YOUR FINANCIAL FUTURE

Your Guide to Life Planning

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I hope this educational resource proves helpful. I believe an educated investor is a better investor. Please call me if you have questions.

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Market Insight | Q3 2014 Review | "Stocks Post Another Winning Quarter"

A Look Forward

We expect U.S. economic growth to exit 2014 at a run rate of economic growth of 3%, supported by improving business spending, the elimination of the drag from fiscal policy, and improving global growth.

Our forecast for the stock market in 2014 remains for 10 - 15% returns, based on a continuation of the 5 - 10% earnings growth experienced during the first half of the year and still reasonable valuations, especially when considering low interest rates and low inflation.

Strong performance in 2014 has left the bond market richly valued in our view. We do not believe the yield compensates investors for the interest rate risk, and we expect stronger global growth and higher inflation to lift yields over the balance of the year, weighing on bond market returns.

Click here for the complete LPL Financial Market Insight.

Market Outlook Update Video | Fall 2014

LPL Financial Research Presents a 3-Minute Video Update

The video features LPL Financial Research's Anthony Valeri, Fixed Income and Investment Strategist and John Canally, Chief Economic Strategist, as they discuss the Fall 2014 Market Outlook.

Please click here for the link to the video: **Market Outlook Update: Fall 2014**

Take Steps to Keep Your Retirement Income Stream Flowing

A number of factors will influence your choice of withdrawal rates including your longevity, the potential impact of inflation on your assets, and the variability of investment returns.

After years of accumulating assets, the time will come for you to begin drawing on those assets to provide income throughout retirement. Before that day arrives, be sure to consider some steps to assist you in keeping your retirement income stream flowing.

Set a Sustainable Withdrawal Rate

As tax-advantaged retirement savings vehicles such as 401(k)s and IRAs have proliferated, so too has the trend toward self-funding of retirement. In the future, the share of personal assets required to fund retirement is sure to grow, which makes knowing how much you can withdraw from your investment accounts each year -- and still maintain a healthy cushion against uncertain market and personal circumstances -- a necessity to any retirement income plan.

A number of factors will influence your choice of withdrawal rates. These include your longevity, the potential impact of inflation on your assets, and the variability of investment returns. Therefore, when crafting a retirement asset allocation, a key question will be how much to allocate to stocks.[1] Certainly you will want to maintain enough growth potential to protect against inflation, yet you will also need to be wary of being too exposed to stock market gyrations. Generally speaking, those who have planned well and amassed enough assets to comfortably finance retirement may be in a better position to include more stocks in their portfolios than those who enter retirement with less.

Developing a Withdrawal Rate

The goal of your withdrawal plan is to crack your nest egg in such a way as to provide a reliable stream of income for as long as you live. The question is, "How much can I plan to withdraw each year without depleting my financial resources?" Academic studies suggest a yearly withdrawal rate of 3% to 4% of your portfolio's value based on an asset allocation of 60% stocks and 40% cash and fixed-income investments.[2] By staying within this withdrawal range you potentially should be able to maintain your portfolio's value in real, inflation-adjusted terms for an extended period of years, although past performance is no guarantee of future results.

Tax Rules Affecting Retirement Account Withdrawals

IRA and other retirement plan owners may be subject to a 10% income tax penalty if withdrawals begin before age 59½. Also, mandatory withdrawals, called "required minimum distributions" or "RMDs," must begin by age 70½. Failure to take full RMDs may result in a penalty tax of 50% of the required distribution amount.

Consult with your tax and/or financial advisor for additional help analyzing your specific situation. You should also revisit your personal withdrawal strategy each year, as your situation and tax laws may change.

[1]*Asset allocation does not assure a profit or protect against a loss. Investing in stocks involves risks, including loss of principal.*

[2]*This example is hypothetical and not intended as investment advice. Your results will vary.*

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Your Advisor: A Partner in Pursuing Lifelong Financial Goals

Your advisor can help you review your financial goals and time frames and match them to your tolerance for investment risk.

Need help managing your financial life? An investment professional is a tremendous resource to tap for financial planning information throughout your lifetime. For instance, your financial advisor can help you with:

Short-term savings: Avoid piling up debt when unexpected expenses come your way by having at least three months of living expenses available at all times. If you don't have an "emergency" fund, your financial advisor can help you figure out how to build one.

Investing for long-term goals: Your investment professional can help you determine how much you will need to retire and then work with you to build a portfolio to pursue the kind of retirement you have in mind. He or she can also help you come up with creative funding solutions for your children's education.

Estate planning: Contrary to popular thinking, estate planning is not just for the wealthy. Creating a will and naming a health care proxy (someone who makes medical decisions for you if you are incapacitated) and durable power of attorney (someone designated to decide financial matters if you are unable to do so) can make sure your wishes are honored. Consider using a qualified professional to develop an appropriate plan.

Three Tips for a Smooth Financial Meeting

Prepare for an appointment with a financial advisor by keeping this pre-meeting checklist in mind.

1. **Organize your thoughts and set priorities.** Think about your financial goals and time frames. Your advisor will be able to help you review these issues and match them to your tolerance for investment risk. Also discuss your top areas of financial concerns, such as reducing debt.
2. **Gather the appropriate paperwork.** You'll likely need to bring financial documents, such as investment account statements and tax returns, to your first meeting. Call in advance and ask what documents would be helpful.
3. **Prepare questions for your advisor.** It's important that you feel comfortable with your advisor and the services provided. Ask about the type and level of advice you should expect. Talk about how often you should meet for a "checkup" or to rebalance your portfolio.[1]

[1]*Rebalancing strategies may involve tax consequences, especially for non-tax-deferred accounts.*

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The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

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