

# Financial Intelligence

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# Mike Miles

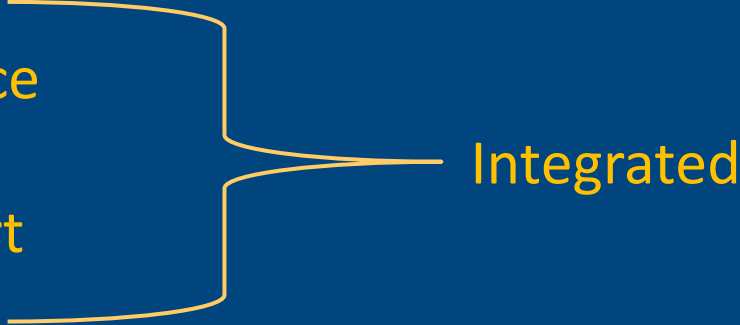


- Founder and Principal Advisor, Variplan, LLC
- Certified Financial Planner
- Registered Investment Advisor
- SEA Benefit Provider Since 1999
- Federal Times' "Money Matters" Columnist
- "Ask the Experts" Panelist at [www.federaltimes.com](http://www.federaltimes.com)

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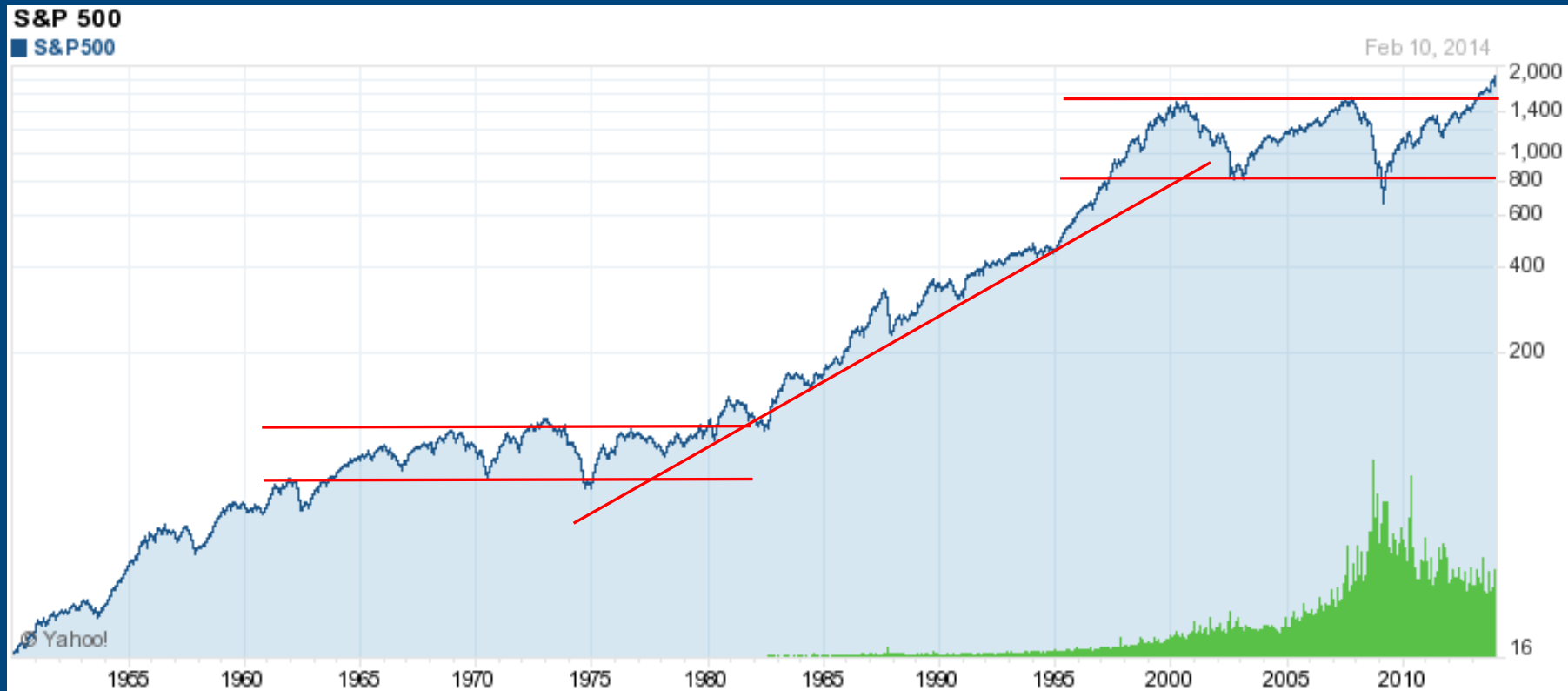
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1. Market Review
2. Handling Bond Risk
3. Preparing for the Next Market Crash
5. Questions and Answers

# Market Review - Stocks



# Market Review - Stocks



# Market Review - Interest Rates





# Market Review - Interest Rates

CBOE Interest Rate 10-Year T-No

■ ^TNX

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# Market Review – Stocks vs. Bonds

iShares Core S&P 500 ETF

■ IVV ■ TLT

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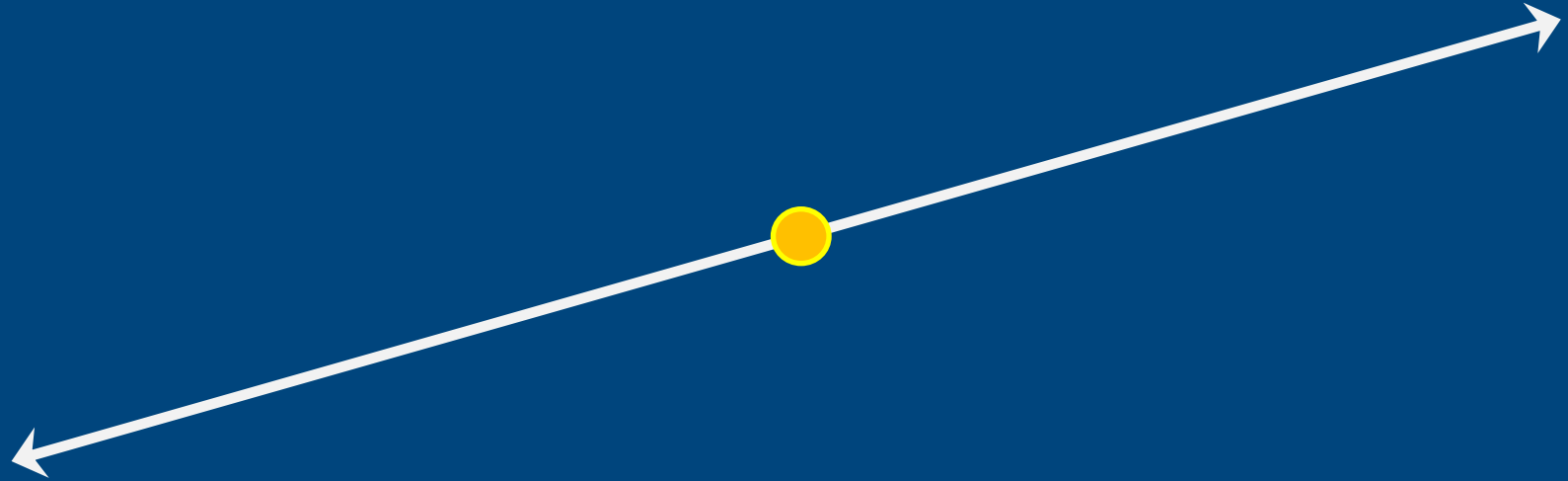
## What to Do About Bond Risk?

# Interest Rate Risk

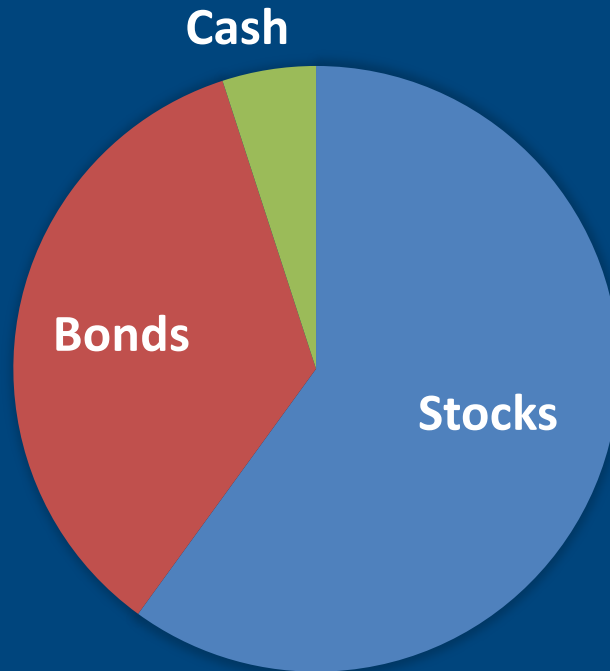
Interest Rates



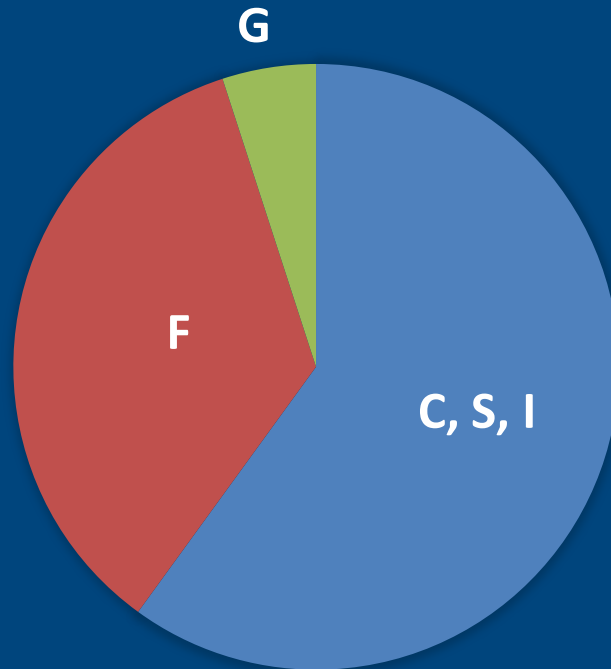
Bond Values



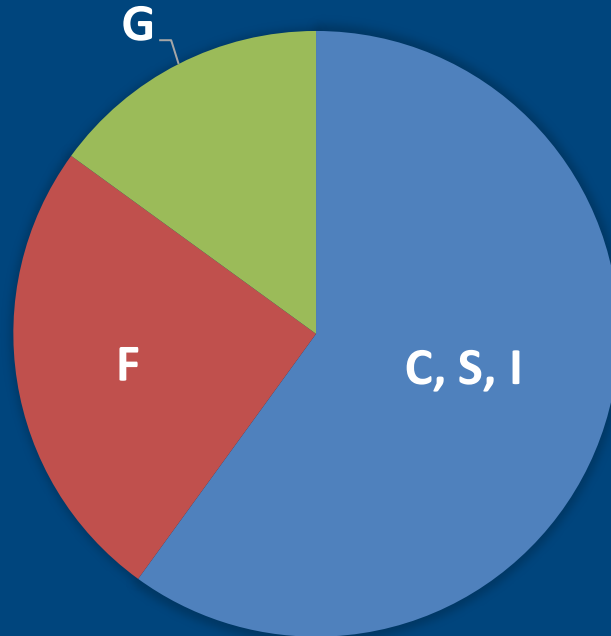
# Asset Allocation



# Asset Allocation



# Asset Allocation



## Preparing for the Next Market Crash



Focus on TSP

# Objectives

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- Entertainment?

# Objectives - Entertainment

- Why Would You “Invest” for Entertainment?
  - Bored
  - Competitive
  - Lazy

# Objectives - Entertainment

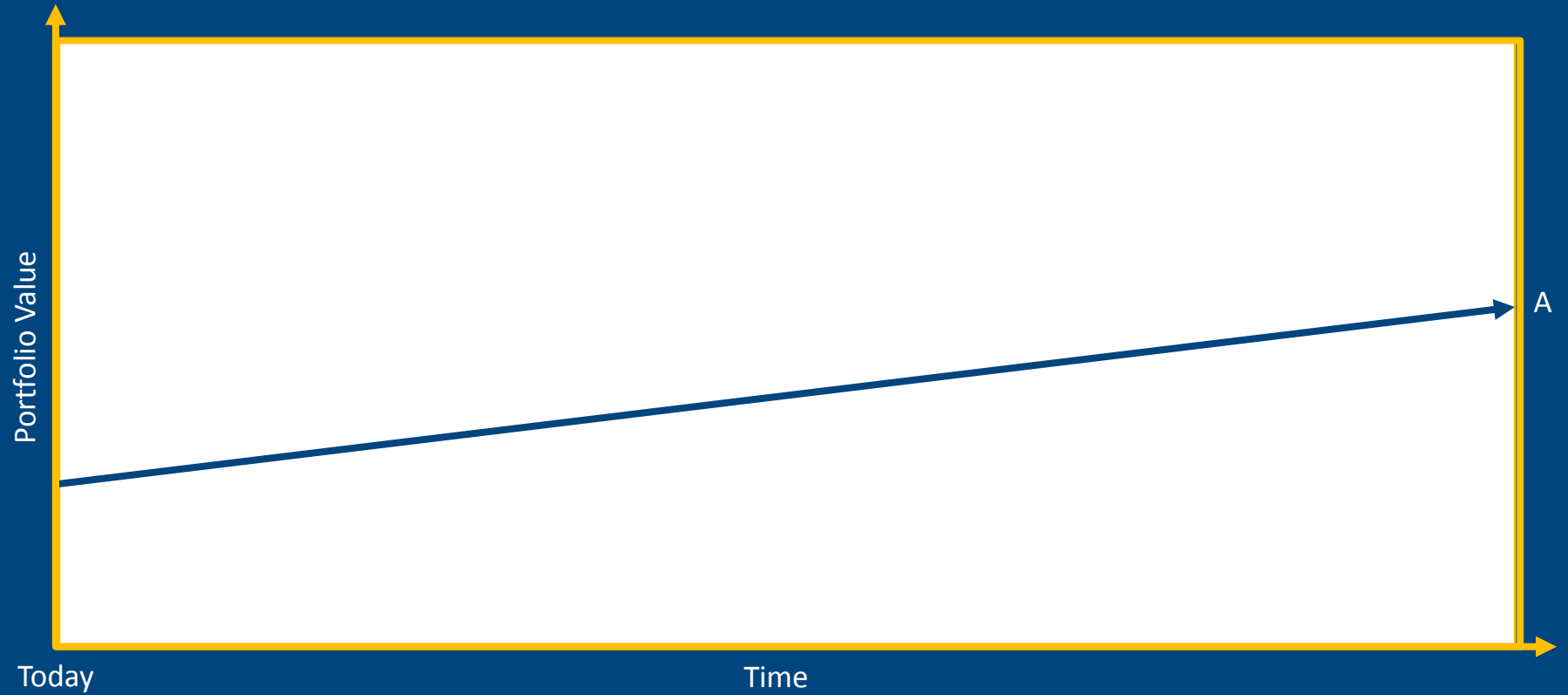
- Can't be Managed Rationally
- Excitement Value and Longevity are Mutually Exclusive Goals
- Maximizes Risk Taking

# Objectives

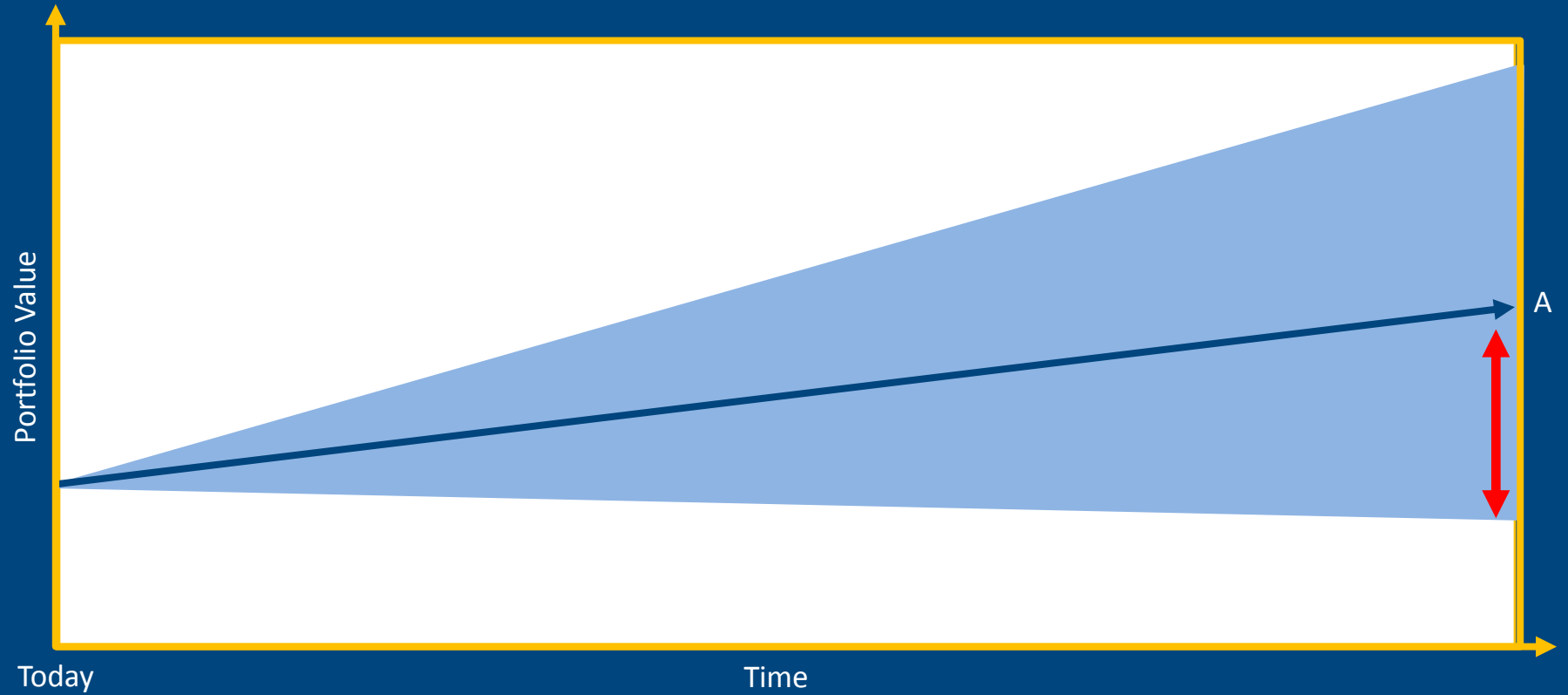
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- Entertainment?
- Accumulating Wealth (Net Worth)?

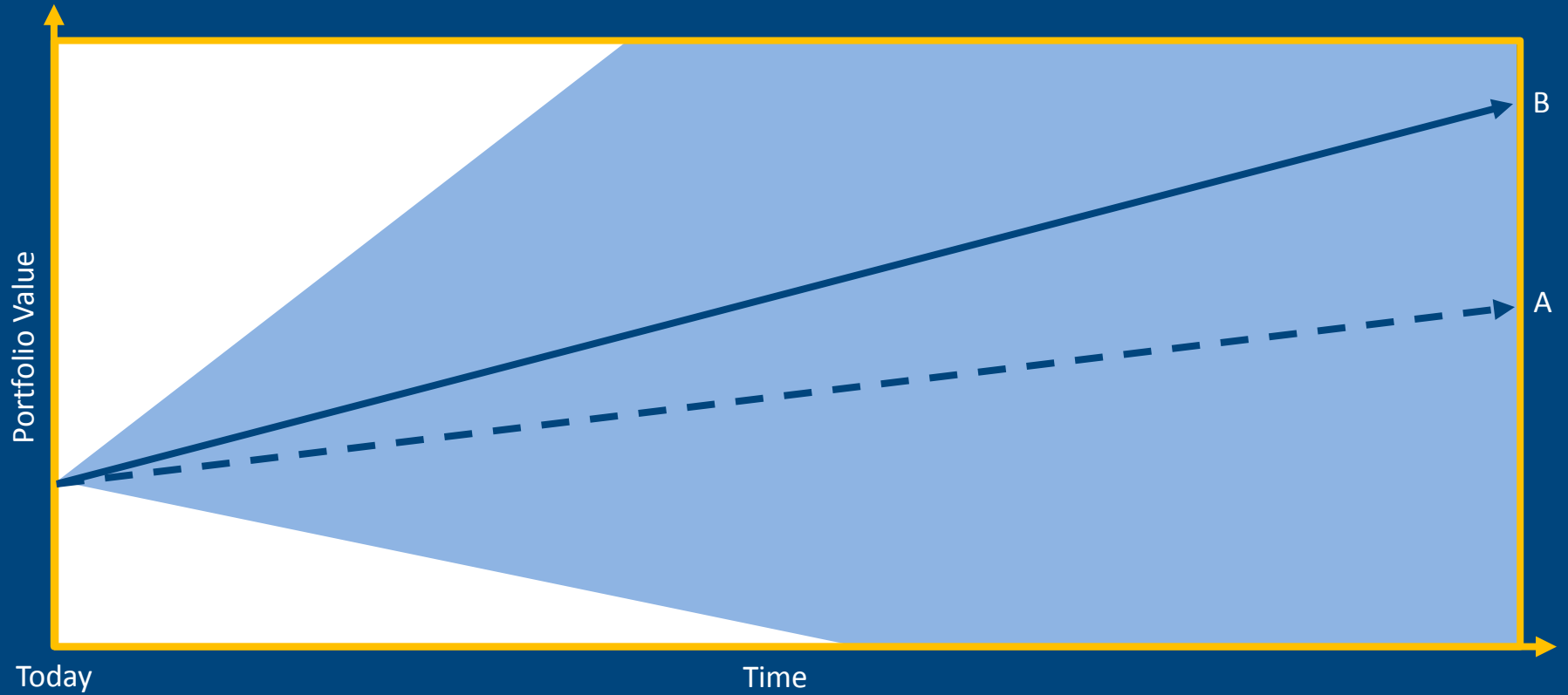
# Objectives – Accumulating Wealth



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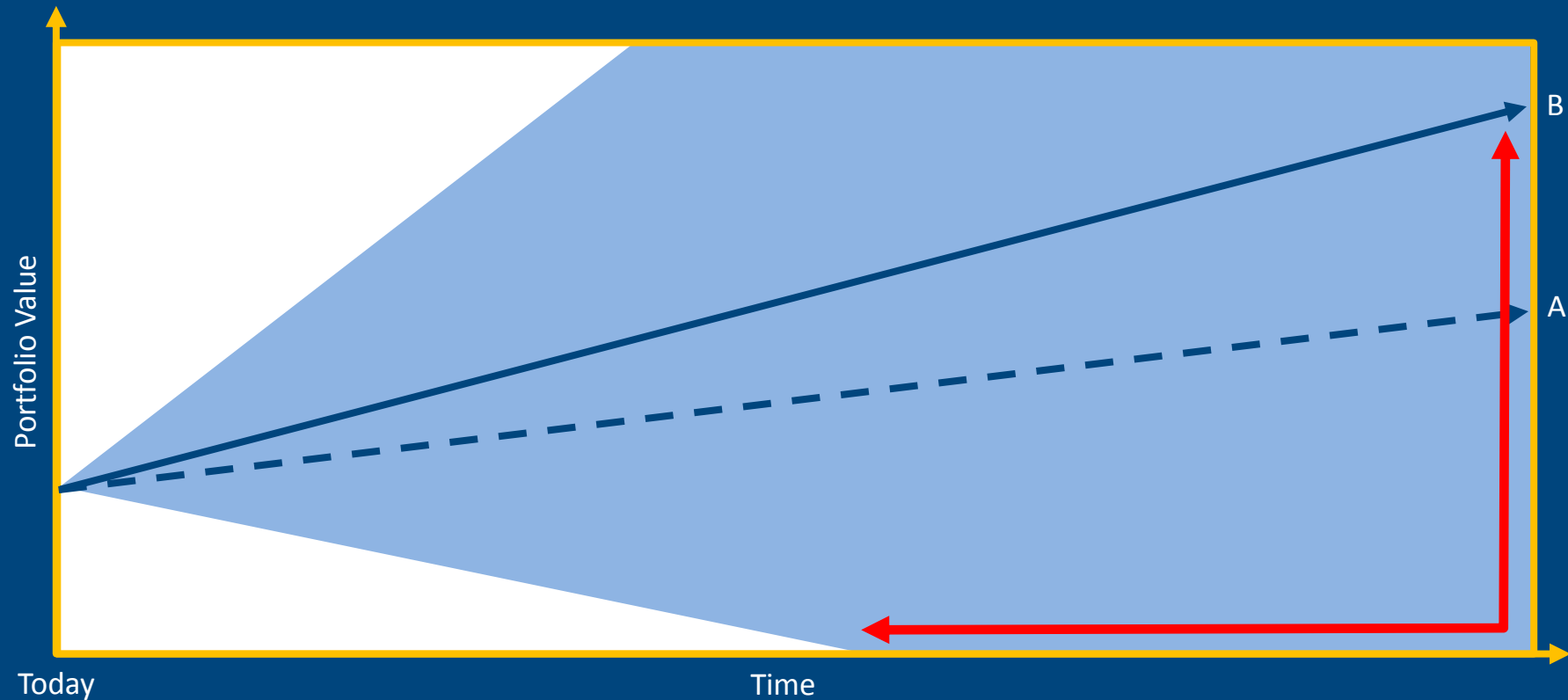


# Objectives – Accumulating Wealth





# Objectives – Accumulating Wealth

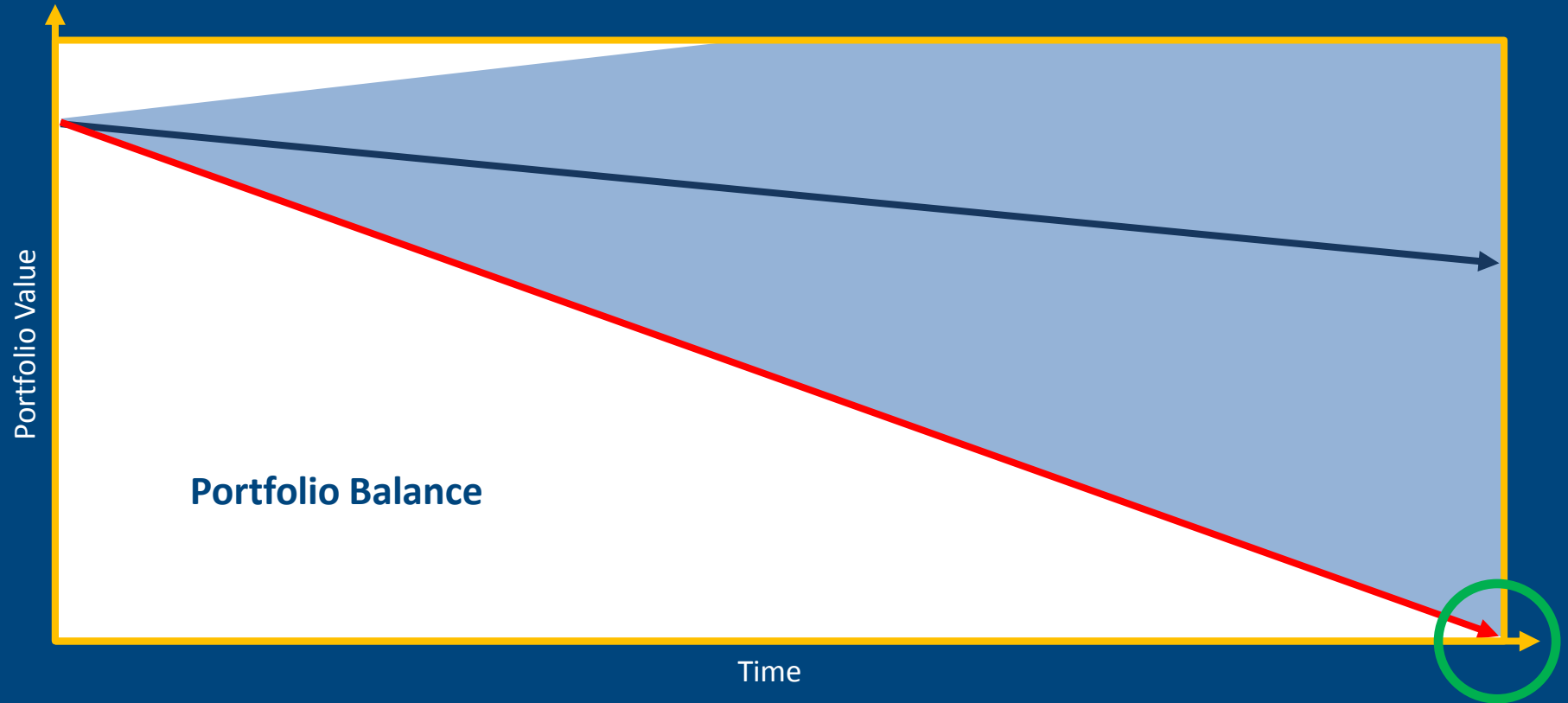


# Objectives

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- Entertainment?
- Accumulating Wealth (Net Worth)?
- Maximizing Lifetime Income (Cash Flow)?

# Objectives – Maximizing Income

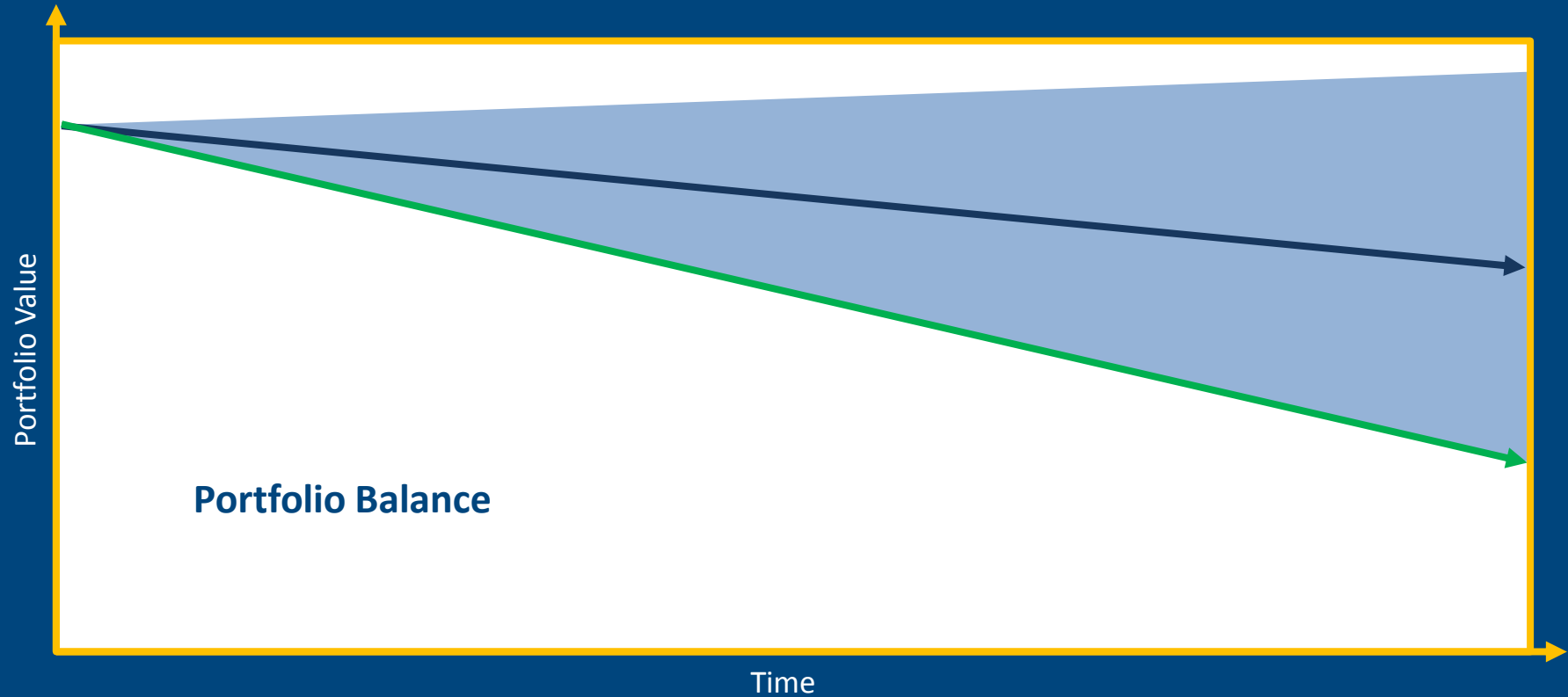


# Objectives

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- Entertainment?
- Accumulating Wealth (Net Worth)?
- Maximizing Lifetime Income (Cash Flow)?
- Some Combination of These?

# Objectives – Minimum Ending Wealth w/ Maximum Income



Focus on Maximizing Income

# Fundamentals

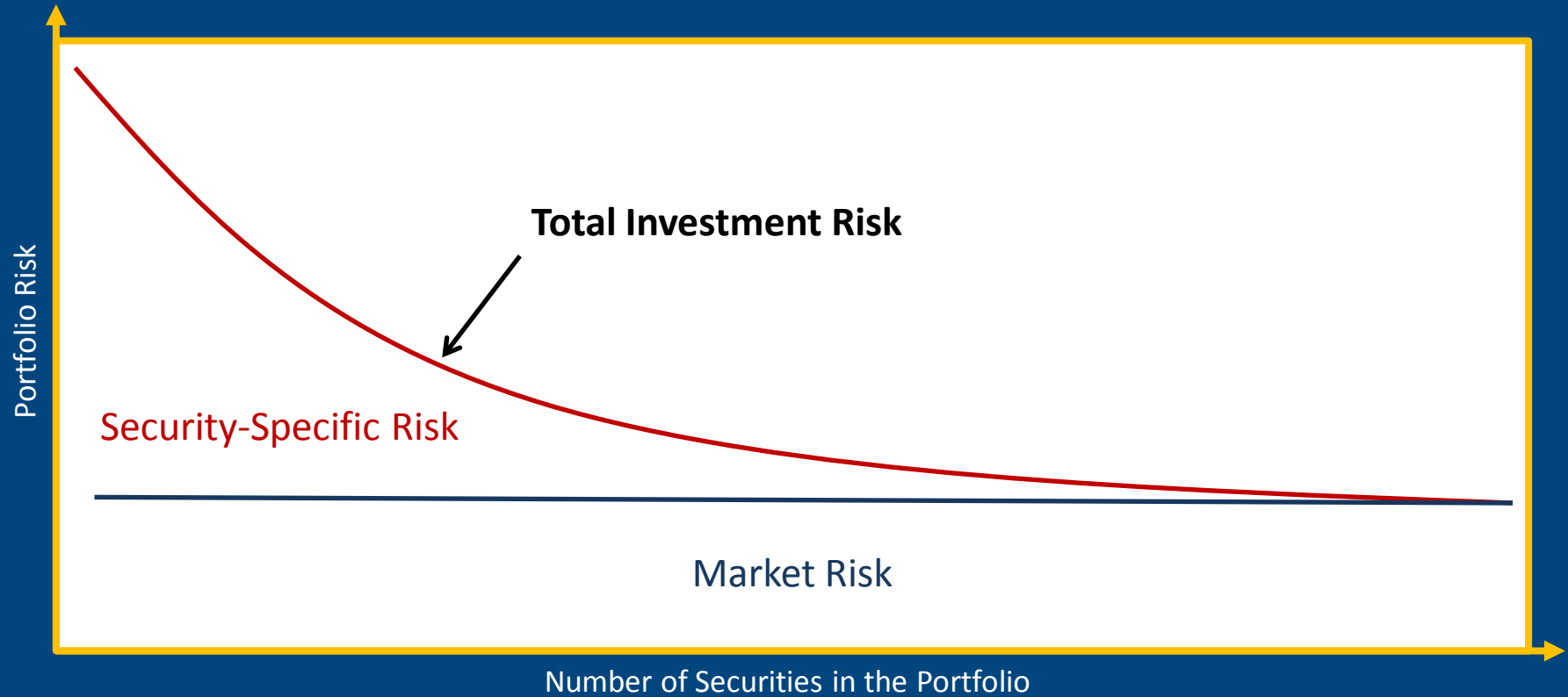
- Manage to the Objective
- Maximize Probability of Success
- Minimize Risk
- Evaluate Every Decision
- Use Rational Criteria
- Consider Relevance

# Options

- Security Selection
- Timing

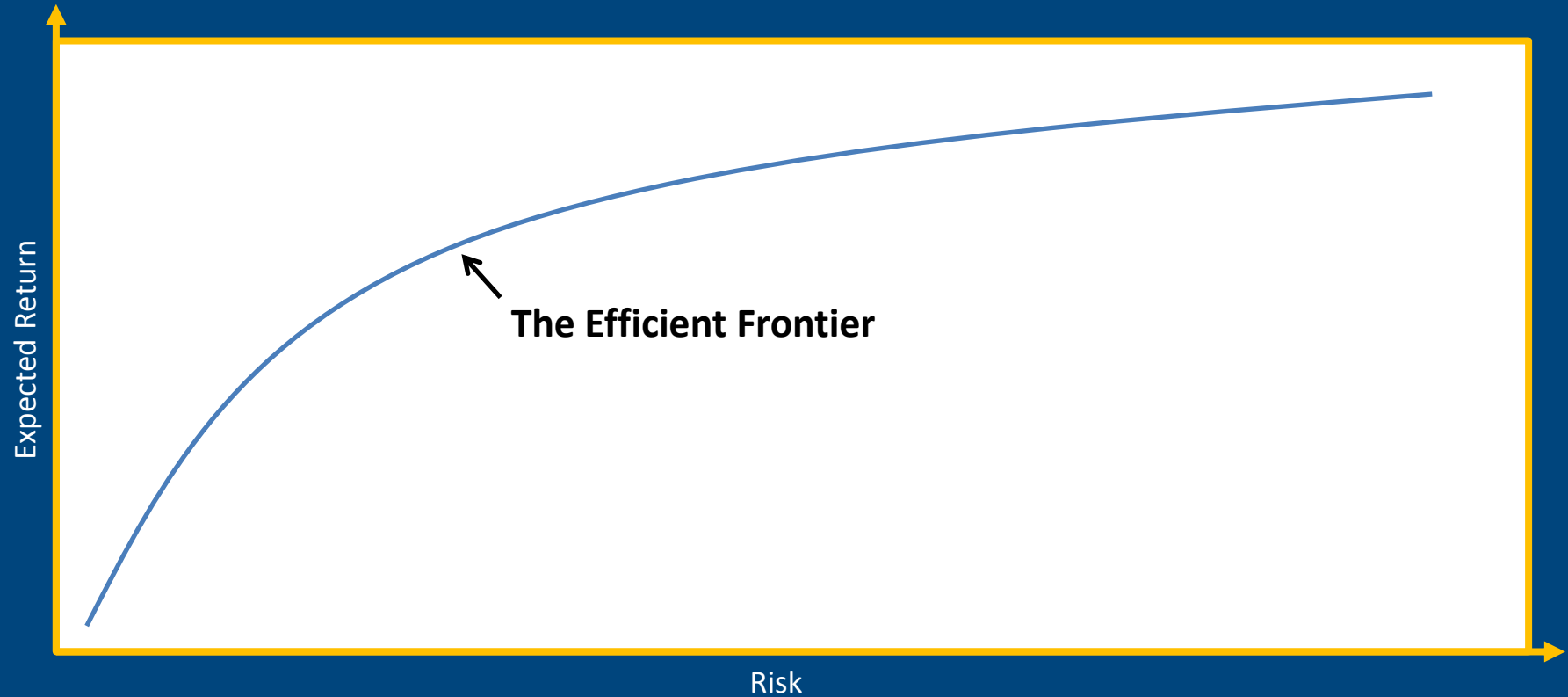


# Security Selection

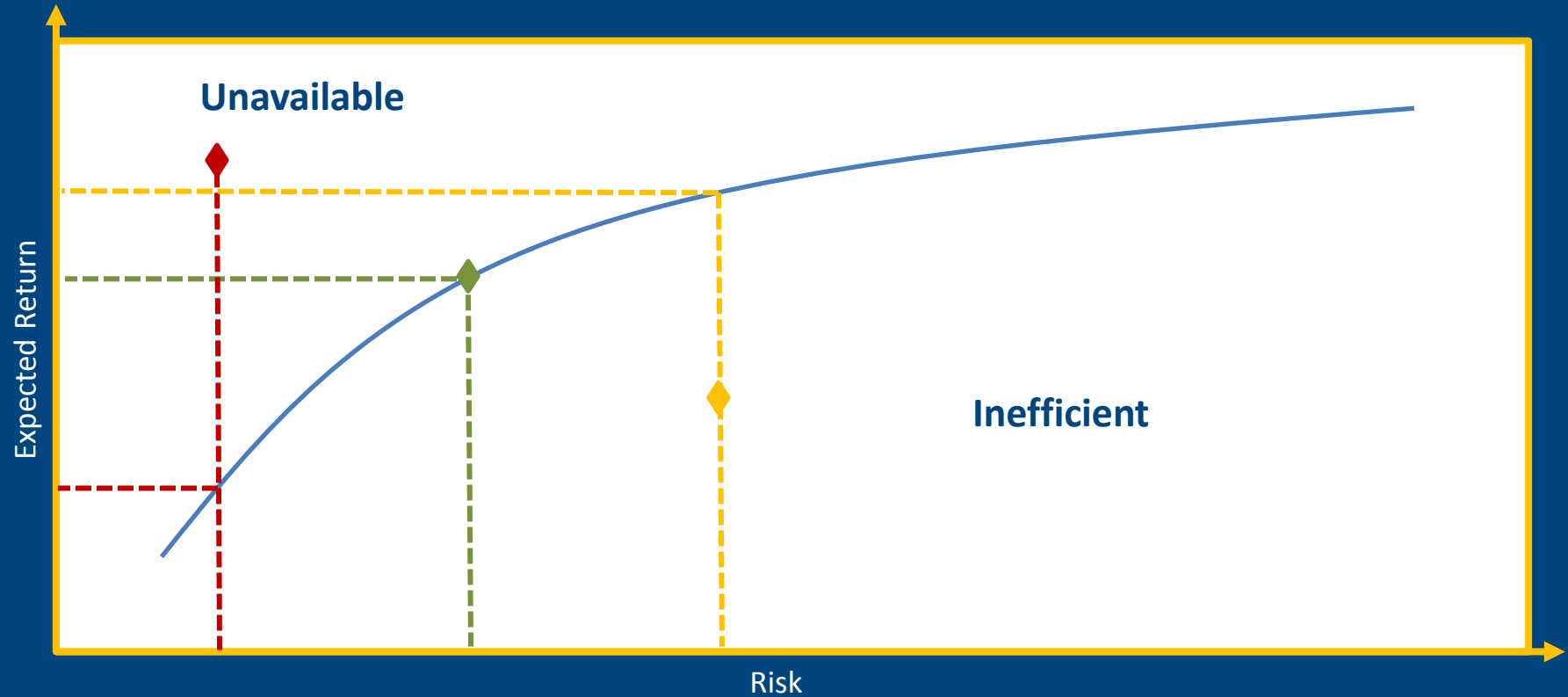


Rule 1: Always Use Index Funds to Minimize  
Security-Specific Risk

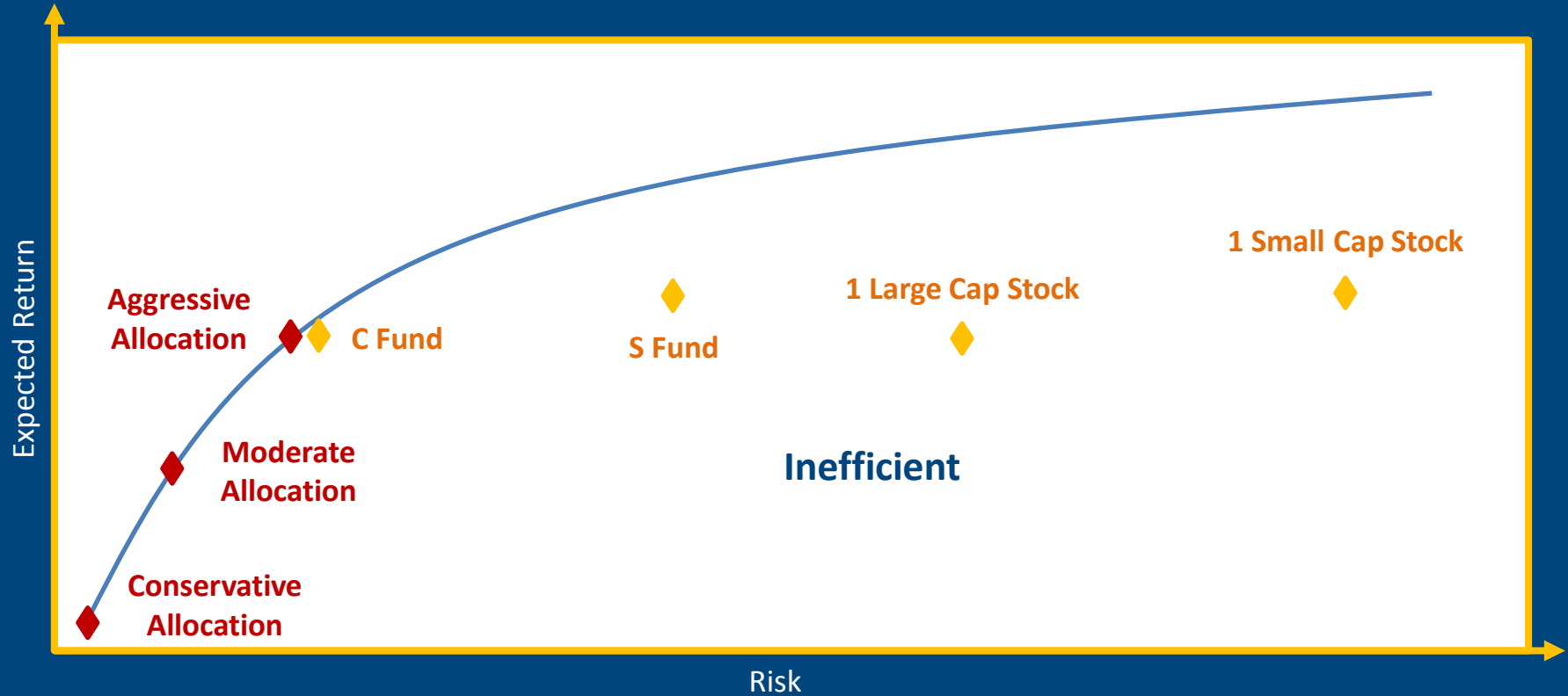
# Security Selection



# Security Selection

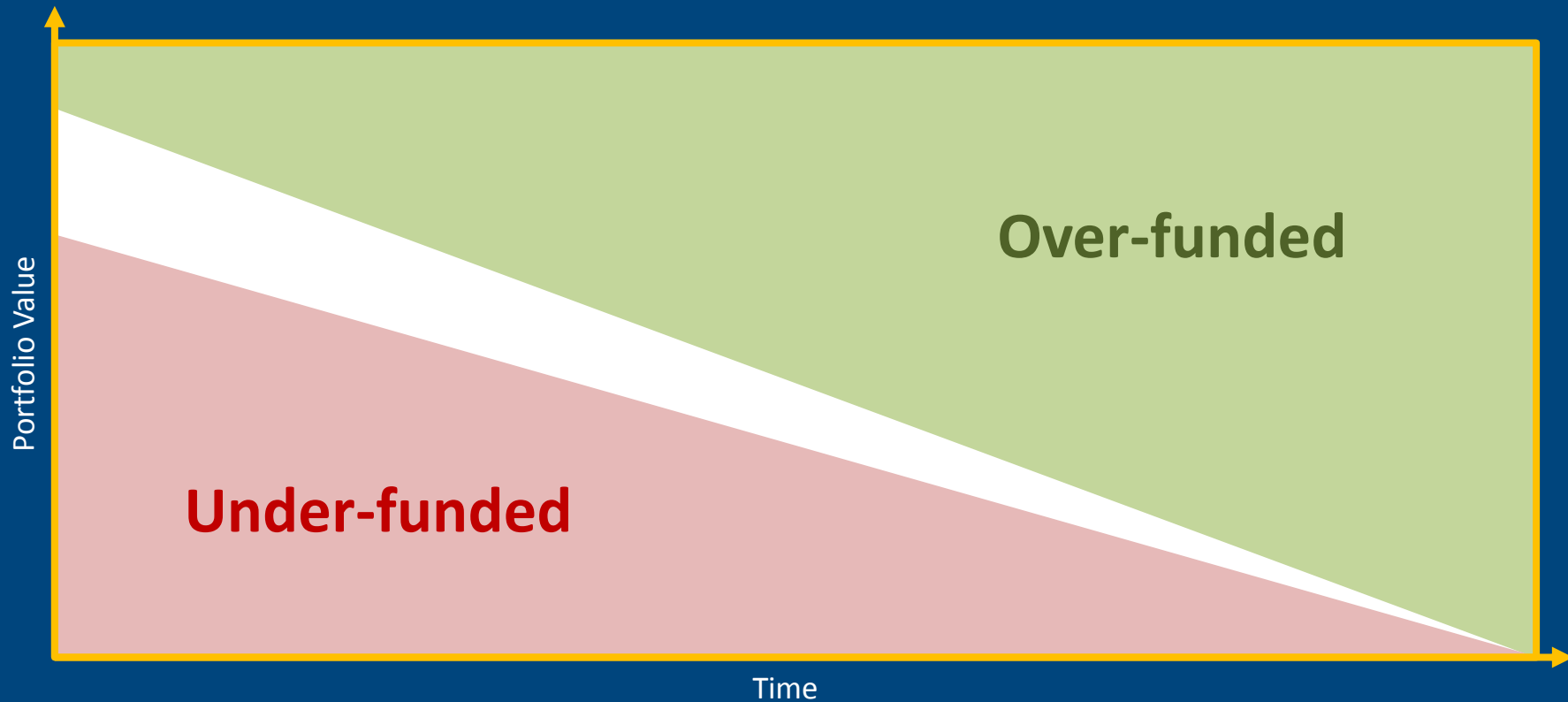


# Security Selection

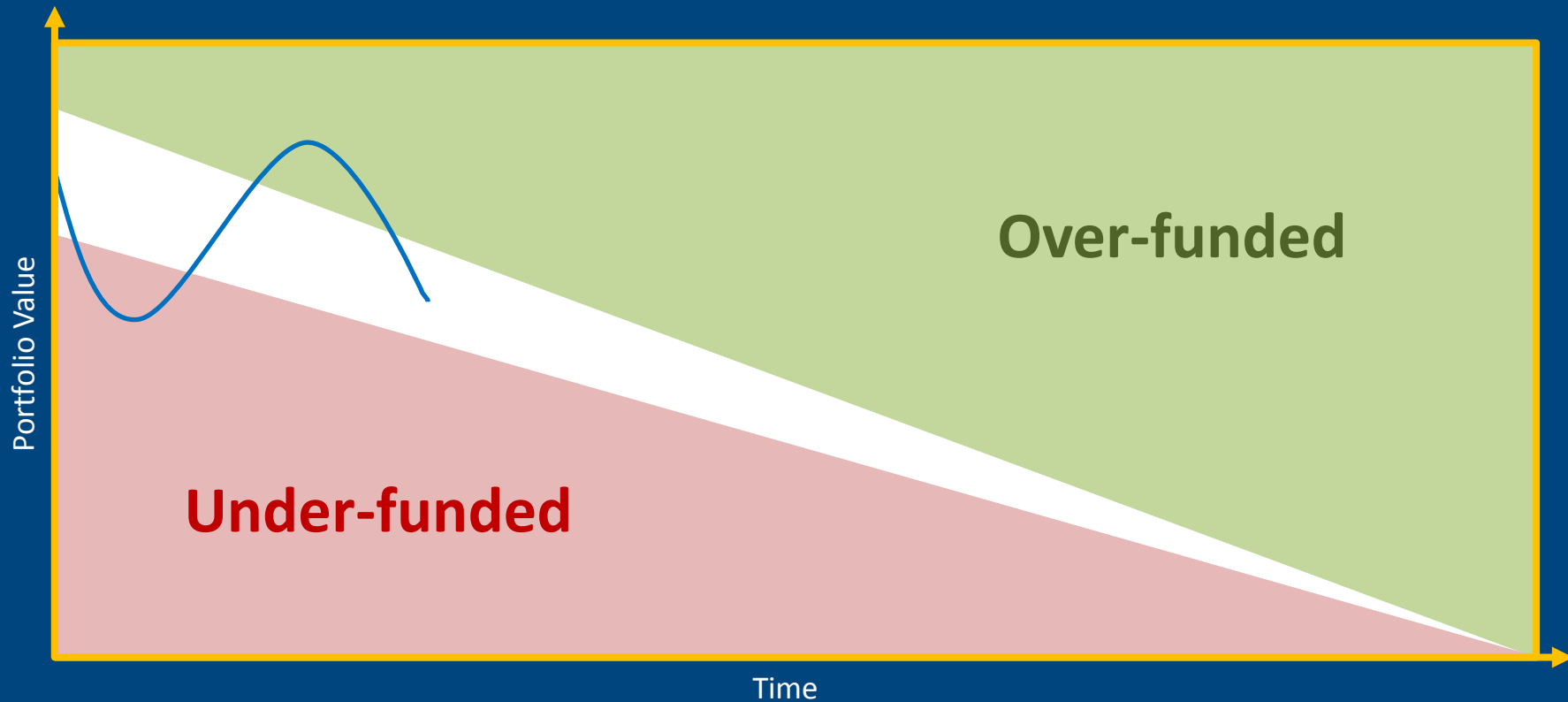


Rule 2: Always Use Efficient Asset Allocation  
to Minimize Market Risk

# Timing

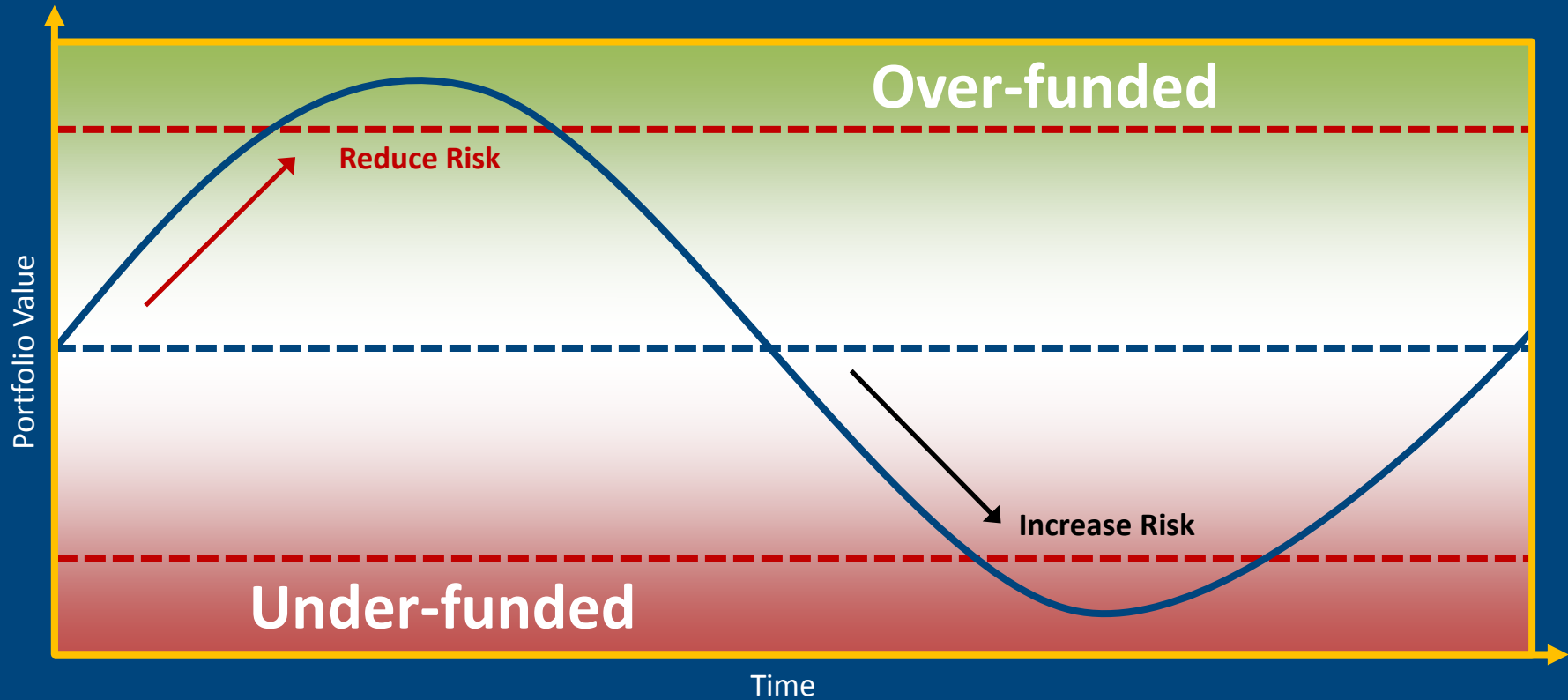


# Timing

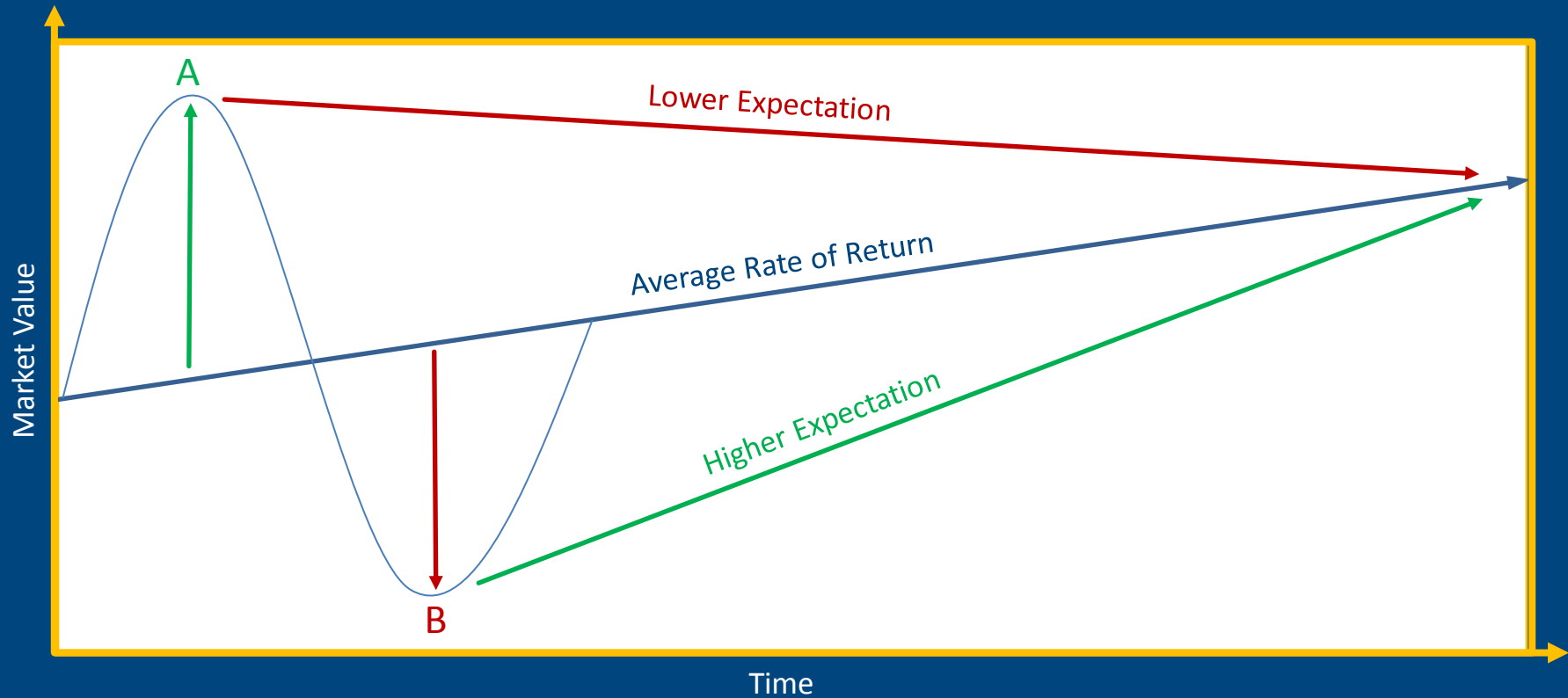




# Timing



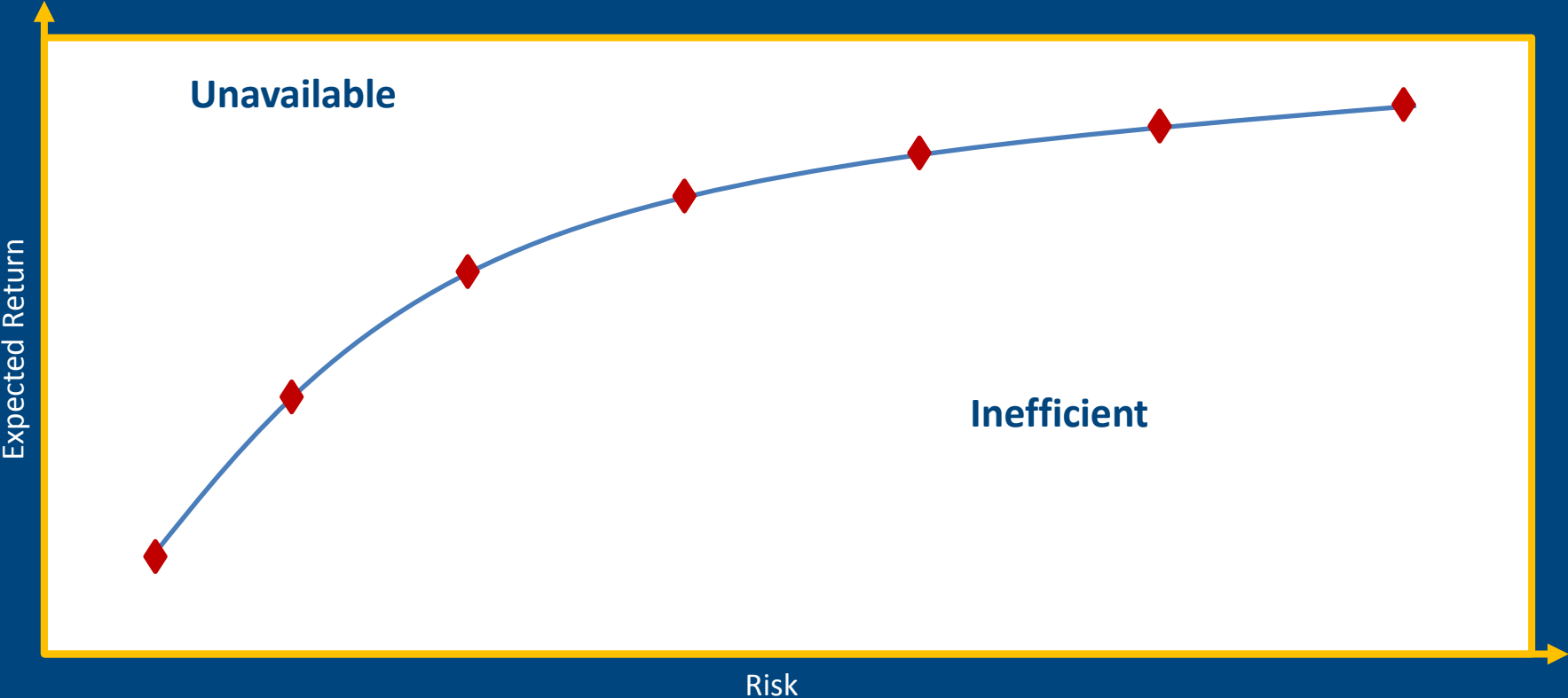
# Timing



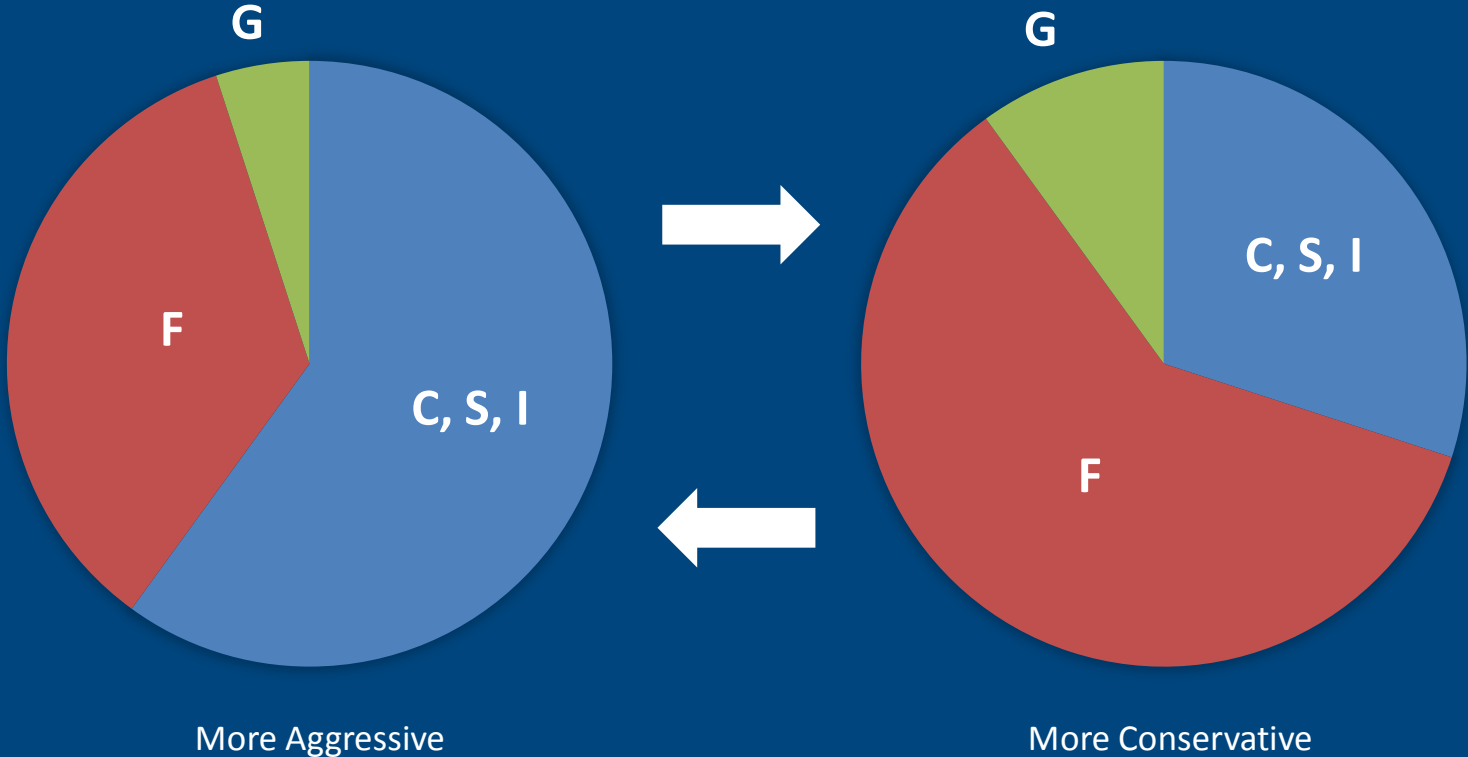
# Rational Portfolio Management Options

1. Move From One Efficient Asset Allocation to Another

# Efficient Portfolio Alternatives



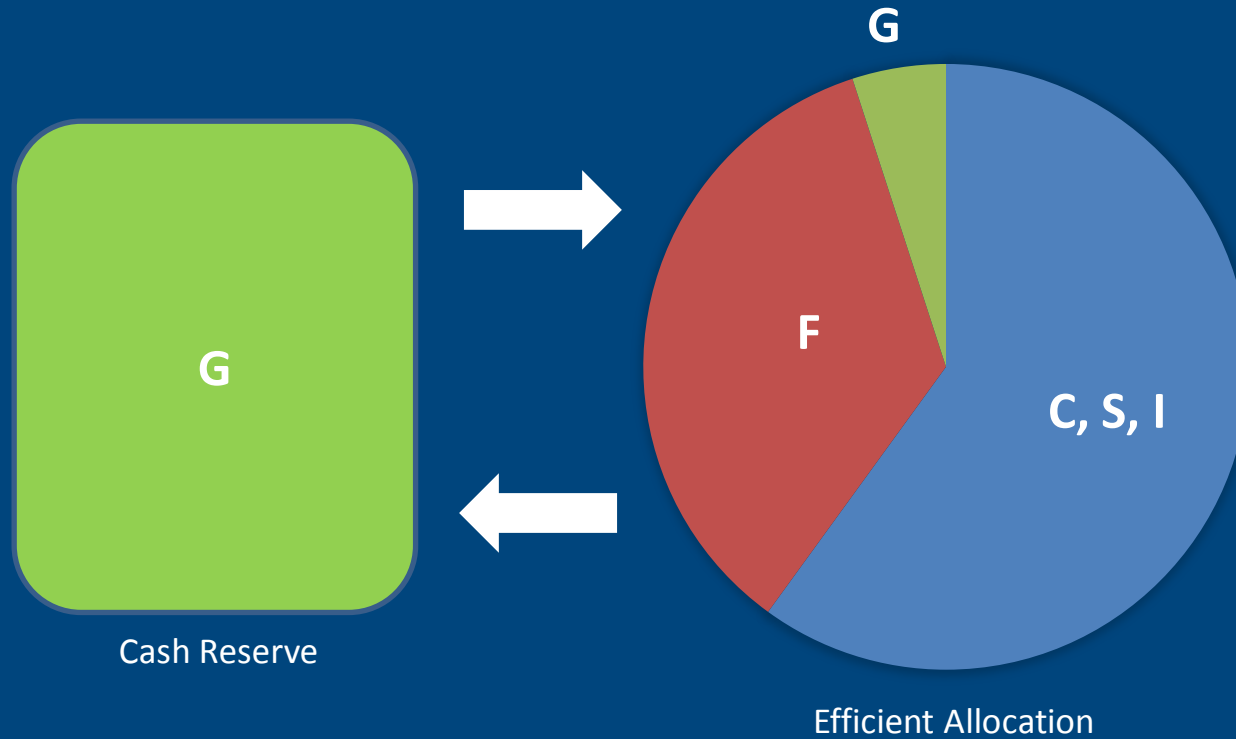
# Efficient Portfolio Alternatives



# Rational Portfolio Management Options

1. Move From One Efficient Asset Allocation to Another
2. Increase or Reduce the Amount Exposed to the Markets

# Market Exposure



1. Your Portfolio Should Be Most Conservative Since March 2009
2. Should Contain Either Cash Alone, or Cash, Bonds and Stocks
3. Use L Fund Asset Allocations as Models



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