

Creating Wealth with Investments

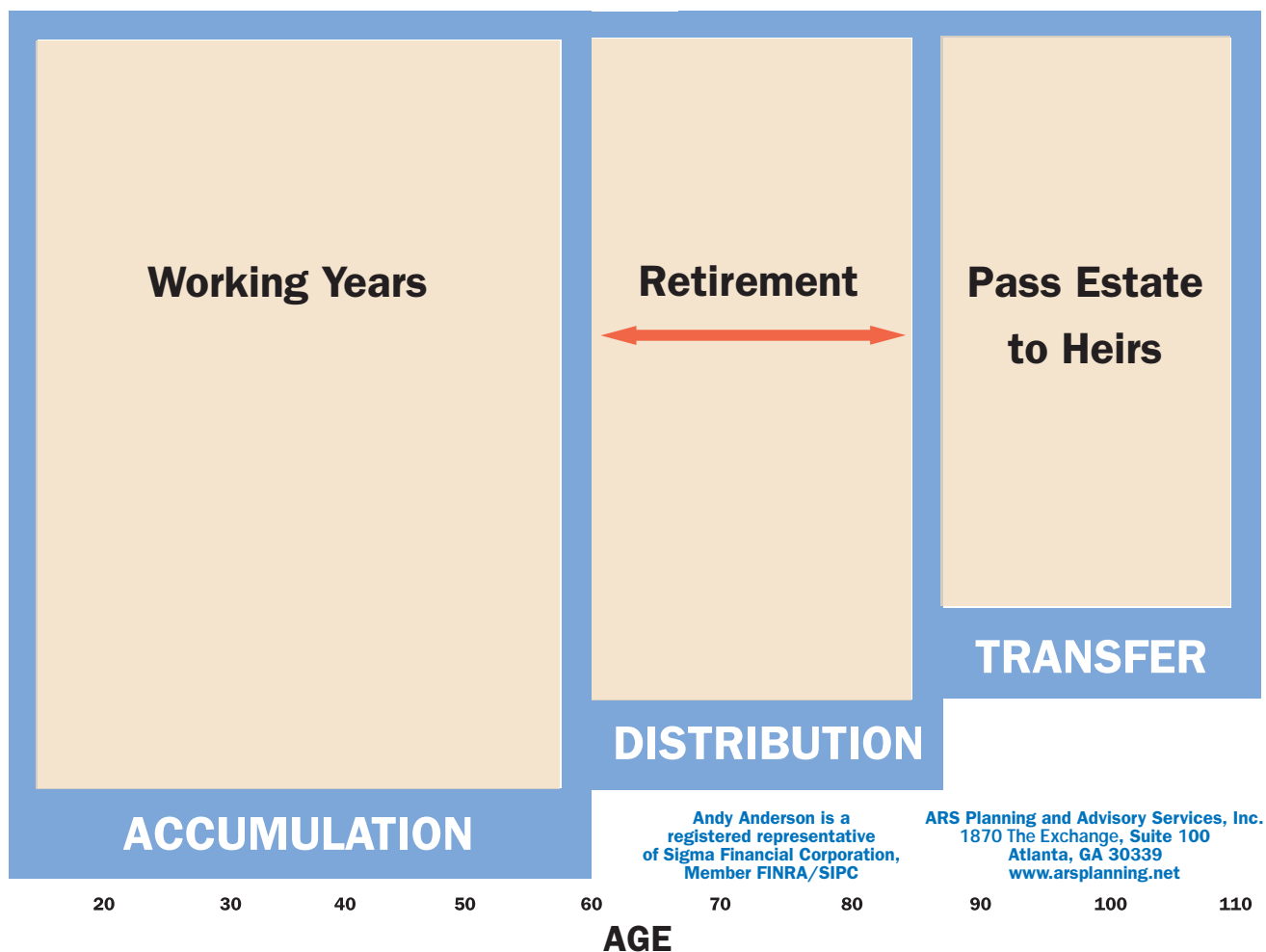
INVESTMENT MODULE

Creating and Managing your wealth requires forethought, foresight and anticipation. The investor should have a plan of action for each stage of their investment cycle. The investment and investor module will cover each stage of the Life Cycle for the investor and the investment.

The presentation will show you how proper planning and systems of investing can aid you in your attempt to reach and maintain your financial independence.

WISDOM IS THE APPLICATION OF KNOWLEDGE

INVESTMENTS AND INVESTOR-STAGES OF THEIR LIFE CYCLE



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Investment and the Investor's Life Cycle

Introduction:

Where the investor is in their Life Cycle and how their investments are allocated during these stages are very important because of Risk, Liquidity, Performance and Tax Consequences.

■ What stage of life am I in?

■ What investments are suitable for me at this stage of my life cycle?

The Asset and Tax Allocation Model clarifies the position of your investments which affect your risk, liquidity performance and your tax consequences.

■ The foundation of your plan

Emergency Reserves are at least 3 to 6 months of your monthly expenses on reserve in a liquid position (money you can get to quickly)

Risk Management is transferring risk you cannot assume on your own to someone else.

Adjust you plan and Foundation as needed.

■ **The Asset and Tax Allocation model** will help individuals allocate their portfolio; weighing risk and reward, categories of investments, and tax consequences.

Stages of the Investor's Life Cycle

Agenda:

- Stages of the Investor, Risk vs Reward, Categories of Investments, Taxes and Inflation, and Asset and Tax Allocation.

Should you insure some of your investments with living benefits?

Stages of the Investor are Accumulation, Distribution and Transfer.

■ Accumulation:

Growing your wealth and accumulating your assets.

1. Maintaining the right asset mix and tax allocation may help in the overall performance, and tax consequences later in the ***Distribution and Transfer stages***. Asset Allocation does not guarantee against loss; it is a method used to help manage risk.

2. The age, risk tolerance, and liquidity needs of the investor will be an important consideration while attempting to win the battle against inflation.

■ Distribution:

1. Retirement
2. Passive Income: When you receive income from your assets.

■ Transfer:

When you give it away to others. (Estate Planning)

Balancing Risk and Rewards

■ **Risk vs Reward:** Throughout the entire planning process you must balance the chance of gain against the probability of loss.

As we discuss investments also remember liquidity and how that interrelates with risk.

Categories of Investments

■ **Investments:**

Bond

- Money Market
- Government Securities
- Municipal
- Zero Coupon
- Corporate

Stock

- Preferred
- Income
- Blue Chip
- Cyclical
- Growth
- Speculative

Other

- Mutual Funds (their sub categories) etc.
- ETFs (Exchange Traded Funds)
- Unit Investment Trust
- Variable Annuities
- Real Estate
- Precious Metal
- Limited Partnership
- Commodities
- Other

Selecting Your Investments

Items to Consider:

- **What investments are suitable:** (appropriate, fitting and proper)

- **What stage or phase of life am I in?**

Circle one:

Accumulation Distribution Transfer

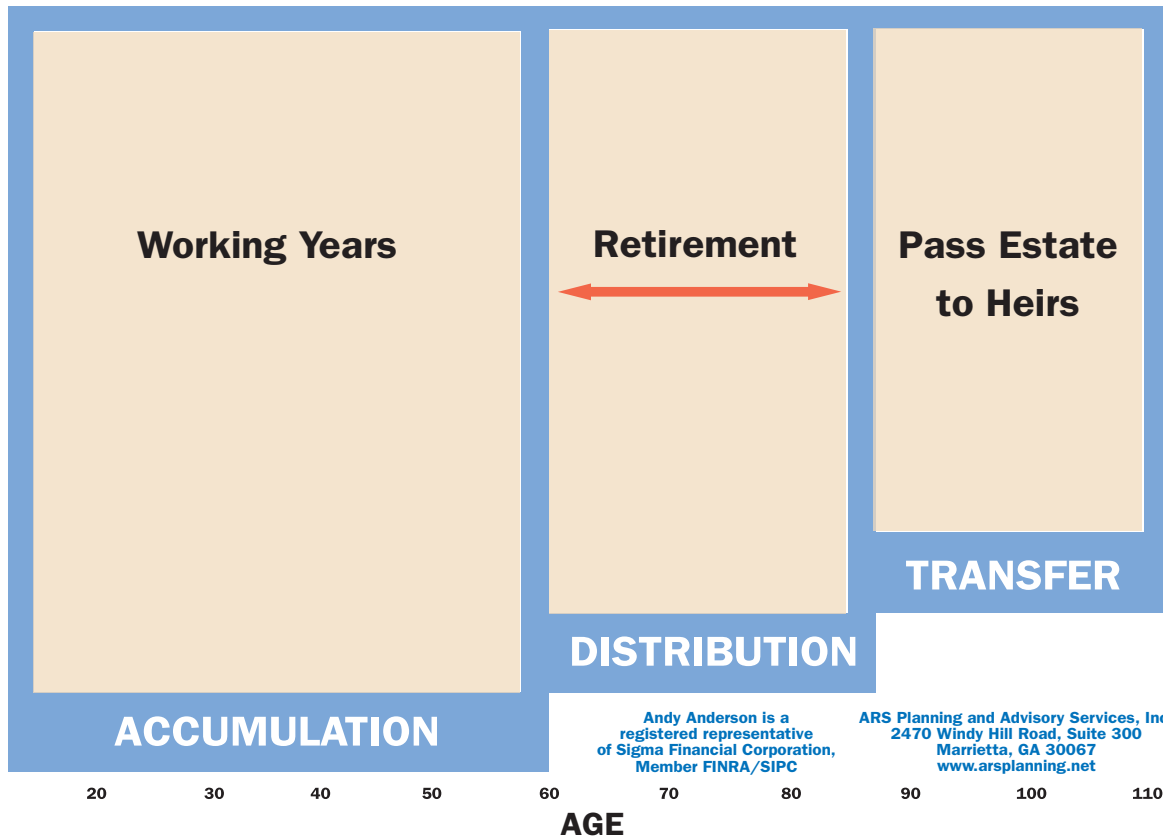
- **How will the investment choices I make now affect the stage I am in later?**

- **Be aware of your risk tolerance, risk management, cash flow, taxes, time and inflation.**

- **Consider any other factors that affect you and your family.**
Life changing events, upcoming expenses, needs, desires, etc.

All the questions above help to clarify your goals and adjust your Asset and Tax allocation, to best fit your individual needs.

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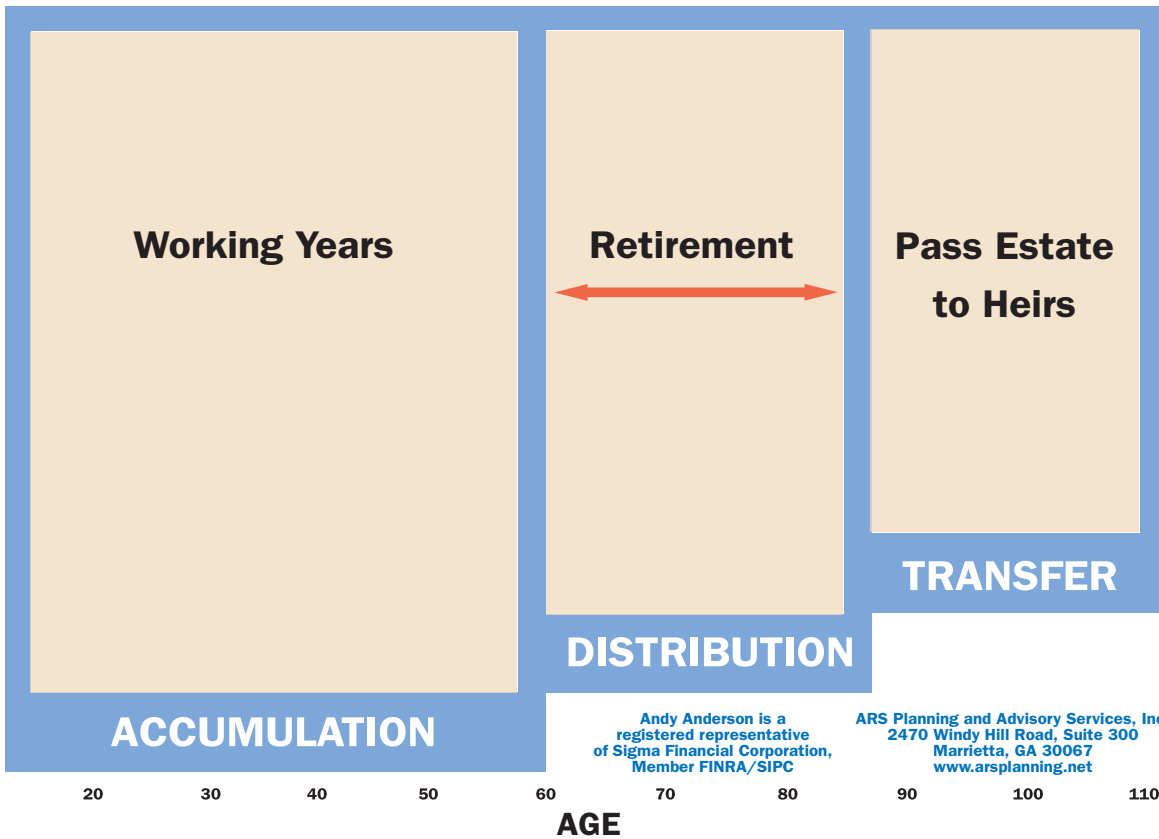
ASSET AND TAX ALLOCATION MODEL

	TAXABLE	TAX DEFERRED	TAX FREE
HIGH RISK EQUITIES	LIMITED PARTNERSHIP SMALL CAP VALUE MUTUAL FUND REAL ESTATE INVESTMENT TRUST	401K FUNDED WITH LARGE CAP GROWTH MF SMALL CAP VALUE MF MID CAP VALUE MF	ROTH IRA FUNDED WITH LARGE CAP VALUE STOCK MUTUAL FUND PREFERRED STOCK IN XYZ COMPANY COMMON STOCK IN XYZ COMPANY
FIXED	MONEY MARKET ACCOUNT CHECKING ACCOUNT	IRA FUNDED WITH US GOV. BONDS CORPORATE BONDS BOND MUTUAL FUND	MUNICIPAL BOND
INSURED LOW RISK	CD		ROTH IRA FUNDED WITH CD CERTIFICATE OF DEPOSIT

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ASSET AND TAX ALLOCATION MODEL

	TAXABLE	TAX DEFERRED	TAX FREE
HIGH RISK EQUITIES			
FIXED			
INSURED LOW RISK			

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Asset and Tax Allocation

How does my current asset allocation strategy correspond with the stage of the Life cycle I'm presently in?

Factors to Consider: Risk tolerance, cash flow, liquidity, taxes, time and inflation while considering the allocation of your investment choices.

■ **Suitability:** What is an appropriate investment for me as the investor and what factors should I consider in making my decisions?

■ **Asset Allocation:**

■ **Tax Allocation:**

Conclusion:

The investment decisions you make today will impact your financial future.

Some say "Procrastination" is the number one reason for failure. So take action today!

Review where you are today. Consider what you have just learned and apply it, because wisdom is the application of knowledge.