

Financial Intelligence

Produced Exclusively for Members of the
Senior Executives Association

Mike Miles



- Founder and Principal Advisor, Variplan, LLC
- Certified Financial Planner
- Registered Investment Advisor
- Paladin Registry Certified 5-Star Advisor
- SEA Member Benefit Provider Since 1999
- Federal Times' "Money Matters" Columnist
- Founder / Instructor Federal Retirement University
- "Ask the Experts" Panelist at www.federaltimes.com

SEA Member Benefits

- \$49 Benchmark™ Portfolio Review – **Save \$250**
- Free Hour of Consulting / Analysis – **Save \$205**
 - \$250 Vantage Discount – **Save \$250**
- Email Questions to me at mmiles@variplan.com

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 links, each preceded by a small yellow square icon. The links are: 'WHO WE ARE', 'WHAT WE DO', 'HOW WE DO IT', 'OUR CLIENTS', 'CONTACT US', and 'ARCHIVE'. The 'ARCHIVE' link is circled in red. In the bottom right corner of the navigation area, there is a yellow box containing the text 'CLIENT RESOURCES'. At the bottom of the page, 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, the text 'SERVICES', and five stars with the text 'AIAA OCB' below them.

VP
VARIPLAN
Advanced Retirement Planning and Management

- WHO WE ARE
- WHAT WE DO
- HOW WE DO IT
- OUR CLIENTS
- CONTACT US
- ARCHIVE

CLIENT RESOURCES

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PALADIN
SERVICES
★★★★★ AIAA OCB

Federal Money Matters Blog
<http://money.federaltimes.com>

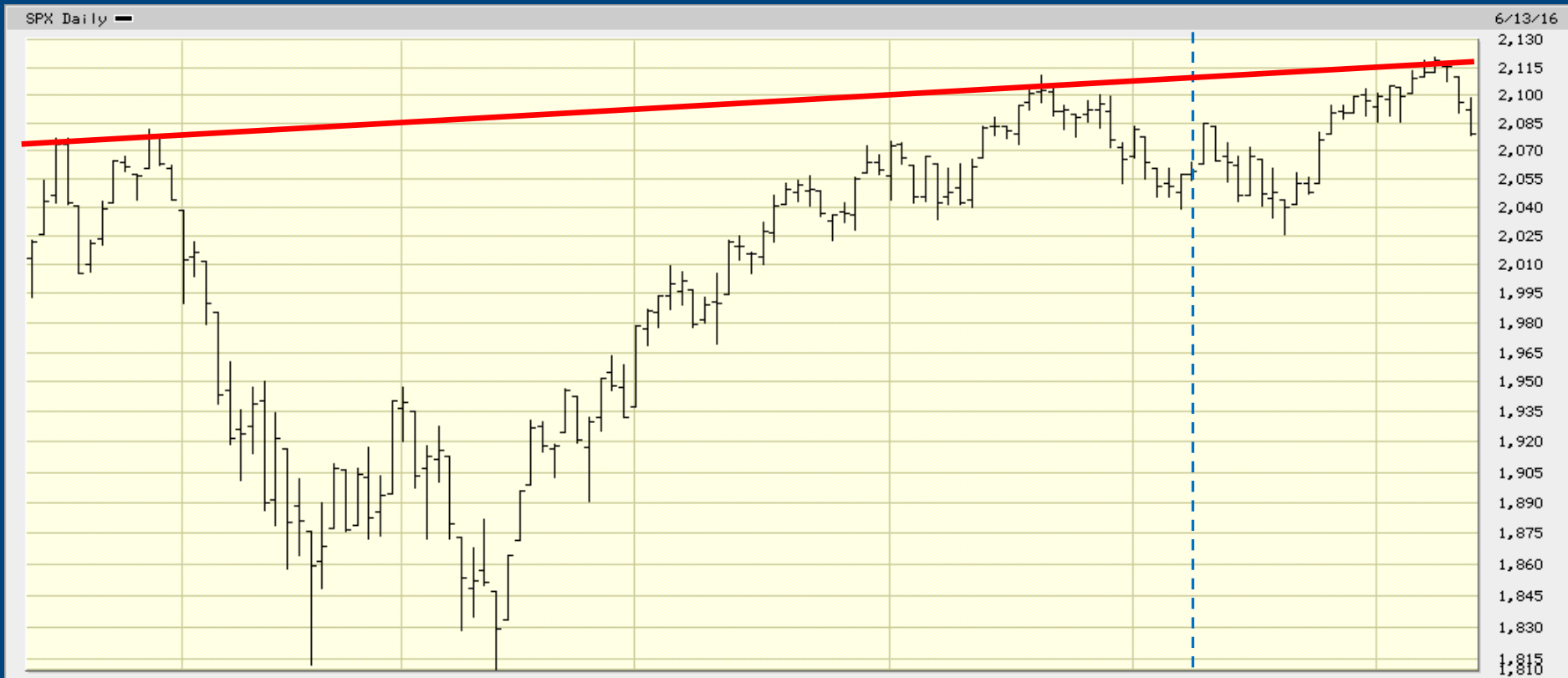
Federal Retirement University
www.federaltimes.com/retirement

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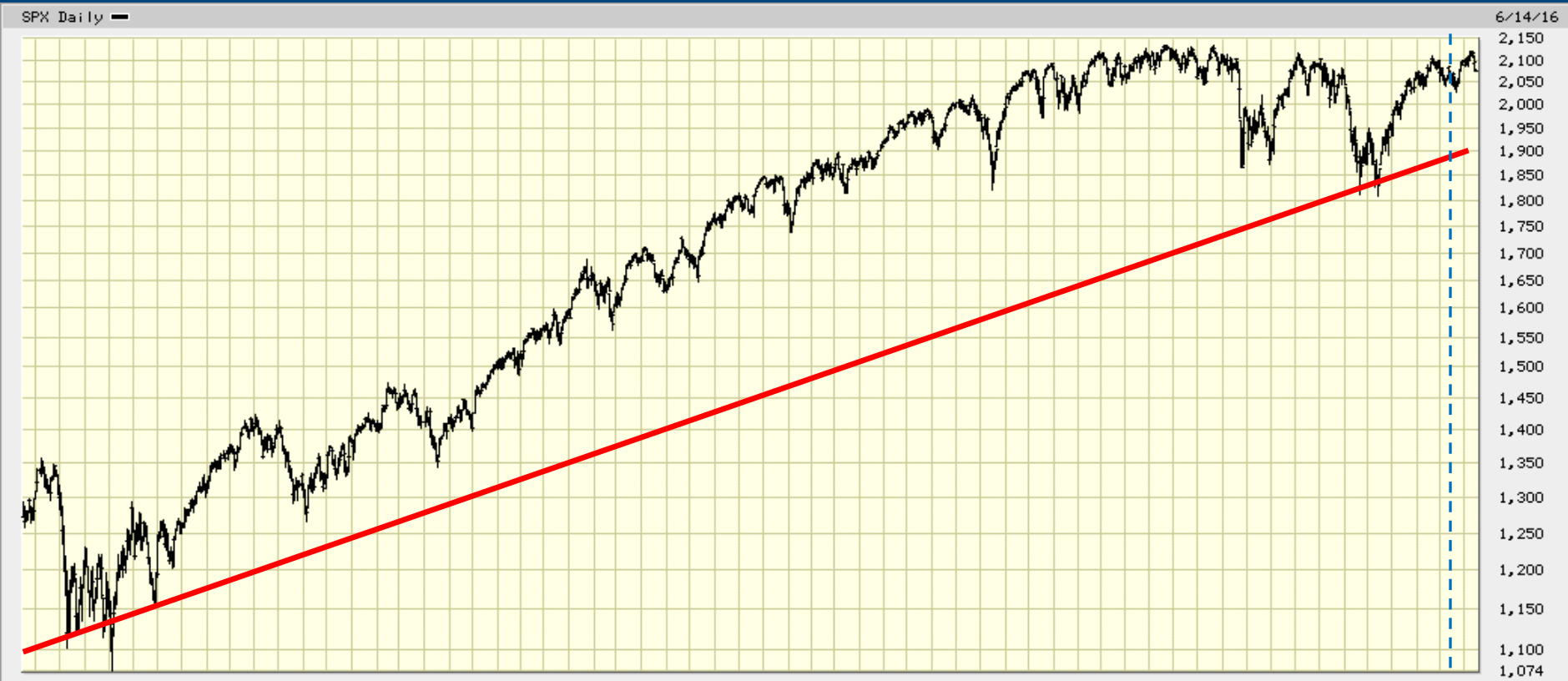
1. Market Review
2. Tactical Recommendations
3. How Diversification Really Works
5. Questions & Answers

How to Submit Your Questions

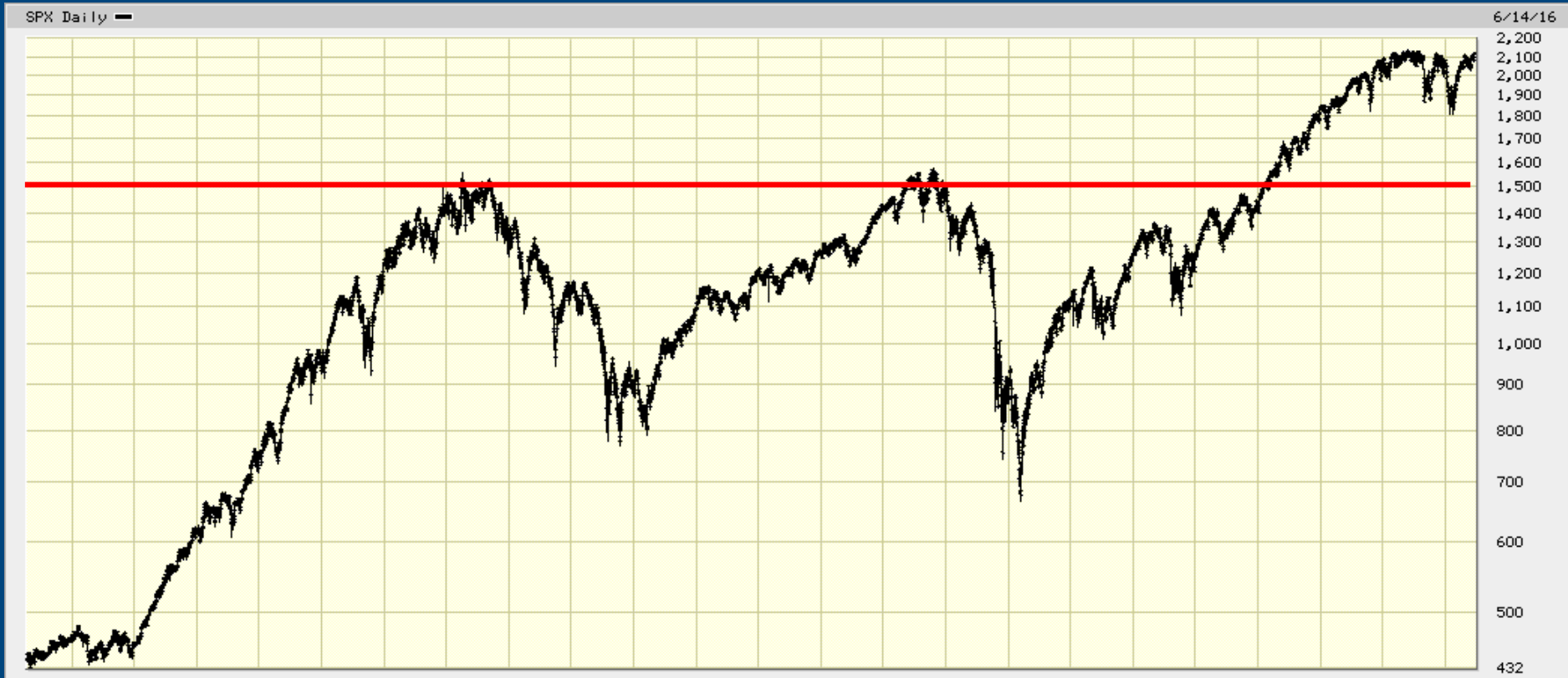
Market Review – Stocks (6 months)



Market Review – Stocks (5 Years)



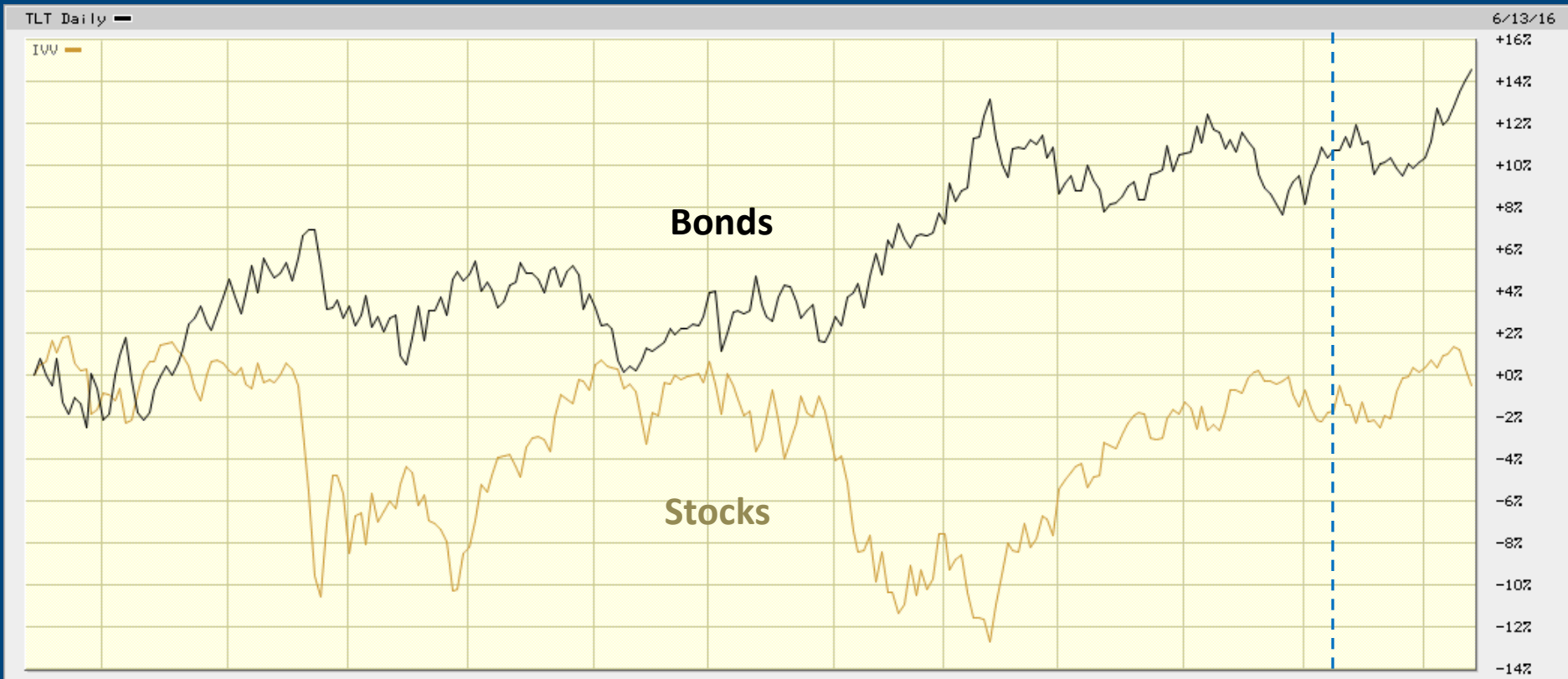
Market Review – Stocks (20 Years)



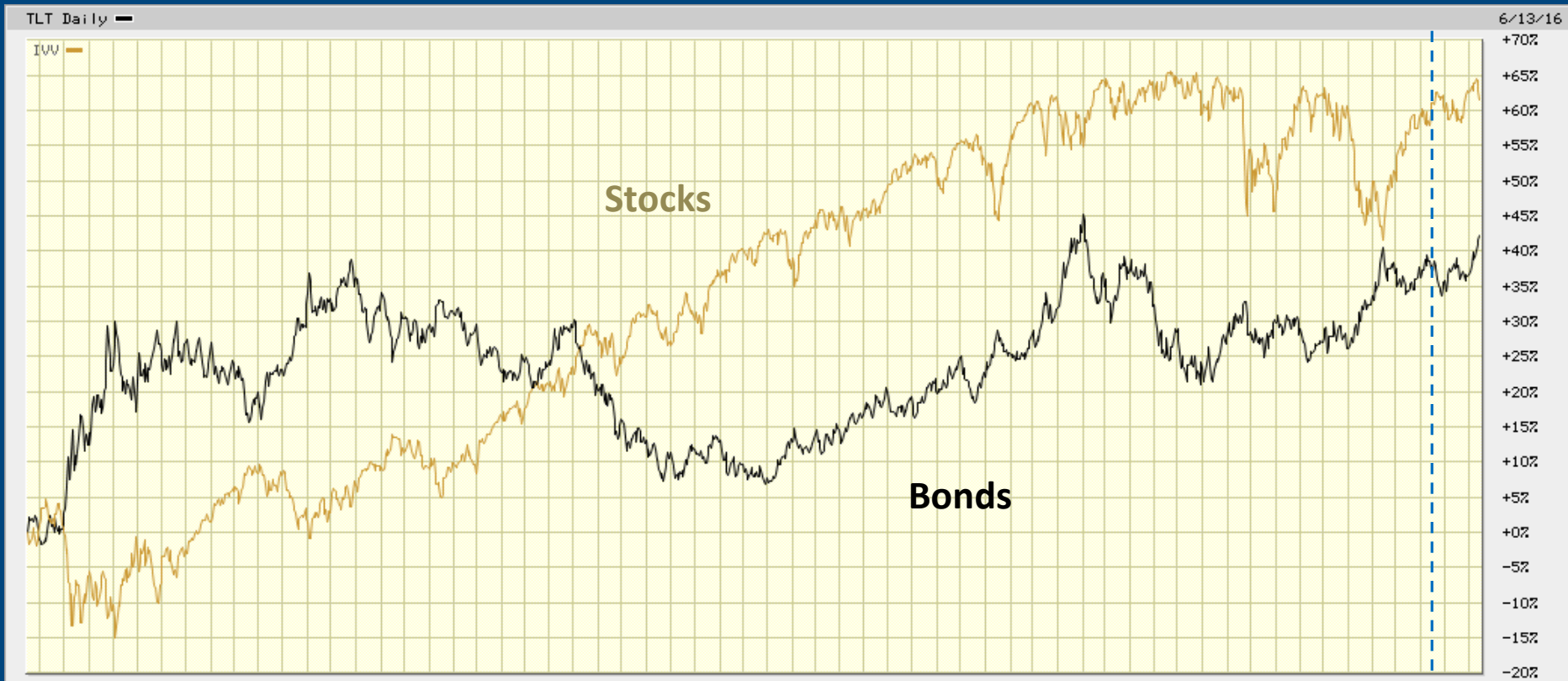
Market Review - Interest Rates (20 Years)



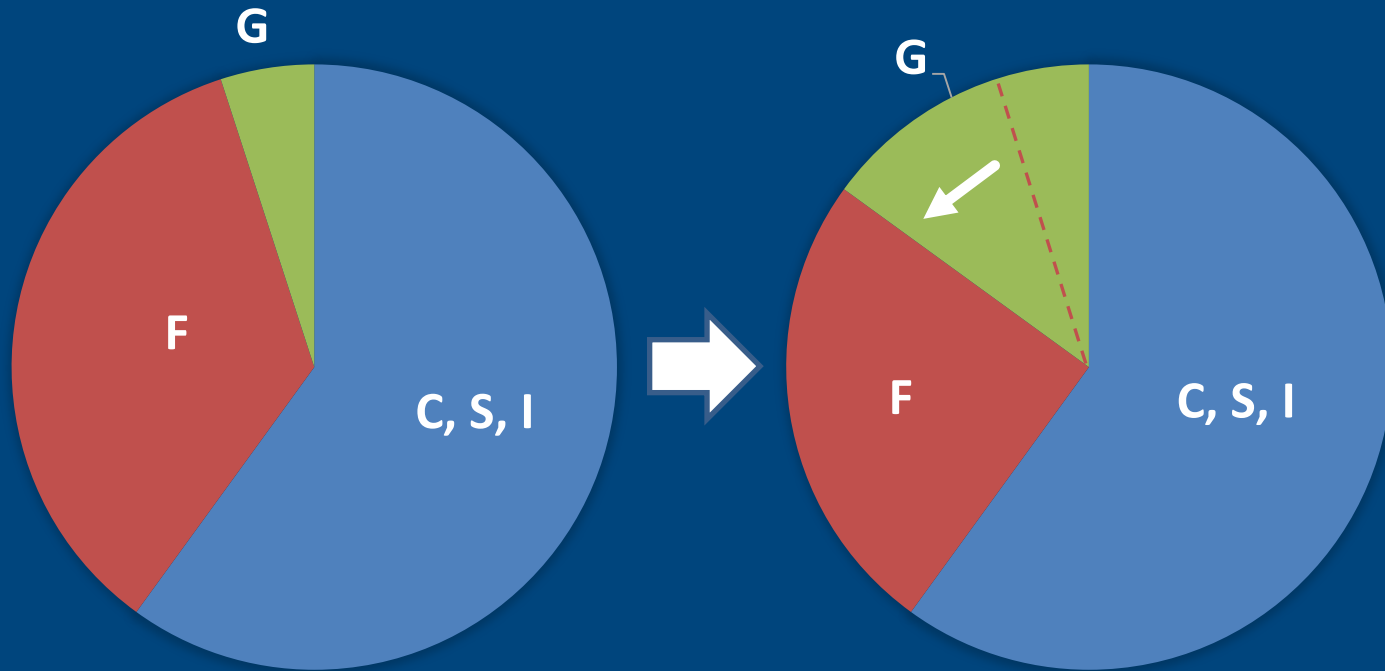
Market Review – Stocks vs. Bonds (1 Year)



Market Review – Stocks vs. Bonds (5 Years)



Tactical Recommendation



How Diversification Really Works

The Retirement Planning and Management Process



Diversification

- Intra-Market (Within Markets)
- Inter-Market (Between Markets)

Intra-Market Diversification

Occurs within a set of similar investment opportunities or “markets”

Intra-Market Diversification

Security A
Specific Risk
1

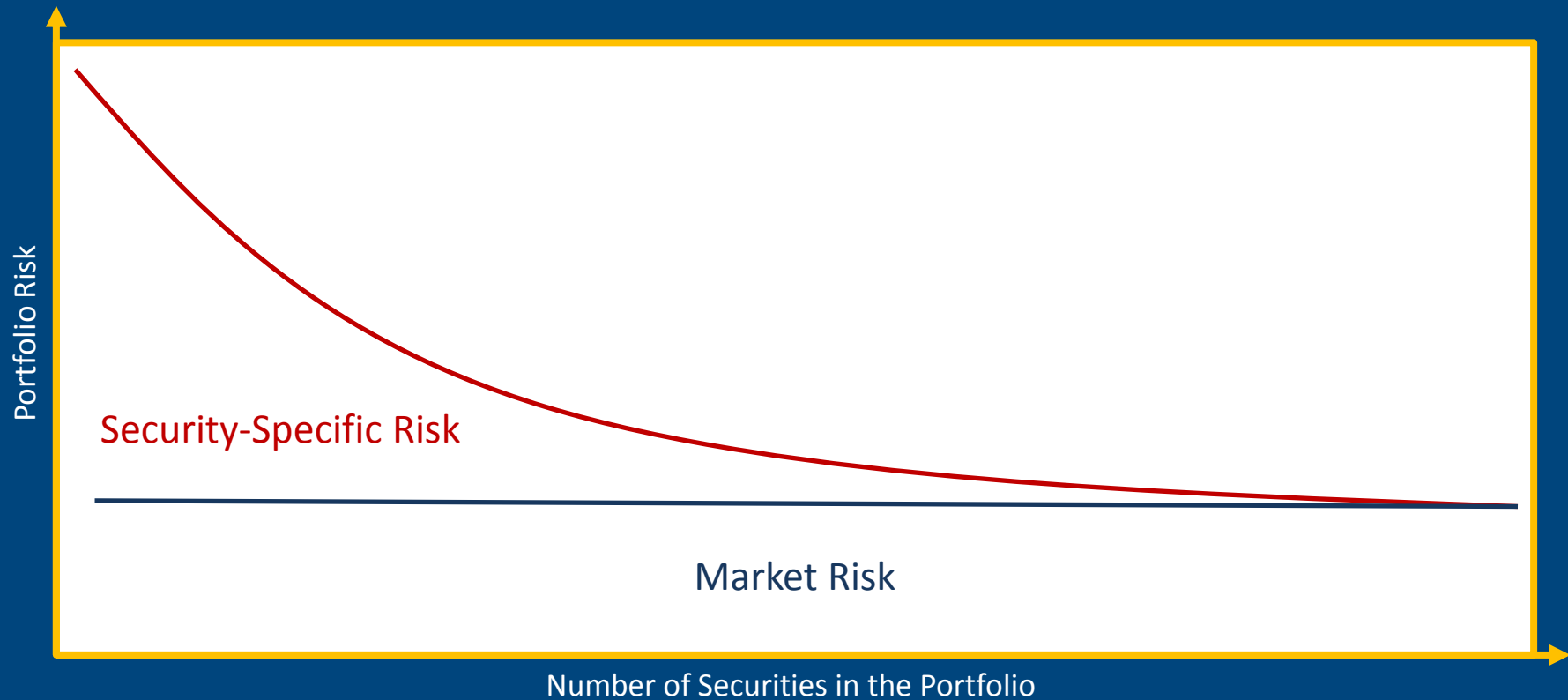
Intra-Market Diversification



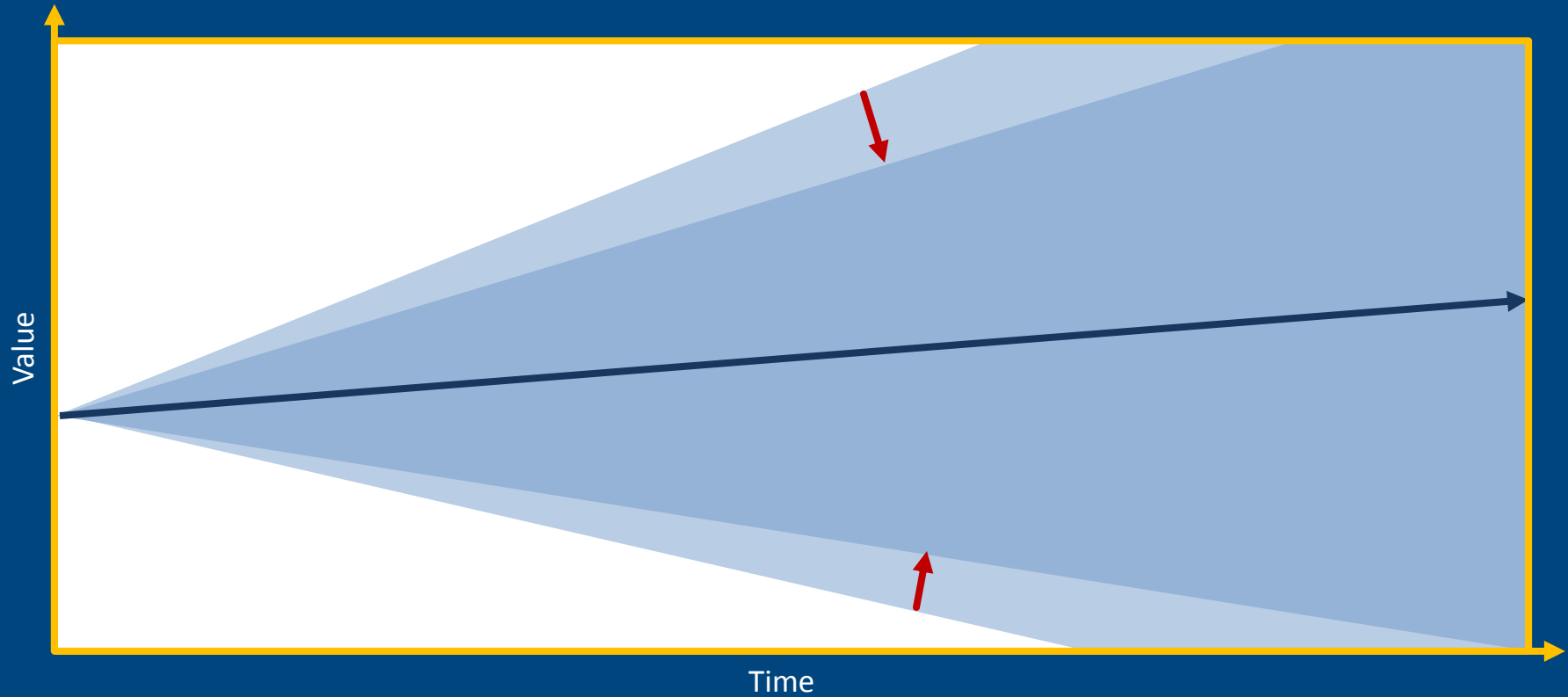
Intra-Market Diversification



Intra-Market Diversification



Intra-Market Diversification

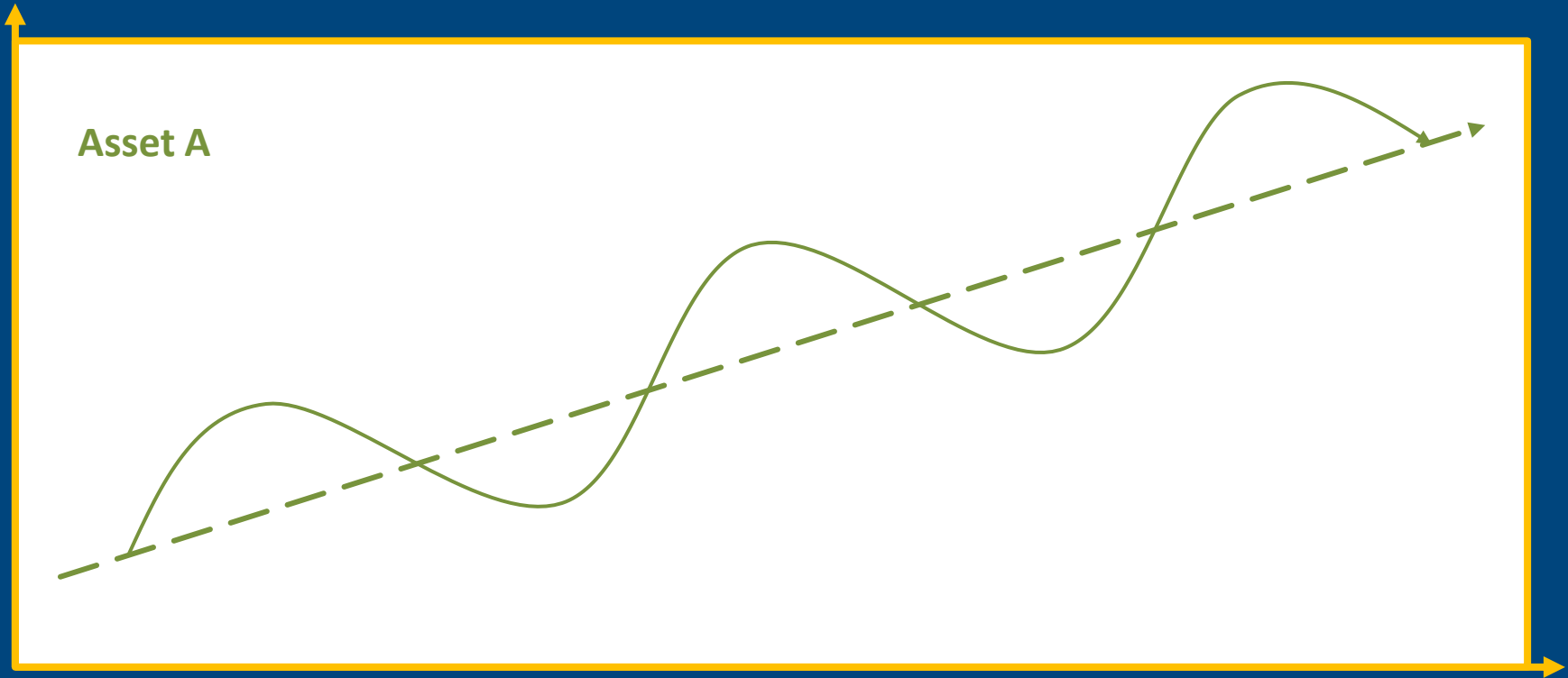


Inter-Market Diversification

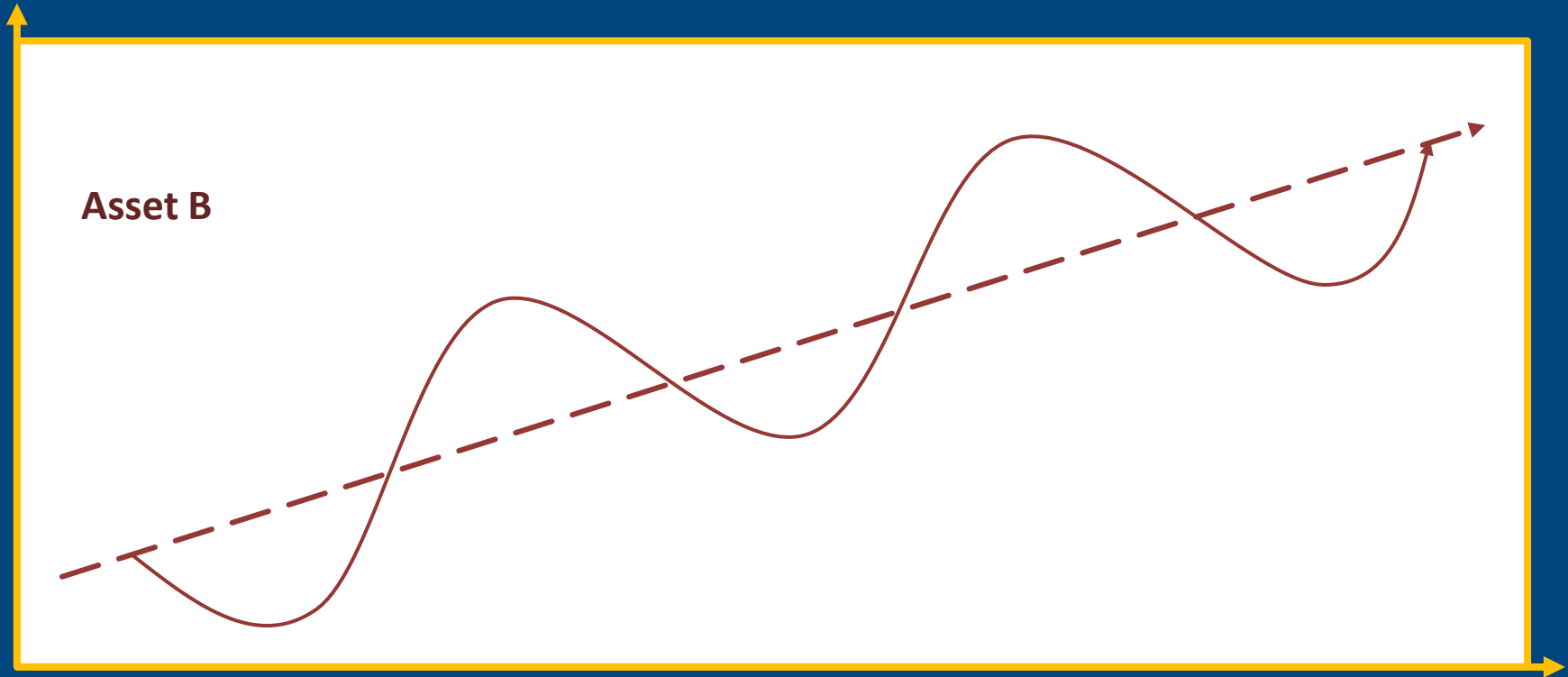
Occurs between and among different investment markets

Asset Allocation

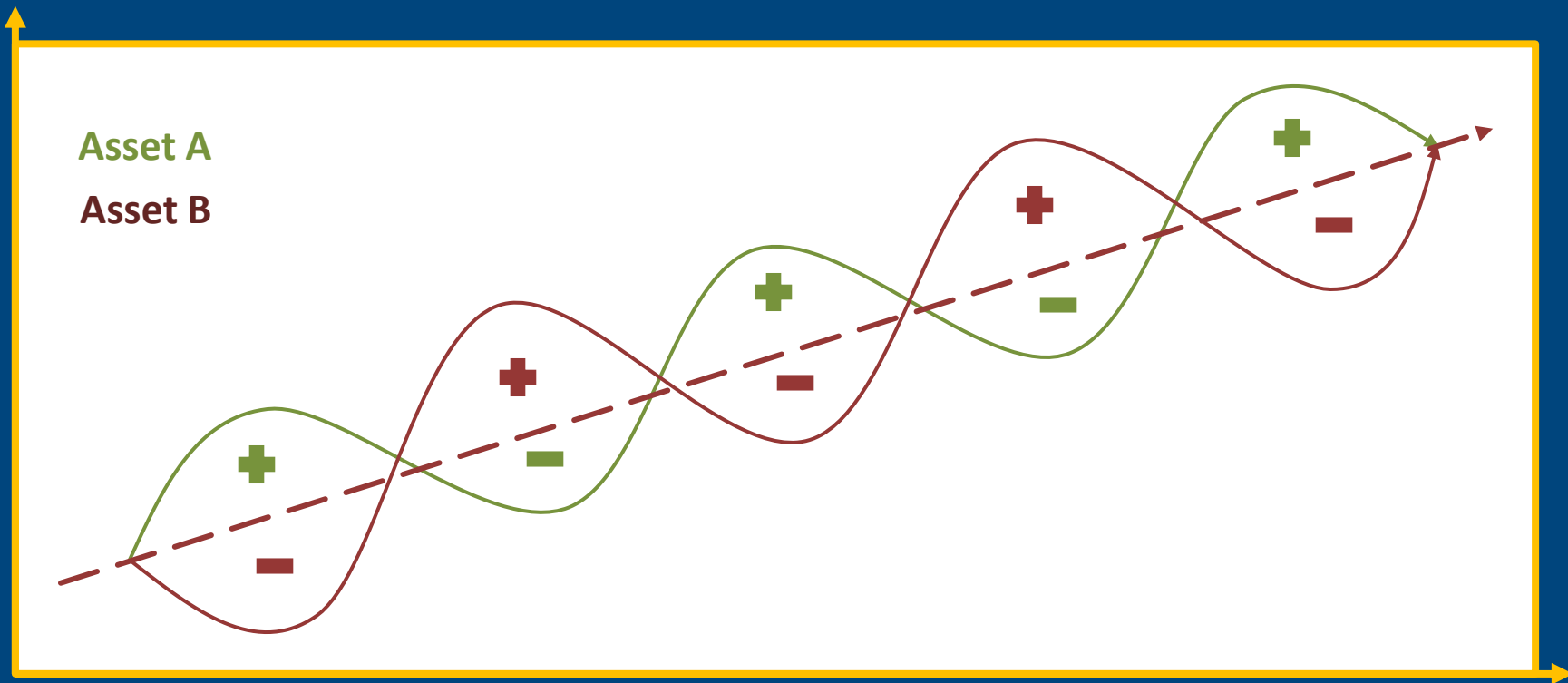
Inter-Market Diversification



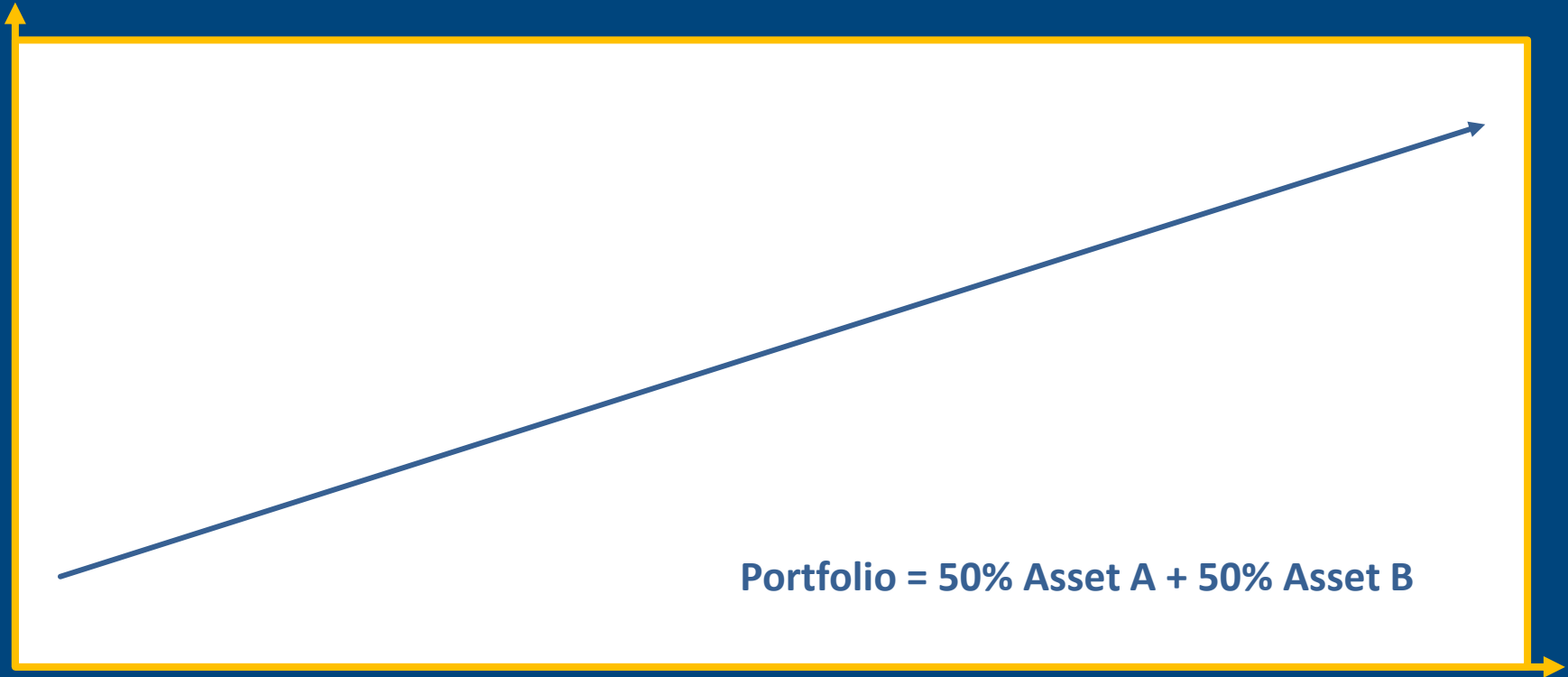
Inter-Market Diversification



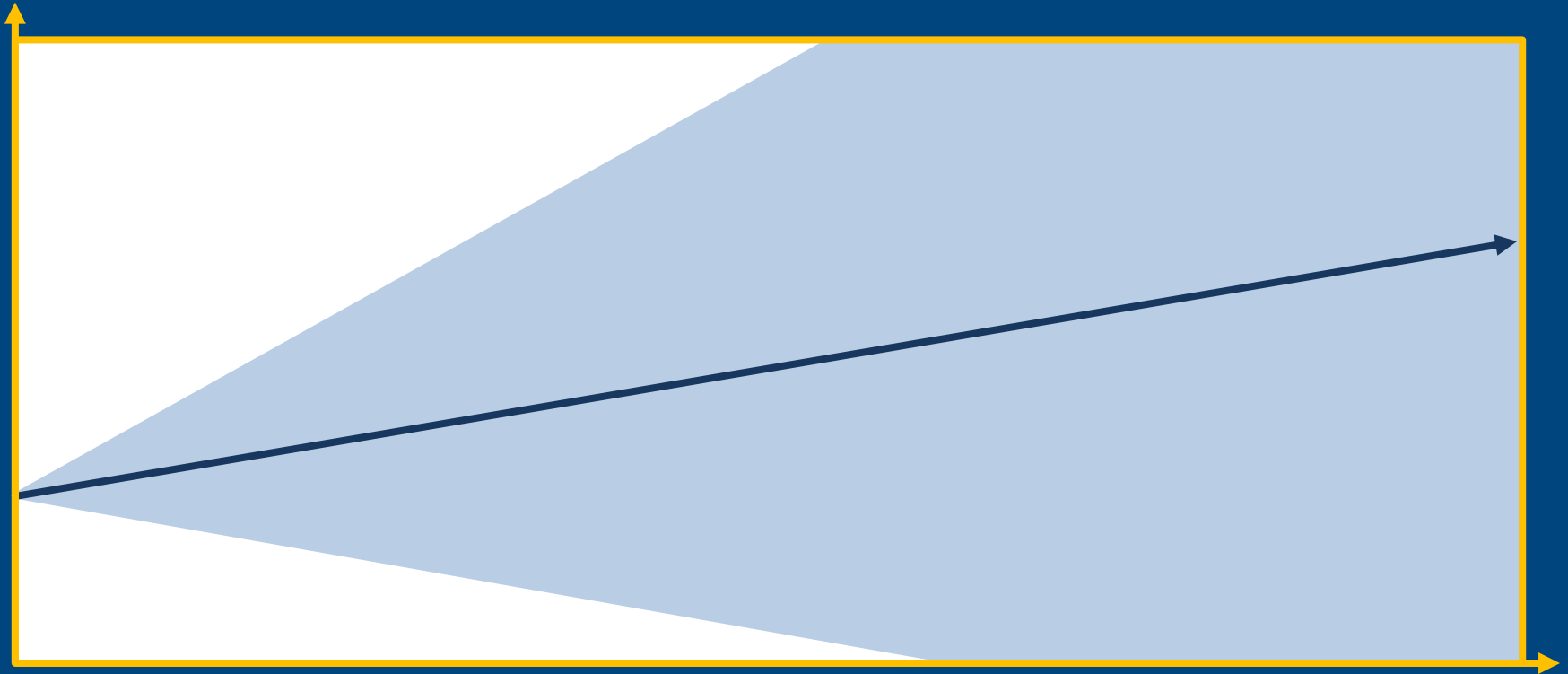
Inter-Market Diversification



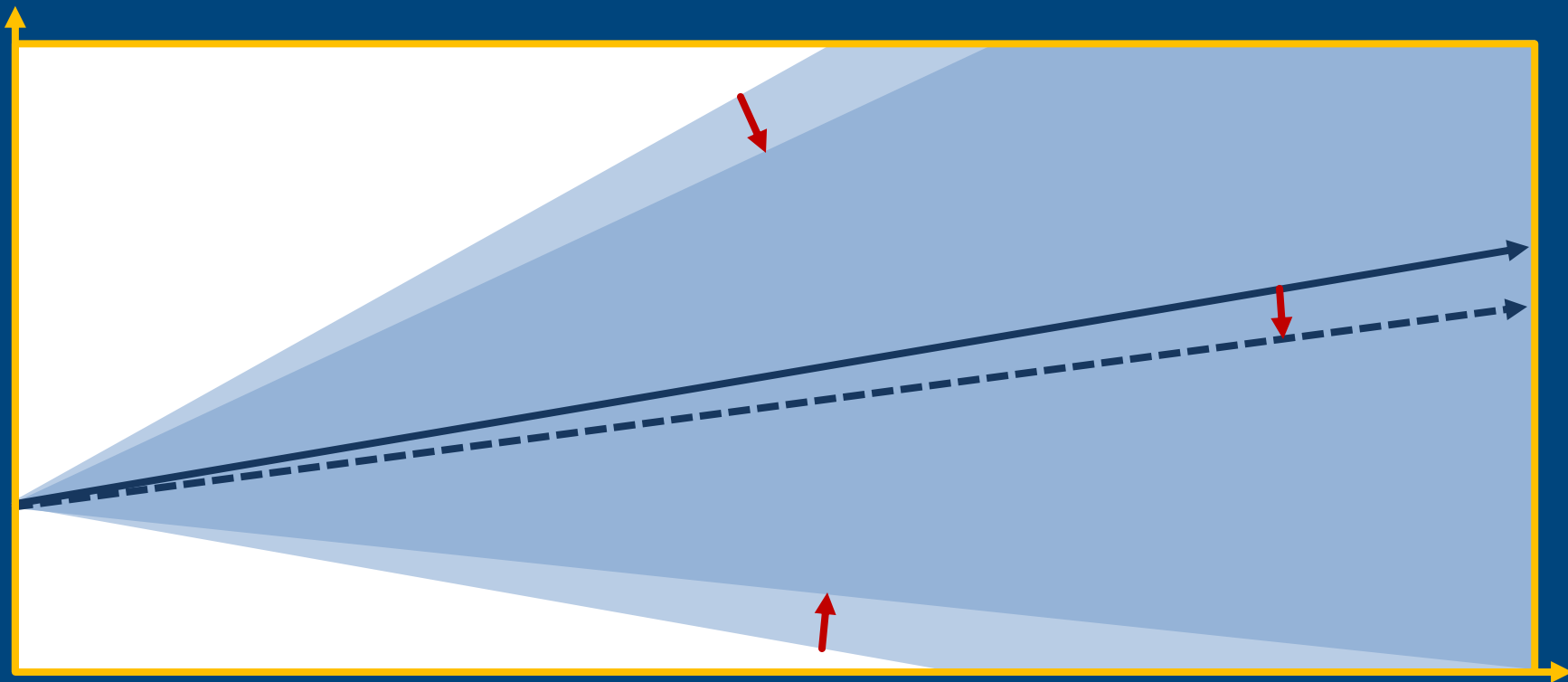
Inter-Market Diversification



Inter-Market Diversification

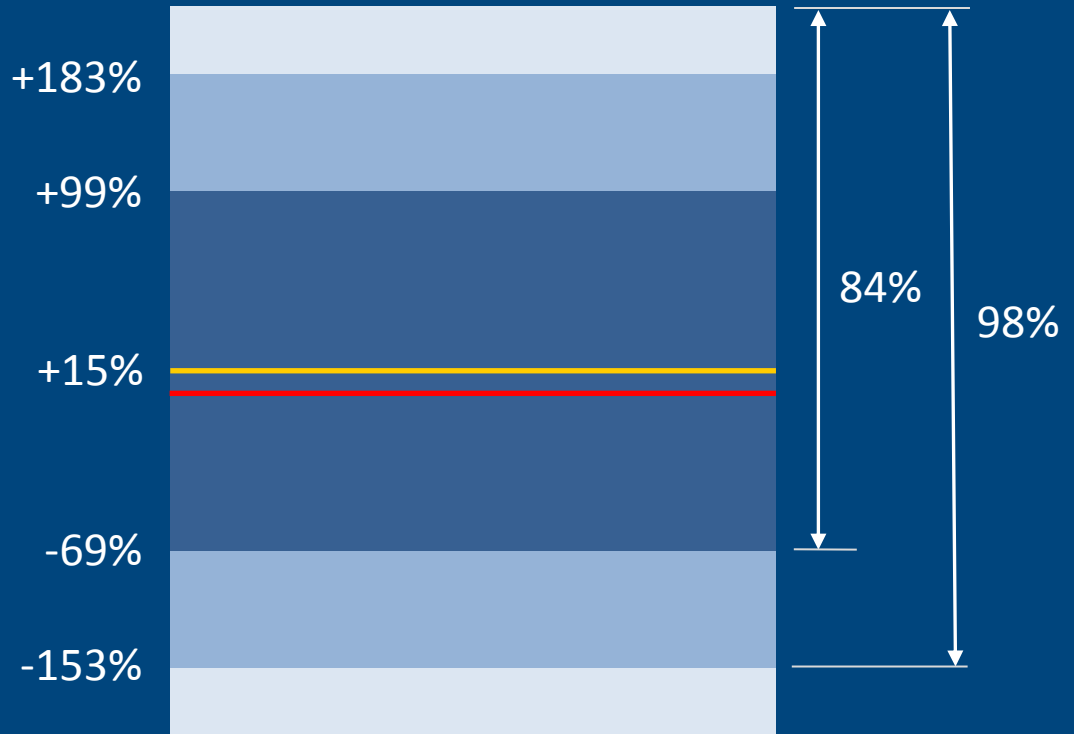


Inter-Market Diversification



Single Small Cap Stock

Expected Annual Return: 15%
Standard Deviation: 84%

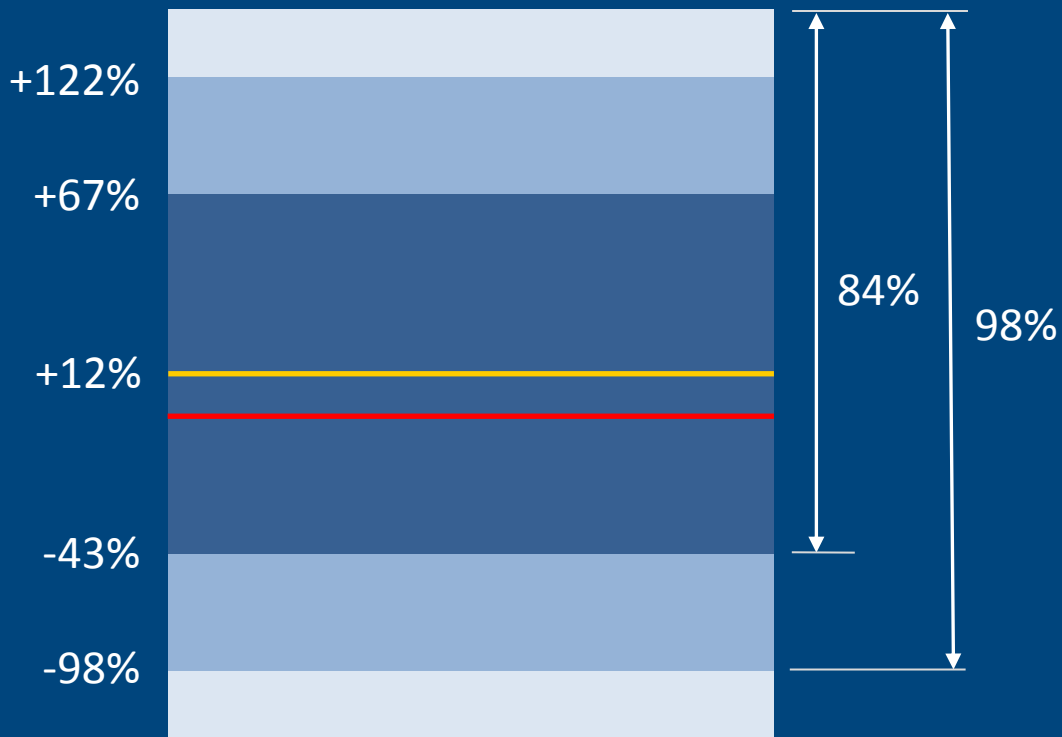


Portfolio Efficiency



Single Large Cap Stock

Expected Annual Return: 12%
Standard Deviation: 55%

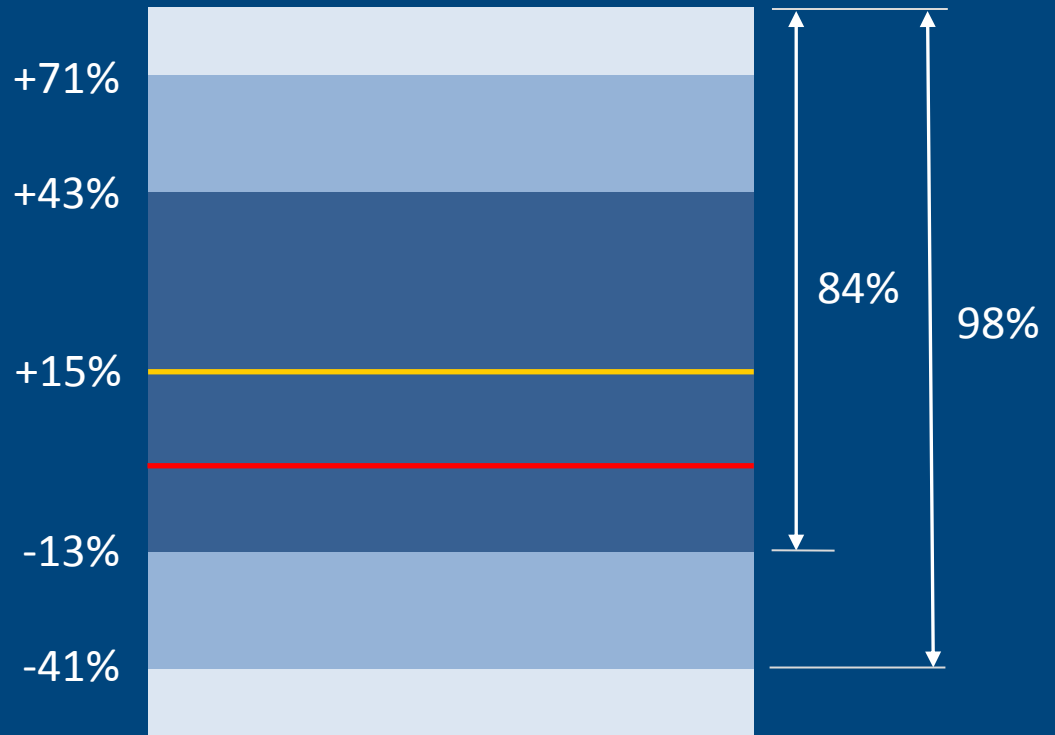


Portfolio Efficiency

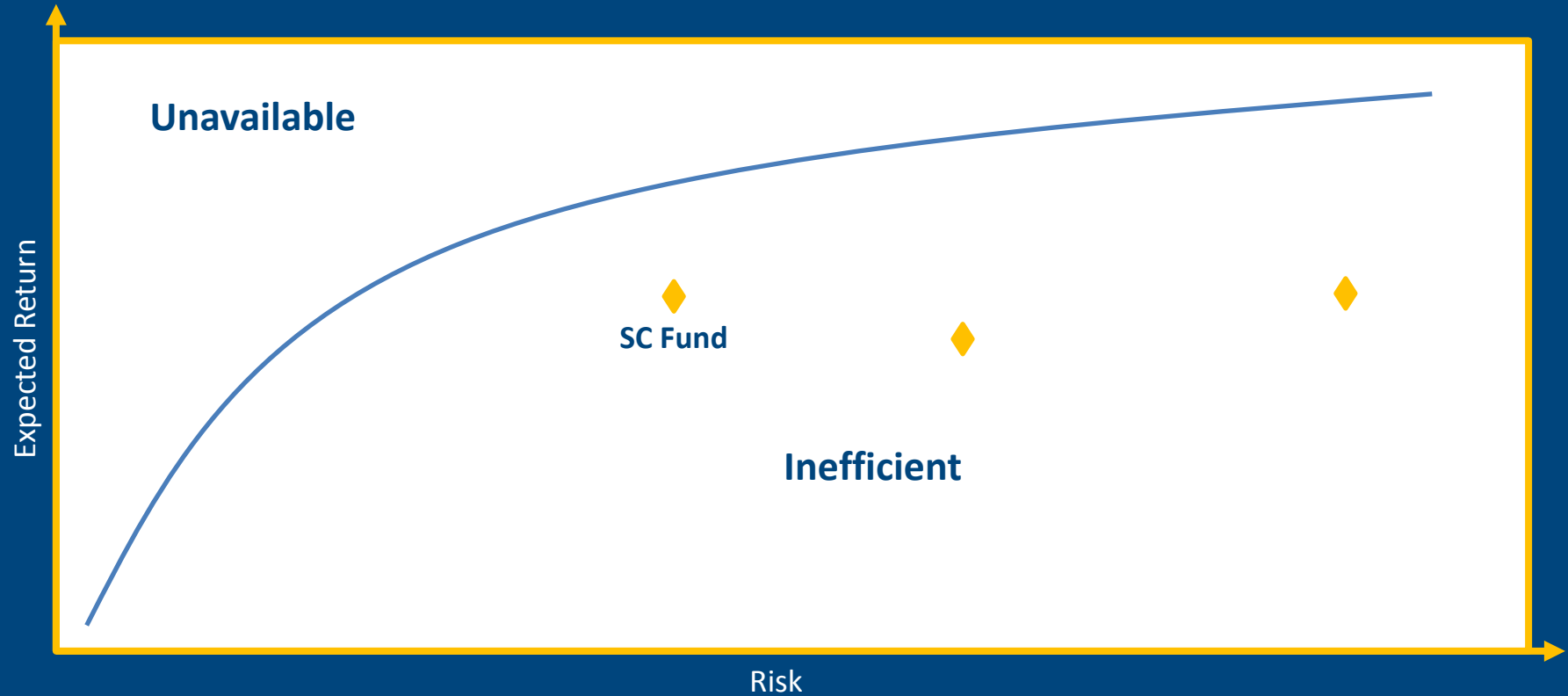


Small Cap U.S. Stocks – S Fund

Expected Annual Return: 15%
Standard Deviation: 28%

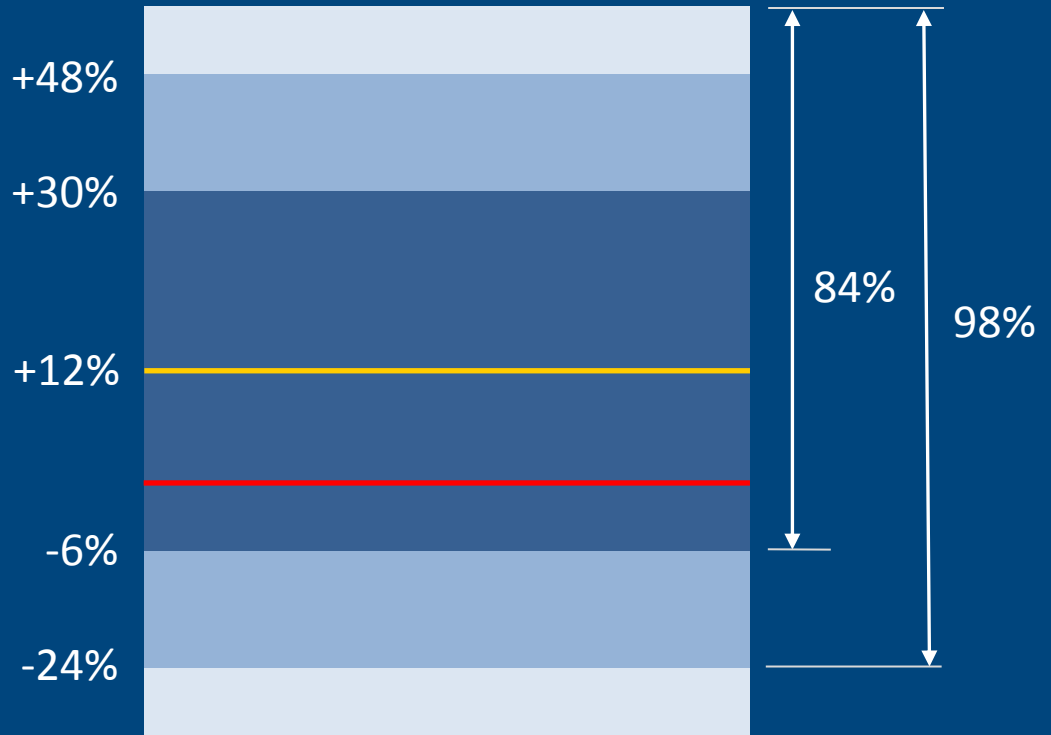


Portfolio Efficiency



Large Cap U.S. Stocks – C Fund

Expected Annual Return: 12%
Standard Deviation: 18%

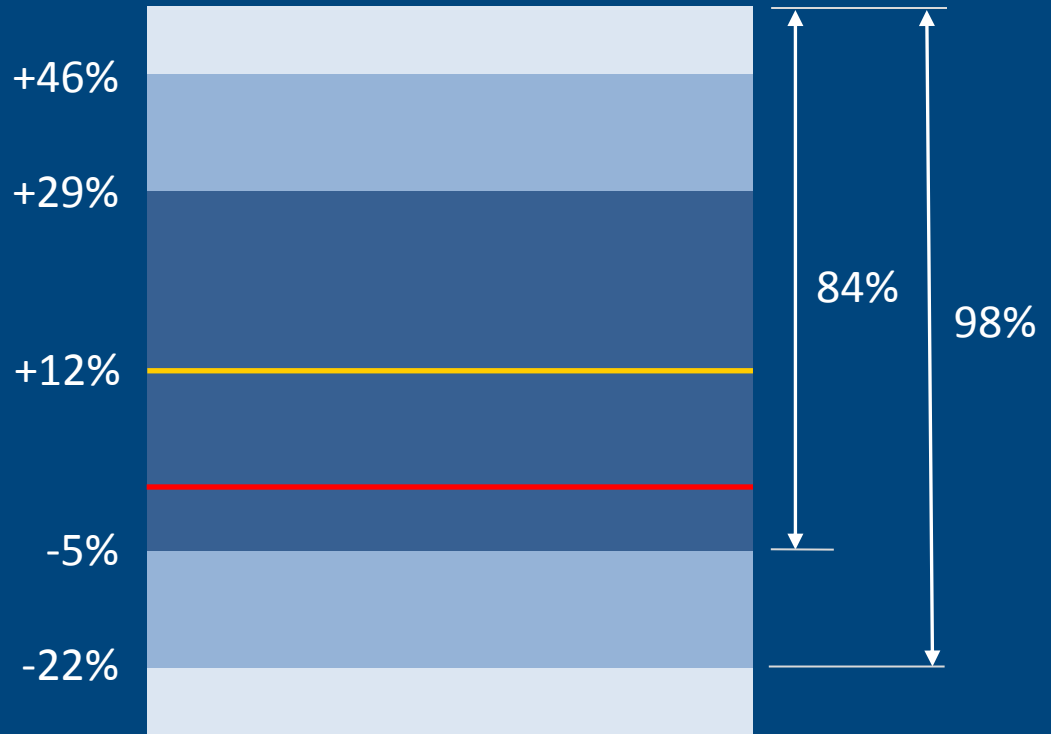


Portfolio Efficiency

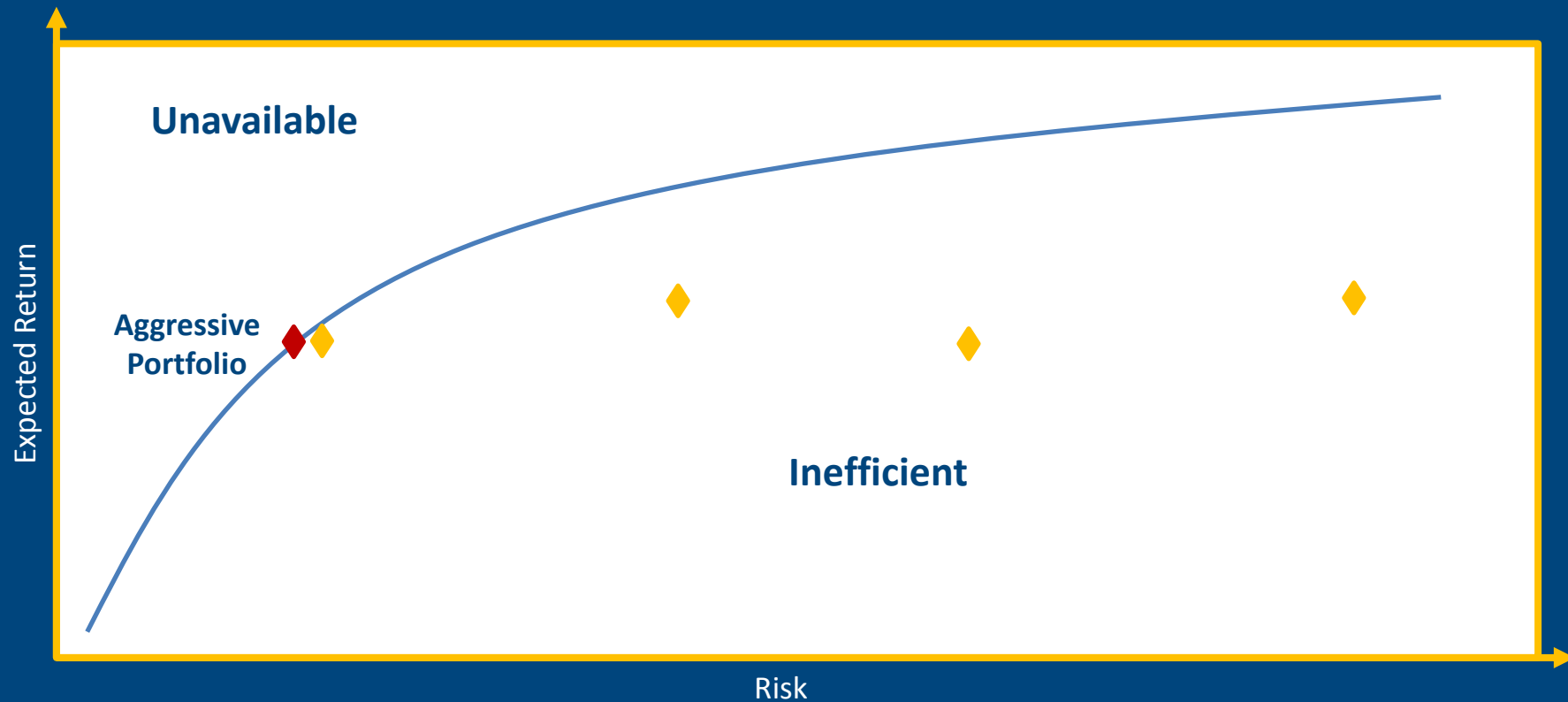


Aggressive Portfolio

55% C Fund
26% S Fund
9% I Fund
1% G Fund
9% F Fund

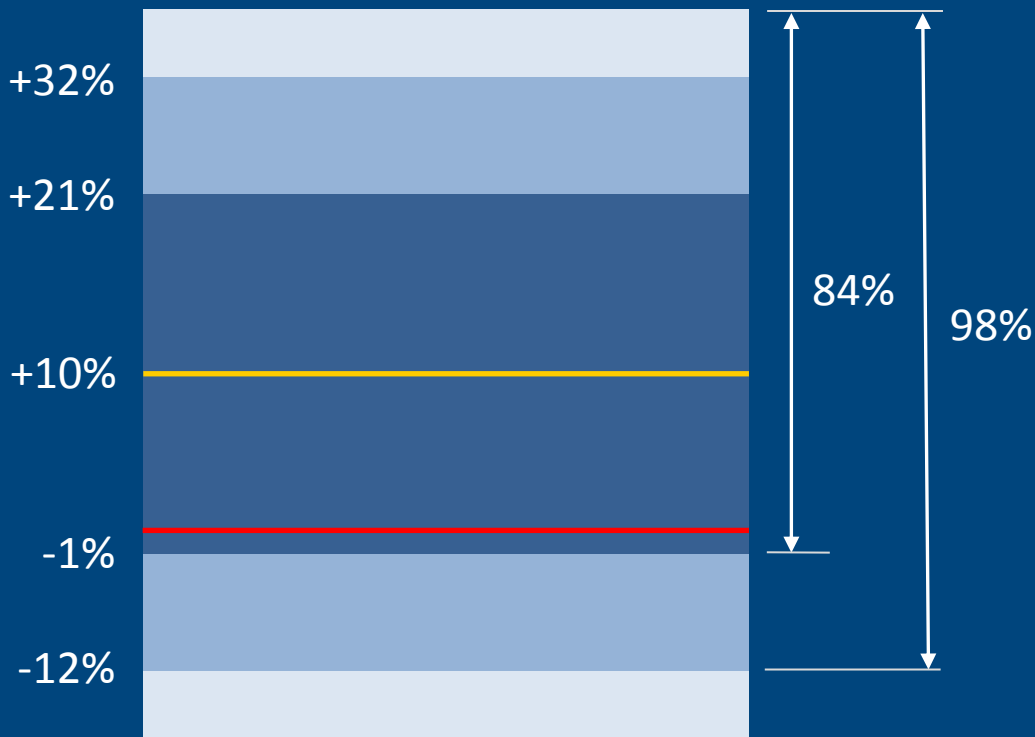


Portfolio Efficiency

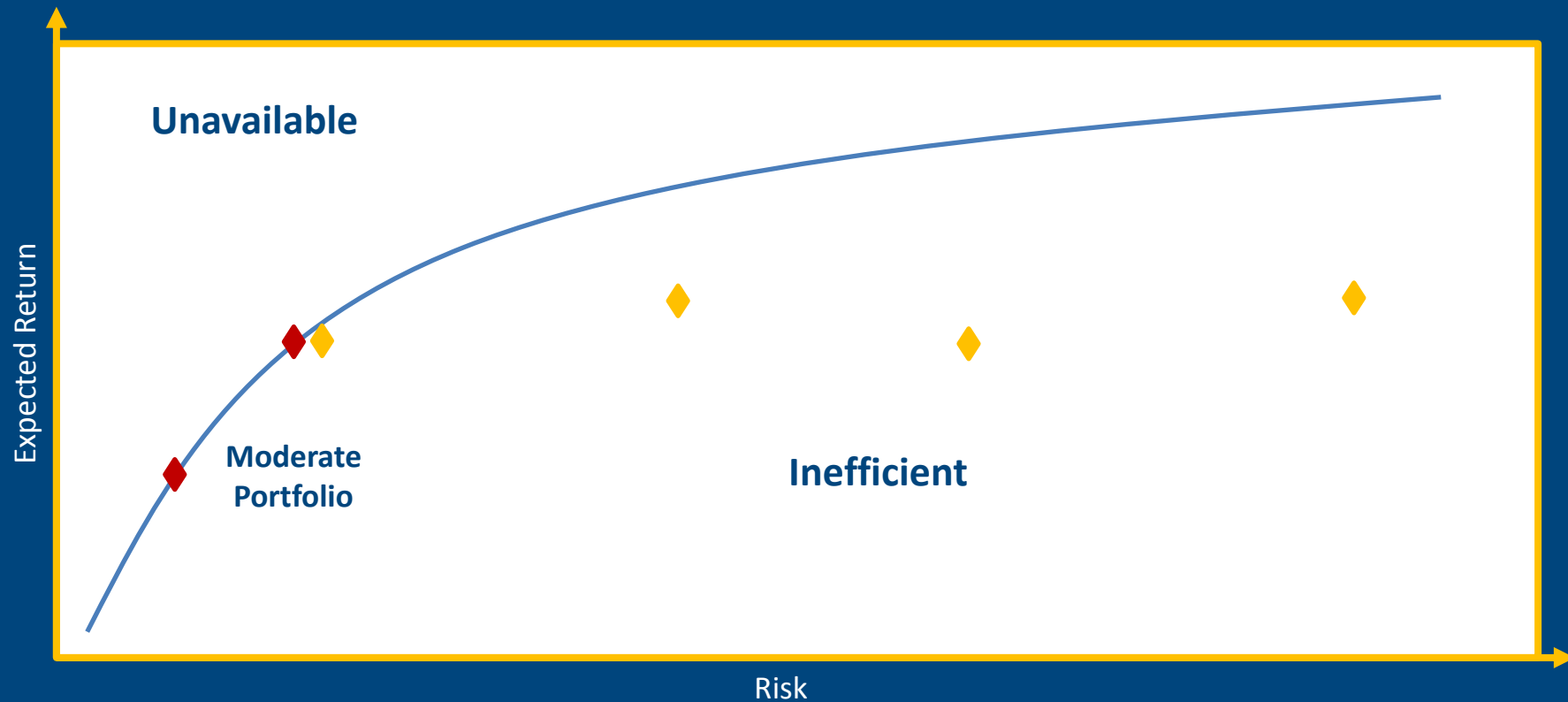


Moderate Portfolio

- 40% C Fund
- 15% S Fund
- 5% I Fund
- 3% G Fund
- 37% F Fund

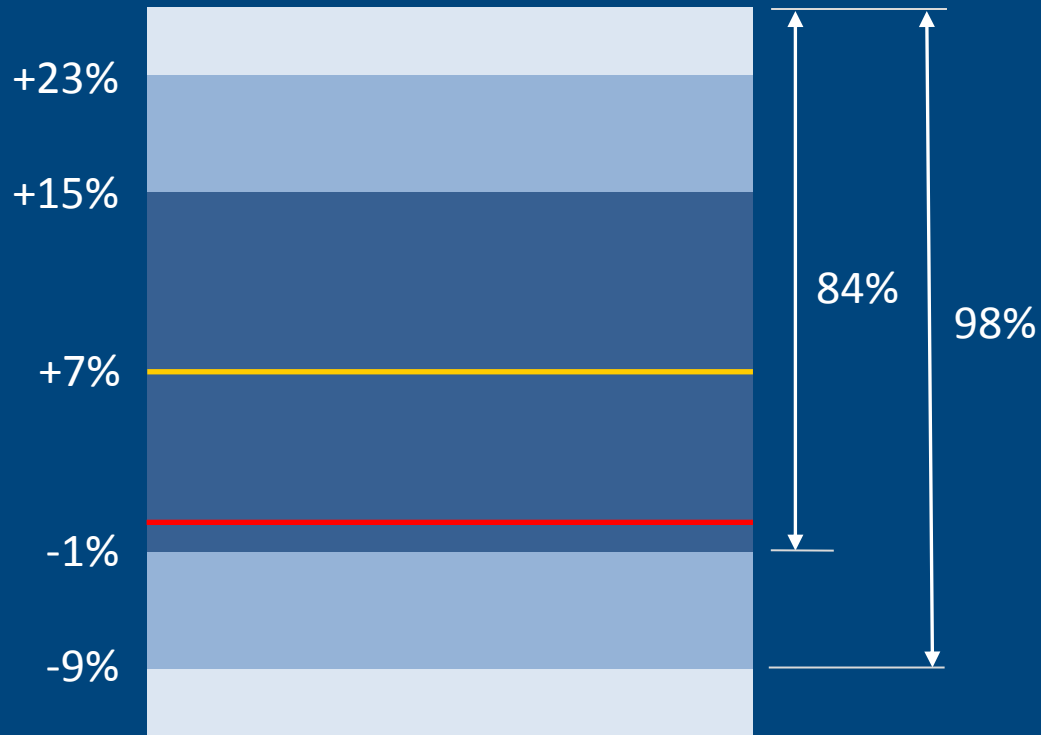


Portfolio Efficiency



Conservative Portfolio

20% C Fund
7% S Fund
3% I Fund
10% G Fund
60% F Fund



Portfolio Efficiency



Diversification

- Essential for Risk Efficiency
- Reduces Risk Faster than Return
 - Is Not Arbitrary
- Is Easily Accomplished in the TSP

Next Month:

Asset Classes and Types
- Diversification and Concentration
July 12 @ 12:00

www.seniorexecs.org

Questions / Comments / Suggestions



V A R I P L A N

Advanced Retirement Planning and Management

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