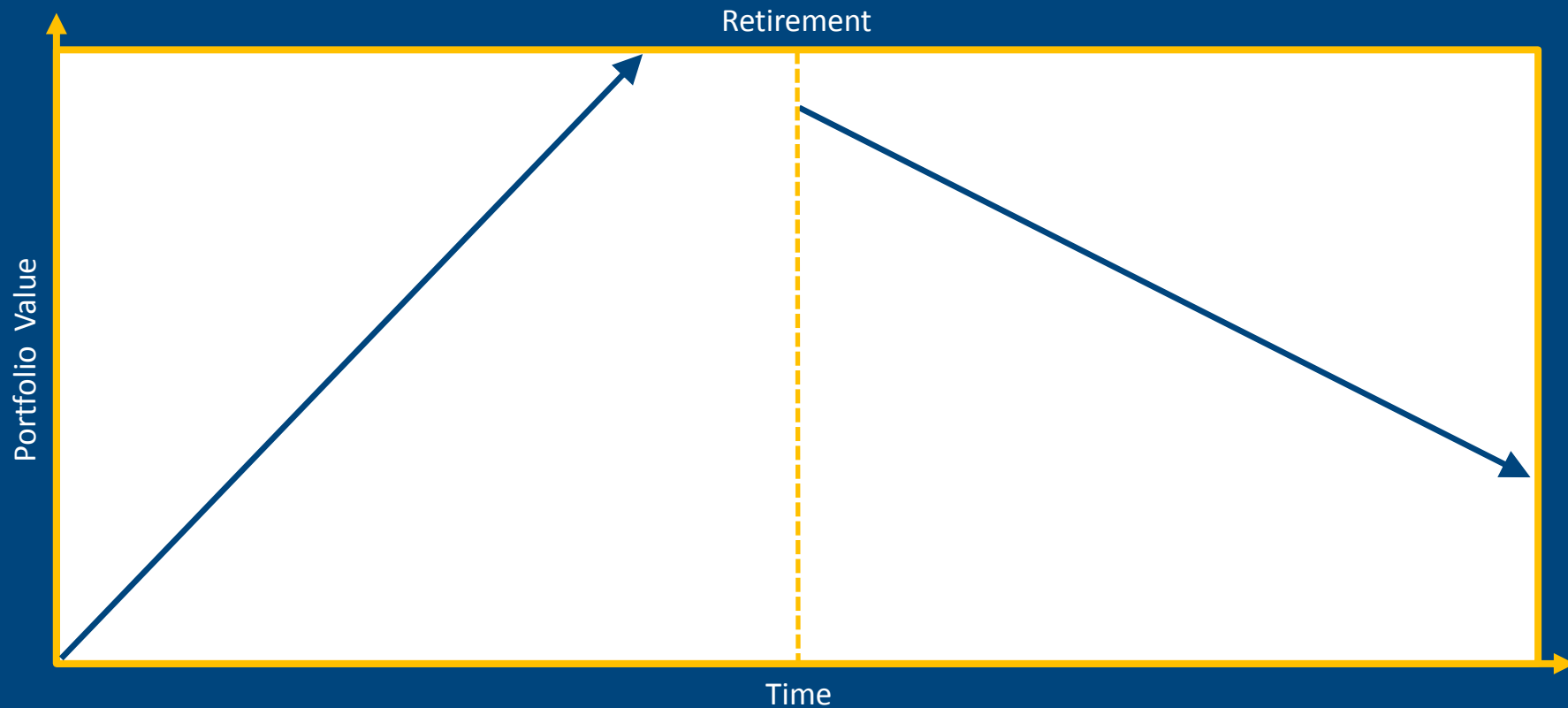
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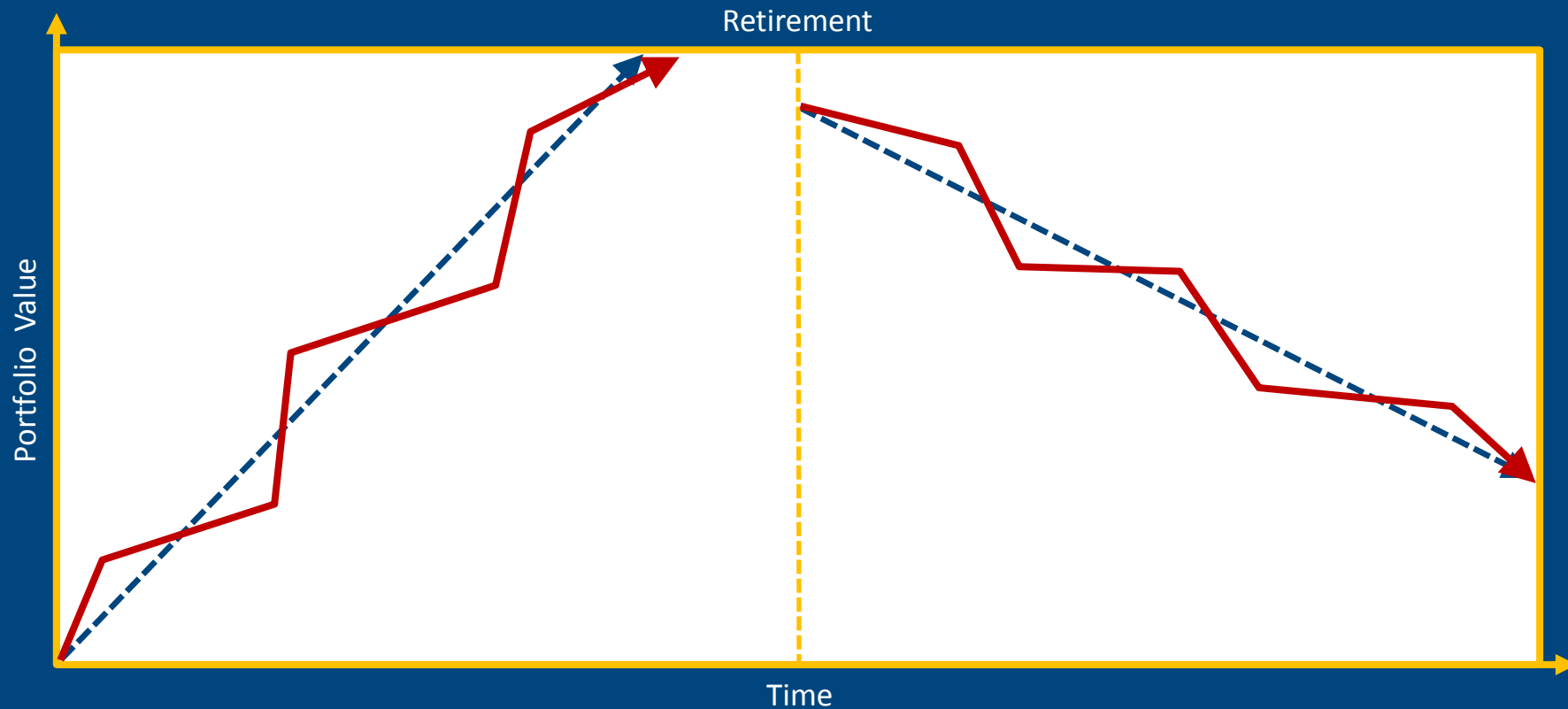
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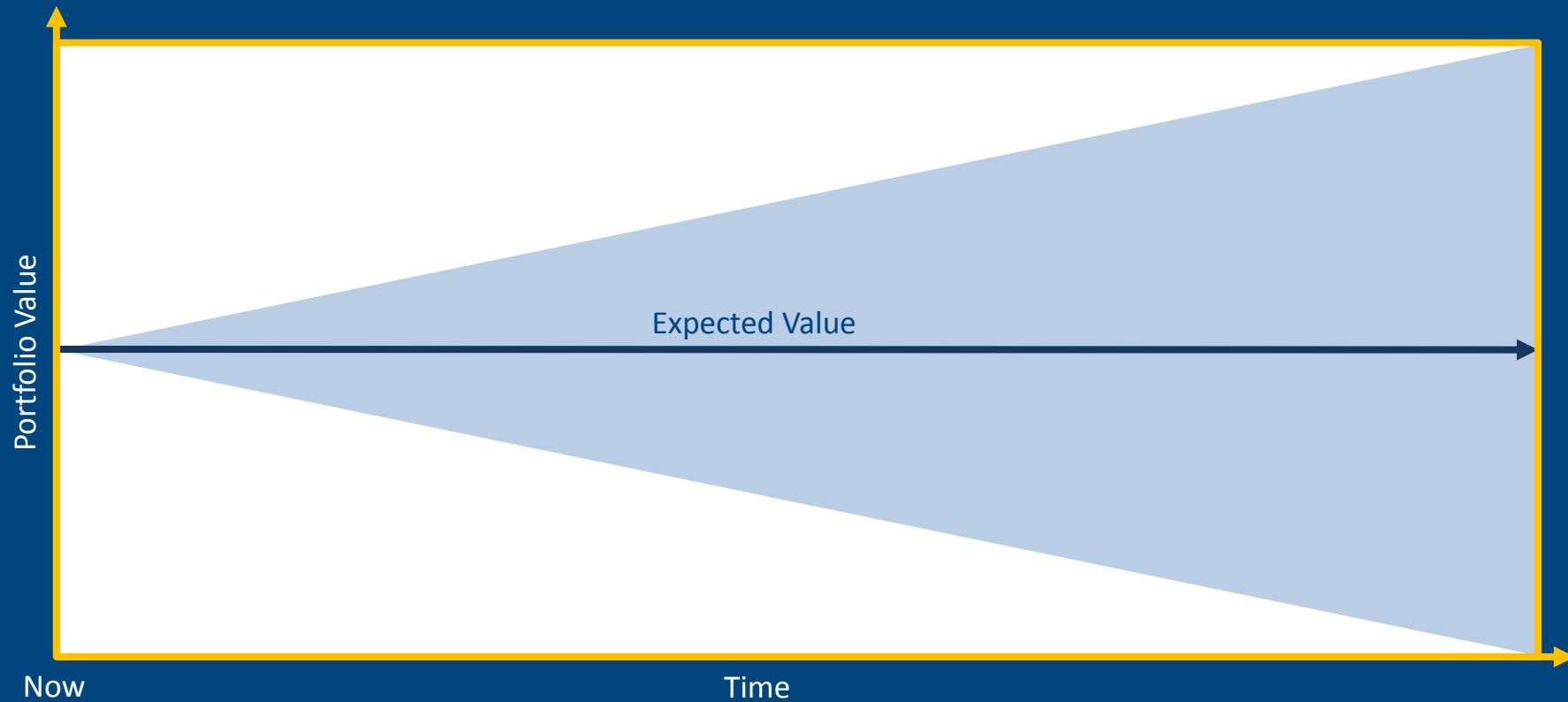
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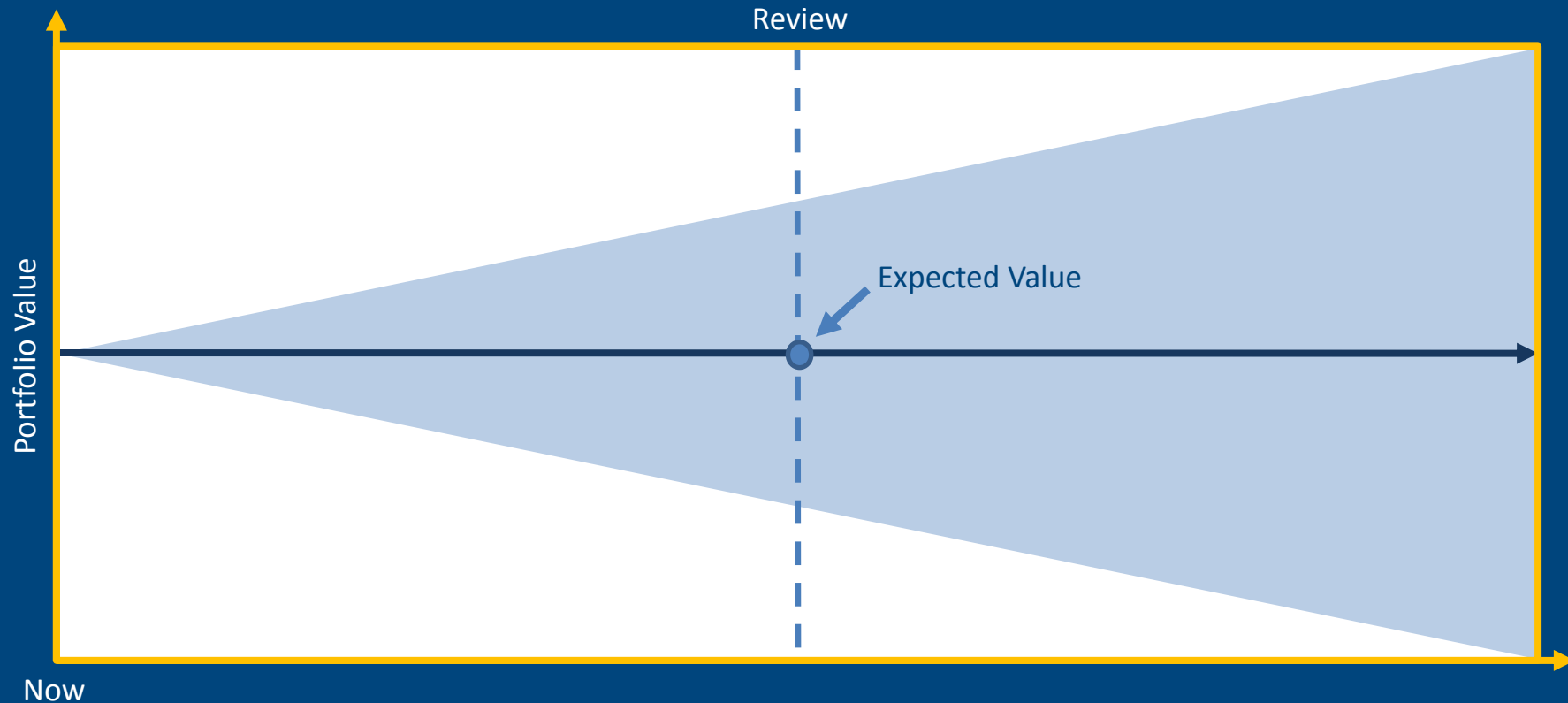
Navigating Along the Path



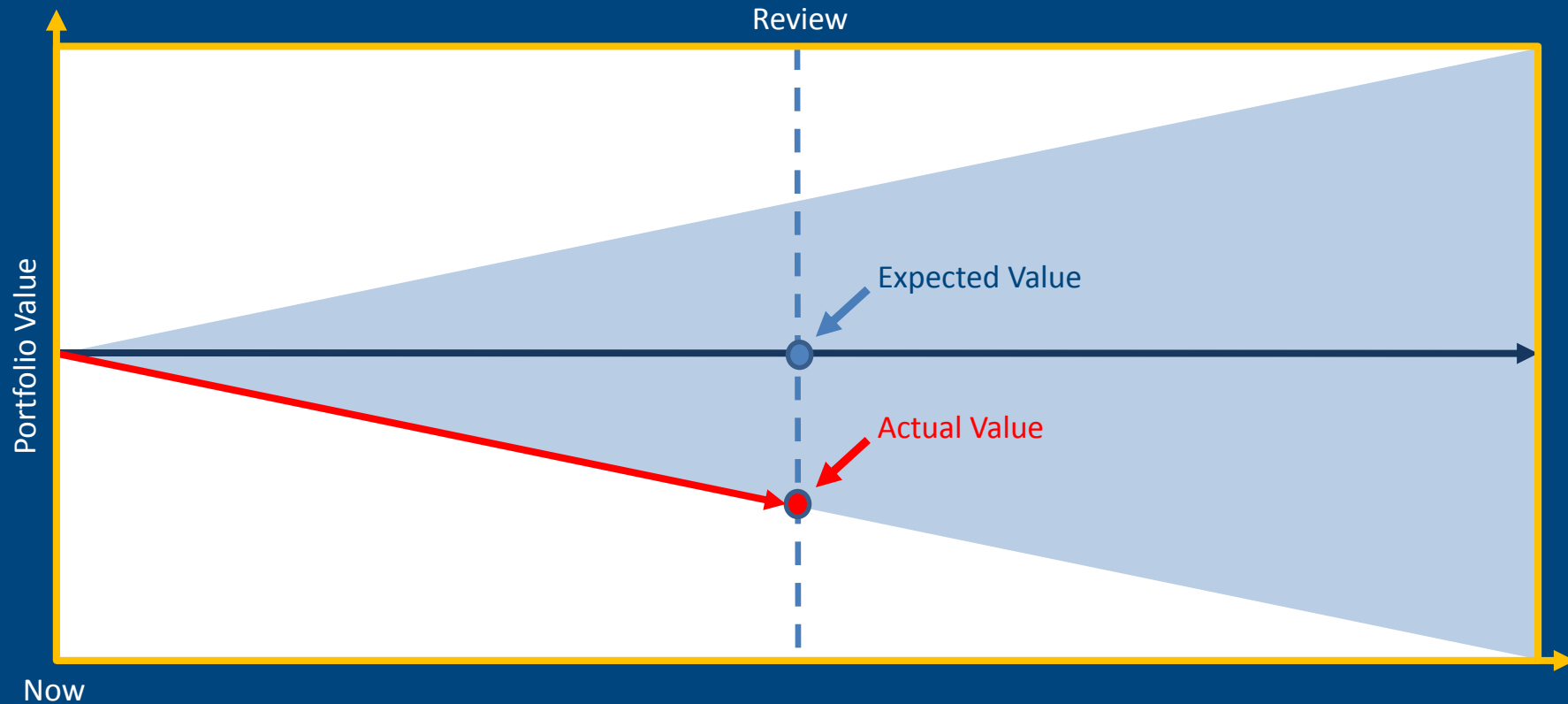
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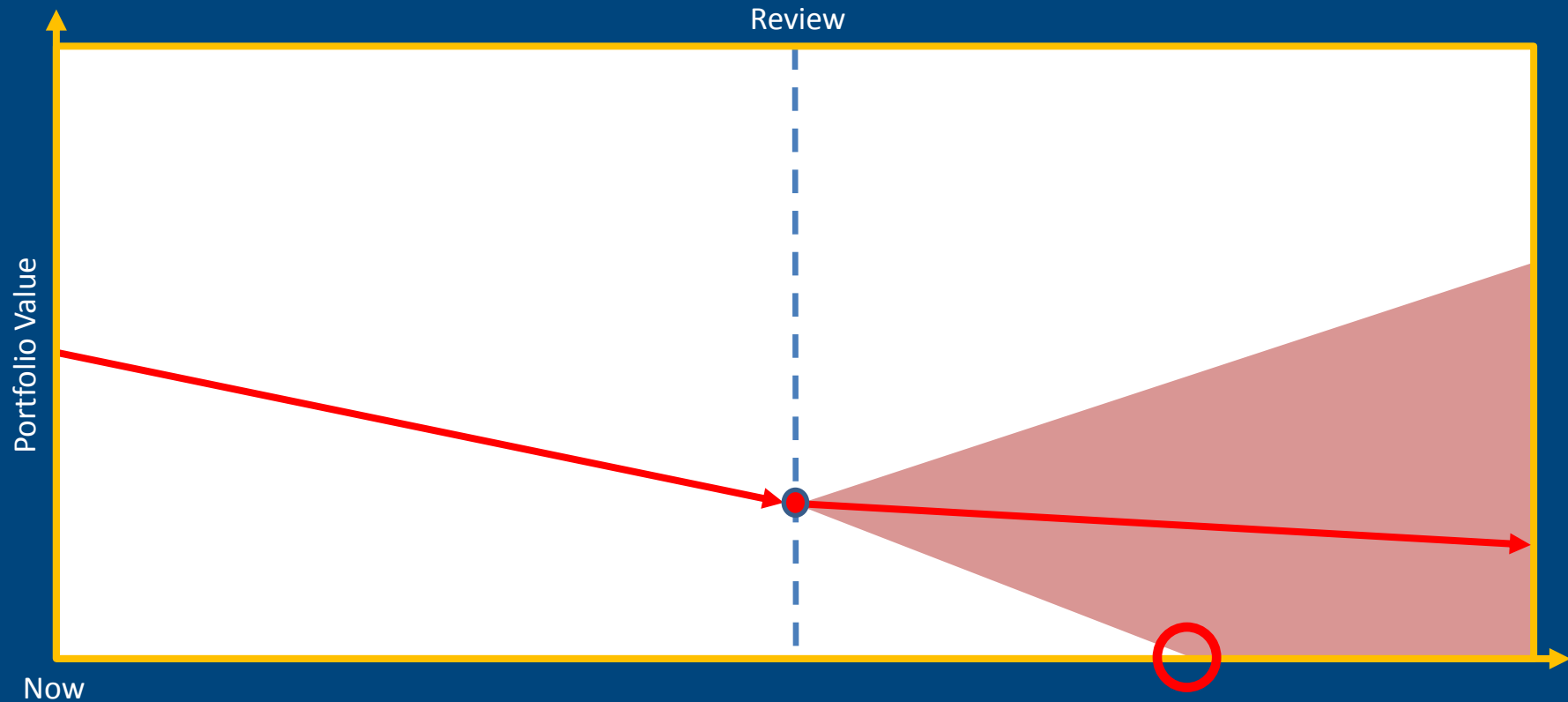
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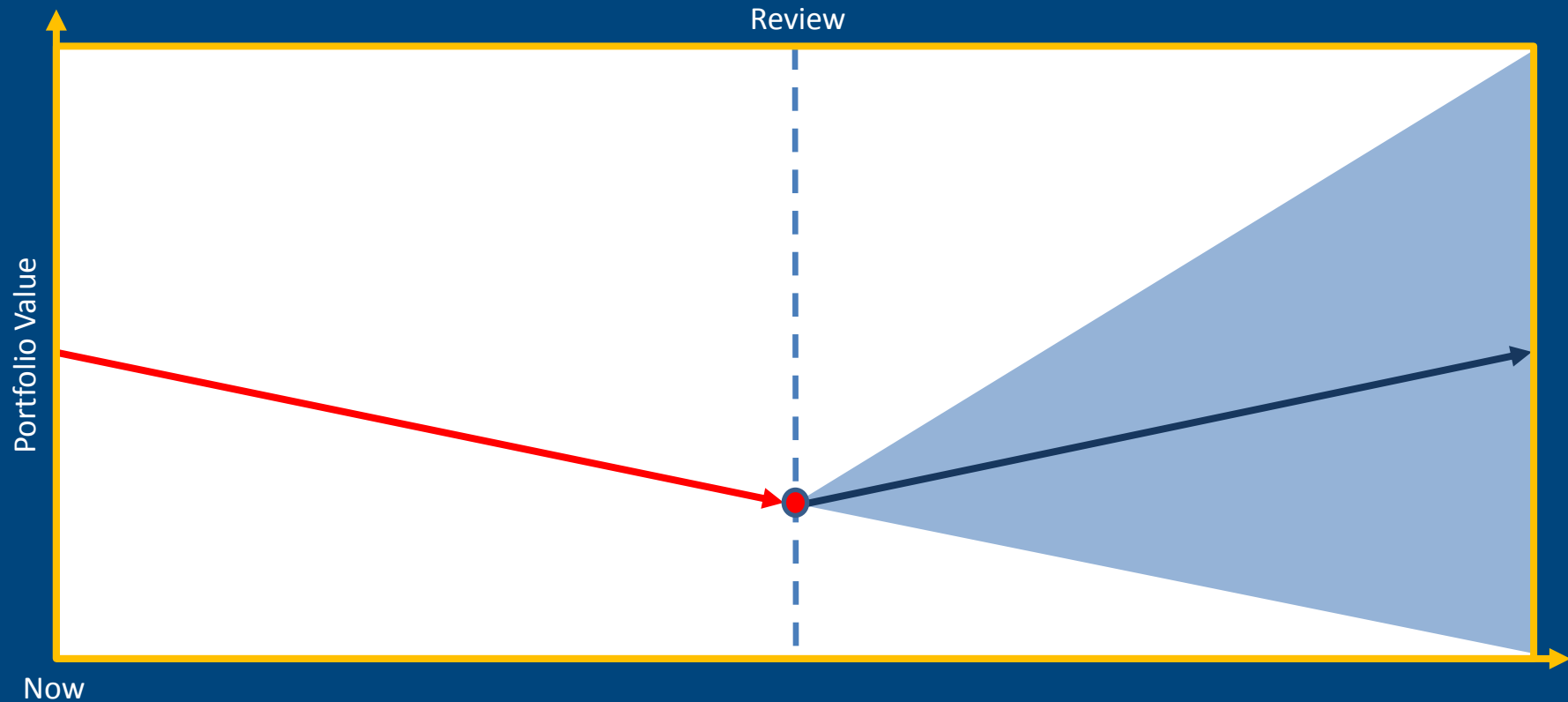
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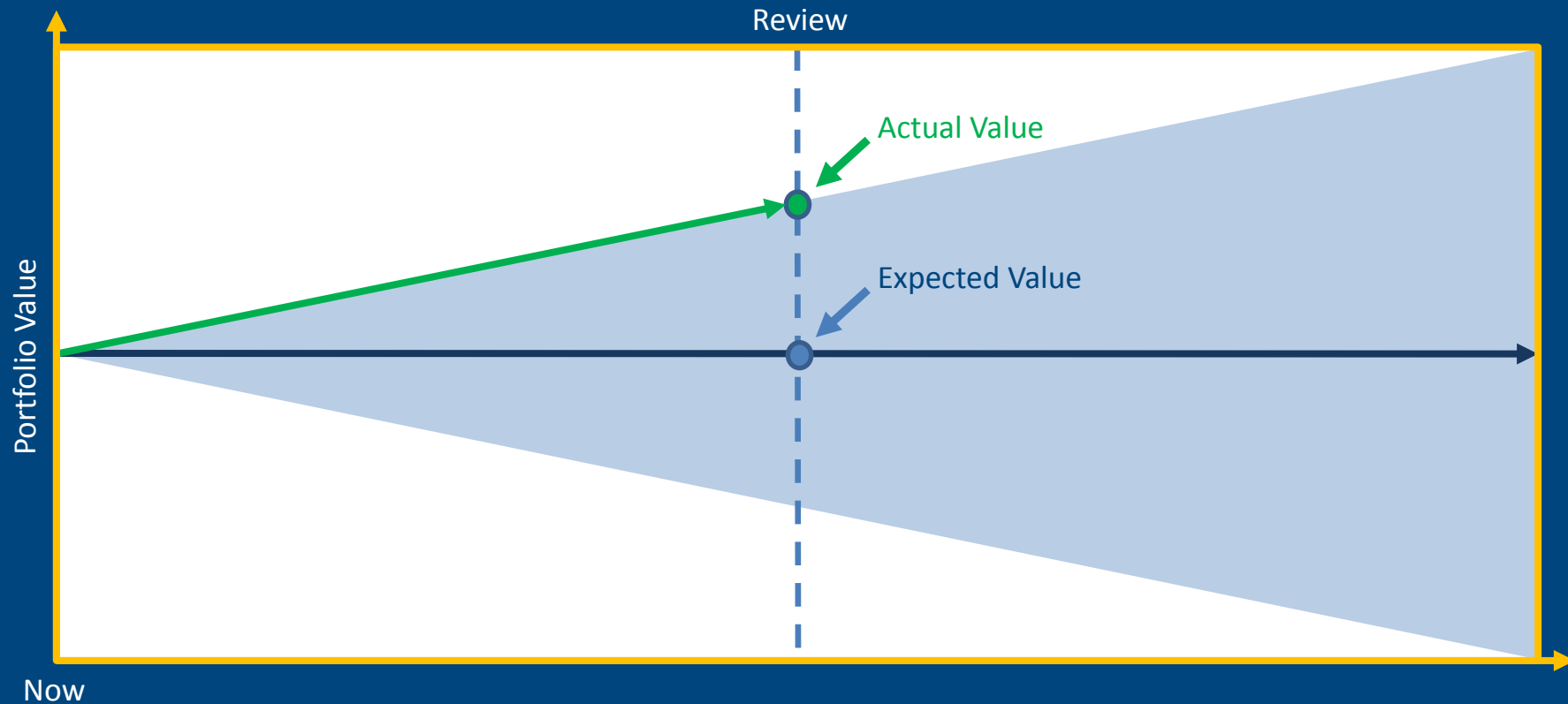
Navigating Along the Path



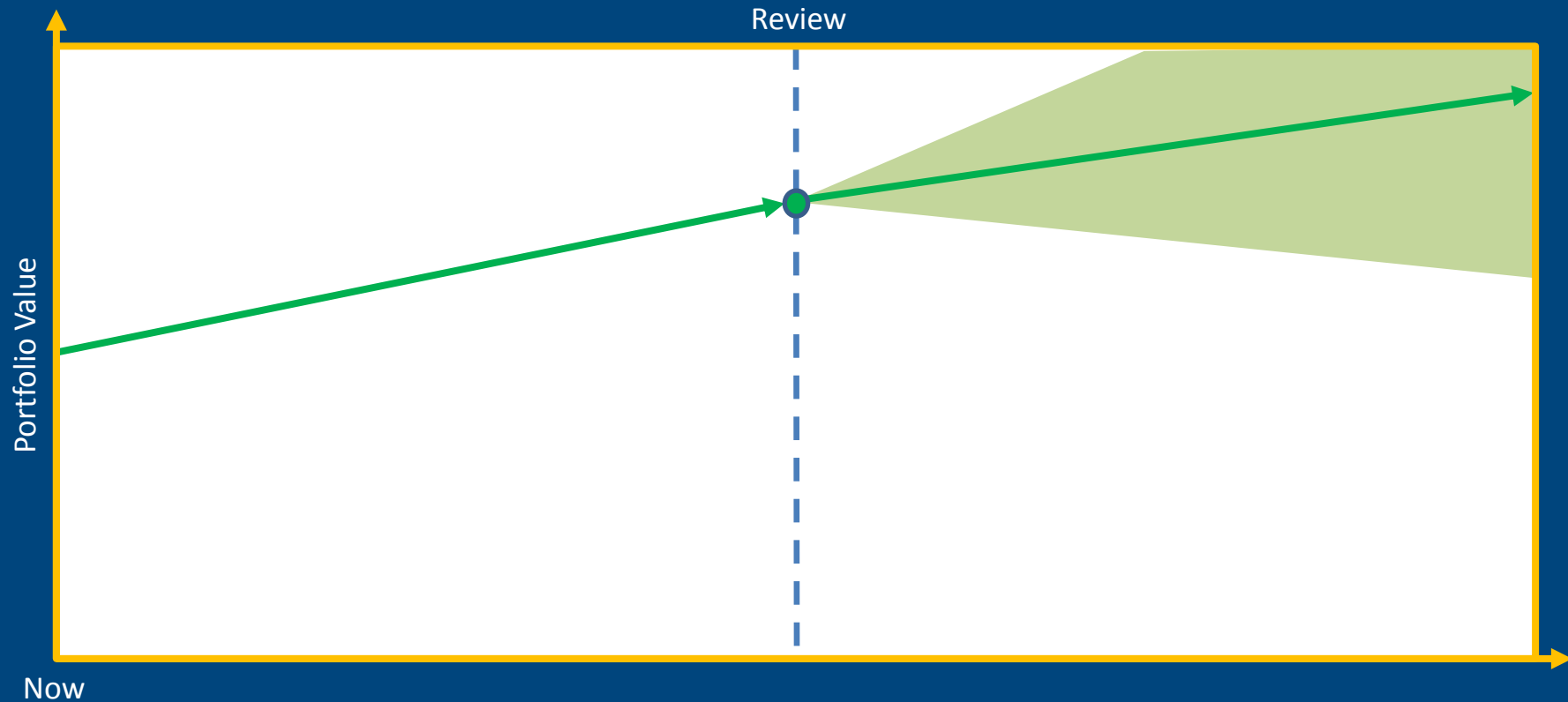
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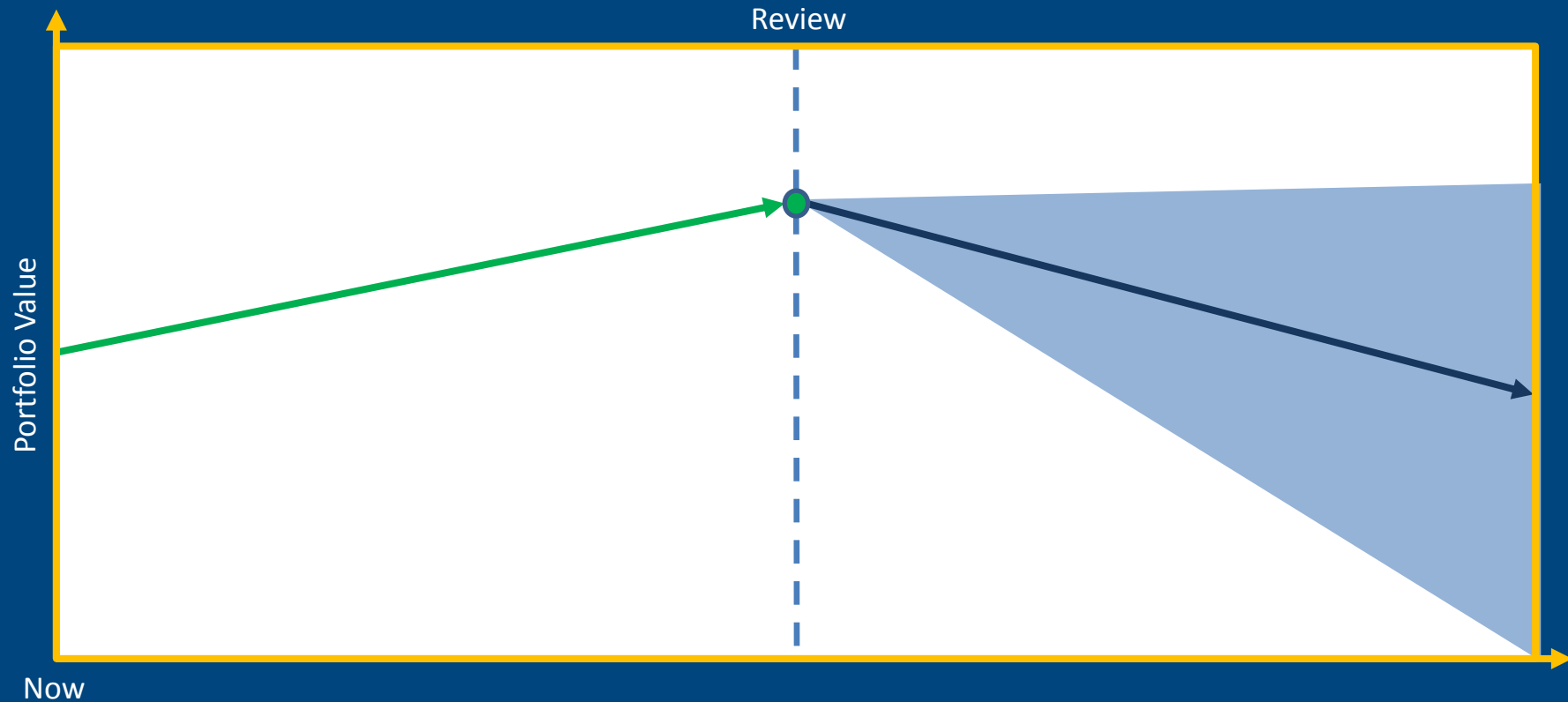
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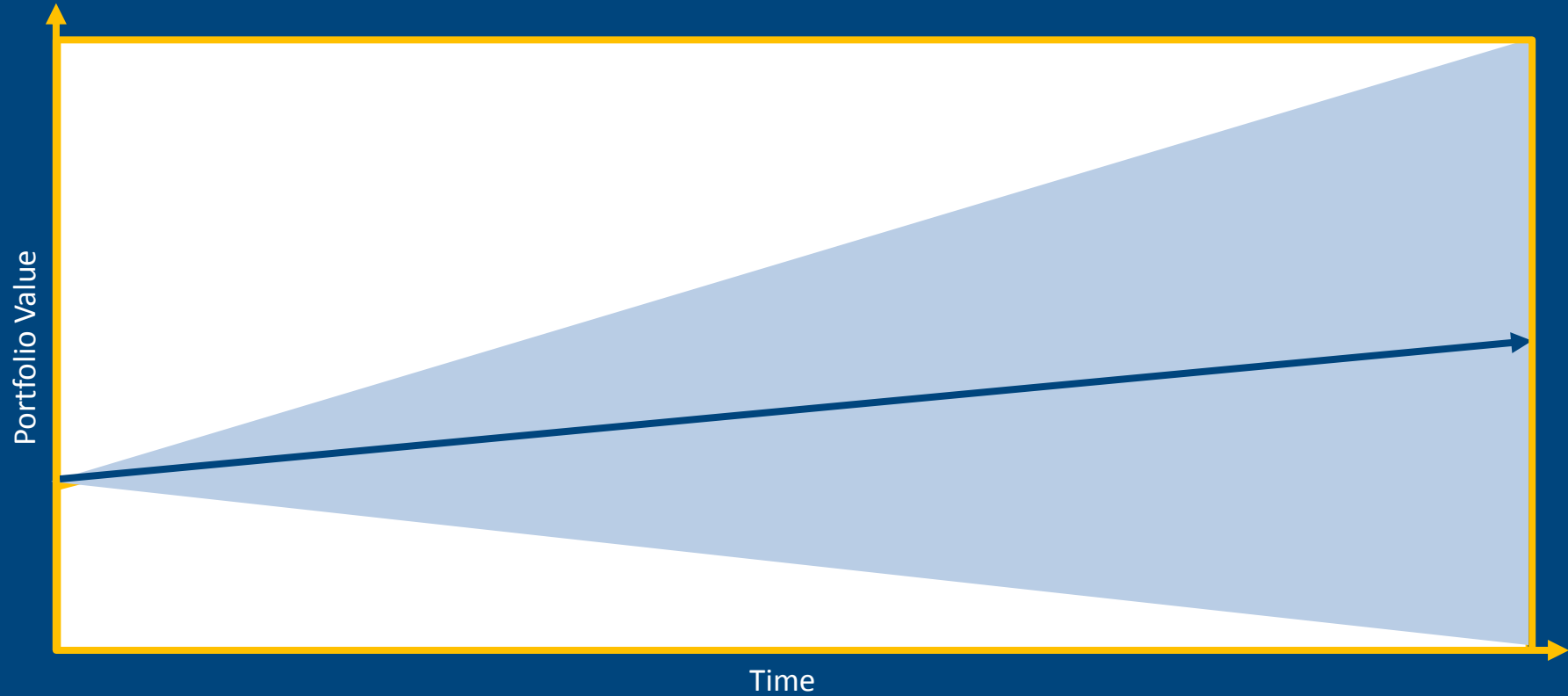
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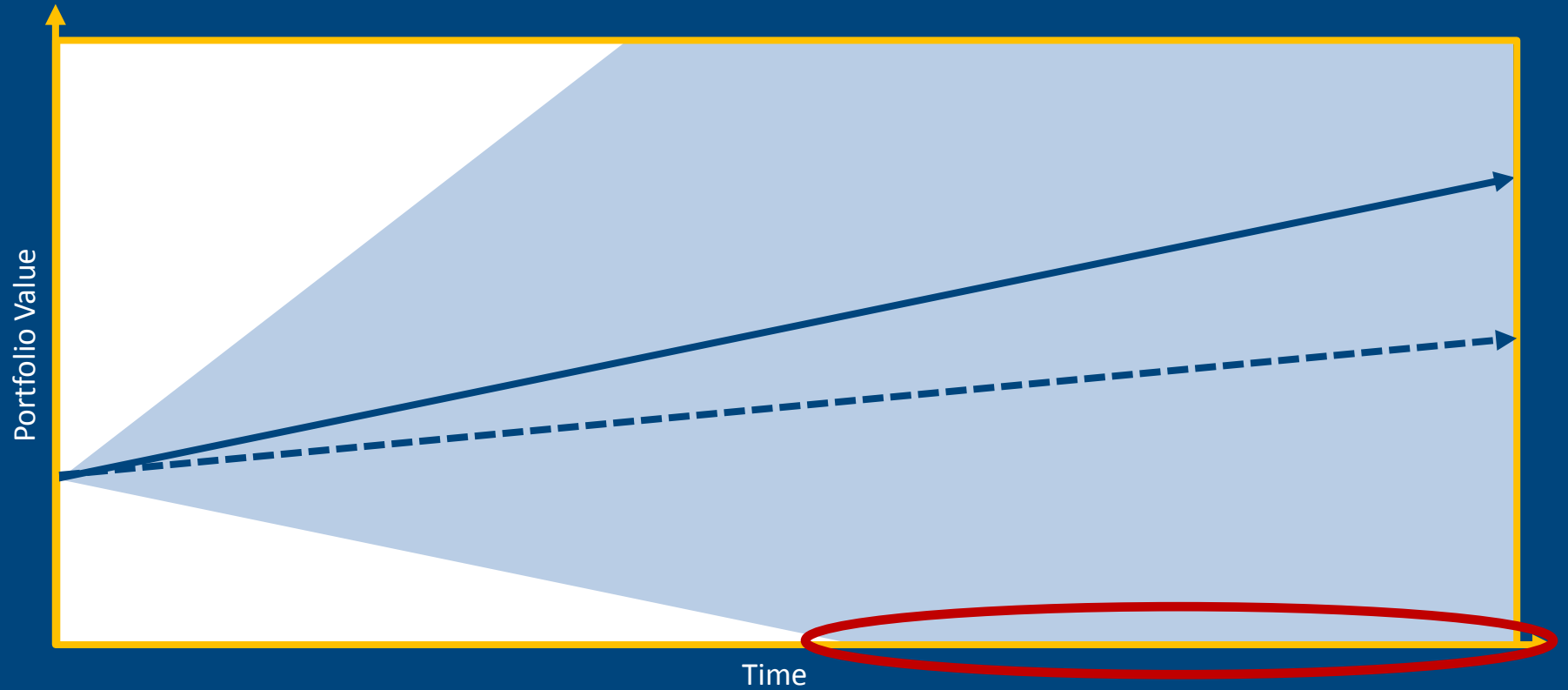
Navigating Along the Path



The Cost of Seeking Greater Returns



The Cost of Seeking Greater Returns



Sequence of Returns w/o Withdrawals

Year	Portfolio 1		Portfolio 2	
	Return	Balance	Return	Balance
1	+20%	\$ 12,000	-5%	\$ 9,500
2	+15%	\$ 13,800	-12%	\$ 8,400
3	+12%	\$ 15,500	-20%	\$ 6,700
4	+10%	\$ 17,000	+16%	\$ 7,800
5	+22%	\$ 20,700	+11%	\$ 8,600
6	+11%	\$ 23,000	+22%	\$ 10,500
7	+16%	\$ 26,700	+10%	\$ 11,600
8	-20%	\$ 21,400	+12%	\$ 12,900
9	-12%	\$ 18,800	+15%	\$ 14,900
10	-5%	\$ 17,900	+20%	\$ 17,900
Rate of Return		5.99%		5.99%

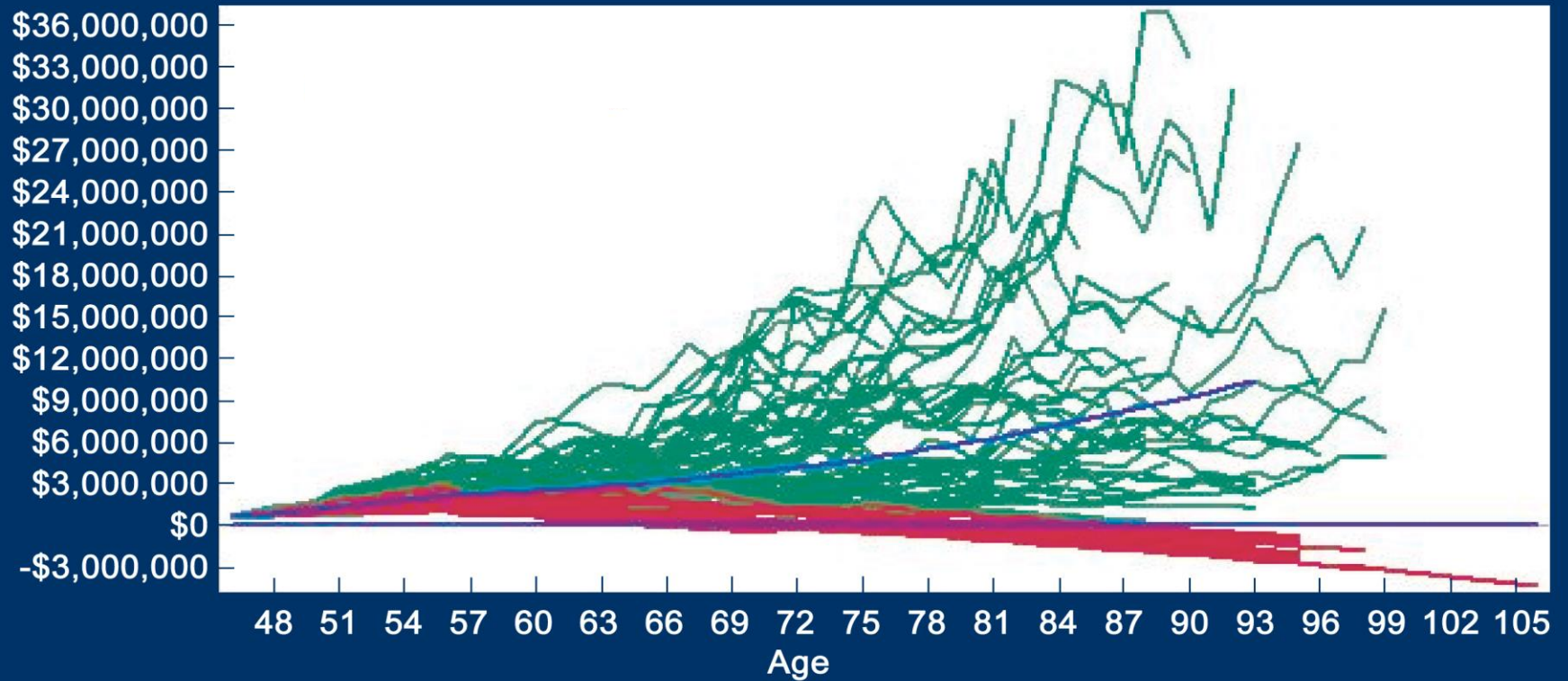
Assumes \$10,000 initial investment

Sequence of Returns w/ Withdrawals

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1	+20%	\$ 11,500	-5%	\$ 9,000
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5	+22%	\$ 17,300	+11%	\$ 5,900
6	+11%	\$ 18,800	+22%	\$ 6,800
7	+16%	\$ 21,300	+10%	\$ 6,900
8	-20%	\$ 16,500	+12%	\$ 7,300
9	-12%	\$ 14,000	+15%	\$ 7,800
10	-5%	\$ 12,800	+20%	\$ 8,900

Assumes \$10,000 initial investment and \$500 annual withdrawals

Same Plan – Many Possible Outcomes



Investment Management Should Be...

- Goal-Driven
- Disciplined
- Rational
- Efficient
- Trustworthy

Unfortunately, It's Usually...

- Arbitrary
- Ad-Hoc
- Emotional
- Wasteful
- Unreliable

Common Mistakes

- Managing in the Wrong Direction
- Assuming Past Performance Indicates Future Results
- Relying on Average Rates of Return
- Ignoring Risk

The Wrong Measures of Success

- Average Rate of Return
- Beating an Index
- Short-Term Gains
- Yield

Measuring Investment Success

- Select an Appropriate Investment Strategy
- Maintain Reasonable Expectations for Performance
- Benchmark Your Results Against Those Expectations

Questions / Comments / Suggestions



V A R I P L A N

Advanced Retirement Planning and Management

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