

FOR ADULTS ONLY

EMPLOYER SPONSORED 3-SESSION 401k WORKSHOP

Funded by 401(k) Plan Assets and/or Employee Payroll Deduction and/or Employer

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The goal of this workshop is to teach employees how to use the three tools described below that are necessary in order to manage their 401(k) account and other savings like a “pension plan”. This is done in three steps:

- First, Participants are assisted in developing a personal “business plan” that incorporates their present and future savings in the context of their future goals and spending objectives. This cash-flow-based approach quantifies all financially related issues and projects them into the future. The resulting report documents all future revenues to determine if lifestyle goals can be achieved.
(Tool #1: Financial Lifestyle AnalysisSM).
- Next, using the concepts of Modern Portfolio Theory and the Efficient Market Hypothesis as a foundation, participants are guided in building a comprehensive institutional-style investment plan.
(Tool #2: Asset Allocation Strategy).
- Finally, participants learn the importance of having a written investment plan and are assisted in preparing a document that outlines the specifics of how they will implement and manage their decisions. This will help them avoid making decisions based on fear or greed or “following the herd”.
(Tool #3: Investment Policy Statement).

In this interactive and experiential workshop participants will have the opportunity to develop these three “tools” in the context of their personal circumstances. Although this is done in a group setting, there is complete confidentiality that conforms to the fiduciary requirements in the CFP[®] Board’s *Standards of Professional Conduct: Code of Ethics and Professional Responsibility*, and the new *Fiduciary Rule*.

What follows is a brief discussion of these “tools”.

TOOL# 1: FINANCIAL LIFESTYLE ANALYSISSM

See Your Financial Future Today So You Can Make Good Financial Decisions To Achieve Your Goals

The Financial Lifestyle AnalysisTM is a cash-flow-based tool that allows you to “preview” your financial life like a video on fast forward. This way you can see and understand the future impact of the decisions you are making today and determine:

- What your retirement lifestyle will be like.
- If you are saving enough or too much.
- How much money you can take out of savings each year to supplement your retirement income.
- What rate of return your overall portfolio is earning.
- If your money is earning enough.
- If you can retire earlier than you planned.

TOOL #2: ASSET ALLOCATION ANALYSIS

Learn A Process for Making Investment Decisions - Balancing Financial Risk

1. Decide the rate of return that is necessary to achieve the objectives of your financial plan.
2. Determine your risk profile based on emotional tolerance for risk and financial capacity for volatility.
3. Select which asset classes you want to work with and place limits on the maximum or minimum percentage of your investment portfolio that you would consider placing in each asset class.
4. Forecast the “efficient” portfolio that finds the optimal balance between risk and rate of return and detail out the percentage of your money that should be put in each asset class.
5. Develop an implementation strategy to move money from your current investment mix to achieve the percentages in the proposed “efficient” portfolio on which your Investment Policy Statement is based.
6. Monitor your portfolio to make sure it follows your Investment Policy Statement and rebalance when necessary to get back on course.
7. Periodically review your Financial Lifestyle AnalysisSM, your Investment Policy Statement and your Asset Allocation to adjust for changes in market conditions and personal objectives.

TOOL #3: INVESTMENT POLICY STATEMENT

Create A Personal Implementation Guide In Class To Help You Formalize Investment Decisions

- Identify all current assets
- Establish responsible parties
- Identify purpose of portfolio
- Agree on general expectations
- Identify investment objectives
- Research ideal asset allocation
- Investment selection criteria
- Performance monitoring
- Rebalancing portfolio
- Portfolio review cycle

NOTE:

The focus of this hands-on workshop is to train participants in the use of actuarial and investment tools to manage their 401(k) and other retirement assets like a typical pension plan. It is designed to give people a high level of control and the confidence to do all this on their own. On the other hand, when they need professional assistance, the knowledge and skills gained in this workshop will enable them to make better decisions with the financial services available in the marketplace.

The three experiential sessions are each a week apart. This allows participants to “absorb” the information from each session and connect it to the next. This layered “building blocks” process has been validated as a very effective method in helping consumers improve their finances since 1982. T.L.