



**Craig Colley**

Founder/CEO  
Licensed/Certified  
Producer  
CA Lic. #0148609

# Financial *Focus*

*A Monthly Insight Into Your Finances*

*April 2017*

## 6 Tips for Choosing the Perfect Arbor Day Tree!<sup>1</sup>

Arbor Day is April 28<sup>th</sup>, 2017

1. Temperature – Trees have a limit to the cold they can endure. Check hardiness zones before choosing a tree.
2. Moisture – Each species can tolerate wet or dry conditions to a different degree.
3. Light – "Shade tolerance" is the term foresters use to rate the light requirements of each species.
4. Pests – Every locality has problems with a particular insect or disease. Some trees are more susceptible to a certain disease than others.
5. Soil – Soil depth, structure, pH and moisture can make the difference between success and failure with a tree. Each species has its preferences.
6. Air pollutants – Chemicals in the air vary with localities; some trees are more tolerant of air pollution than others.

## Handling Market Volatility <sup>2</sup>

Conventional wisdom says that what goes up must come down. But even if you view market volatility as a normal occurrence, it can be tough to handle when your money is at stake. Though there's no foolproof way to handle the ups and downs of the stock market, the following common-sense tips can help.

### Don't put your eggs all in one basket

Diversifying your investment portfolio is one of the key tools for trying to manage market volatility. Because asset classes often perform differently under different market conditions, spreading your assets across a variety of investments such as stocks, bonds, and cash alternatives has the potential to help reduce your overall risk. Ideally, a decline in one type of asset will be balanced out by a gain in another, though diversification can't eliminate the possibility of market loss. One way to diversify your portfolio is through asset allocation. Asset allocation involves identifying the asset classes that are appropriate for you and allocating a certain percentage of your investment dollars to each class (e.g., 70% to stocks, 20% to bonds, 10% to cash alternatives).

### Focus on the forest, not on the trees

As the market goes up and down, it's easy to become too focused on day-to-day returns. Instead, keep your eyes on your long-term investing goals and your overall portfolio. Although only you can decide how much investment risk you can handle, if you still have years to invest, don't overestimate the effect of short-term price fluctuations on your portfolio.

### Look before you leap

When the market goes down and investment losses pile up, you may be tempted to pull out of the stock market altogether and look for less volatile investments. The modest returns that typically accompany low-risk investments may seem attractive when more risky investments are posting negative returns. But before you leap into a different investment strategy, make sure you're doing it for the right reasons. How you choose to invest your money should be consistent with your goals and time horizon.

## Handling Market Volatility Continued...

For instance, putting a larger percentage of your investment dollars into vehicles that offer asset preservation and liquidity (the opportunity to easily access your funds) may be the right strategy for you if your investment goals are short term and you'll need the money soon, or if you're growing close to reaching a long-term goal such as retirement. But if you still have years to invest, keep in mind that stocks have historically outperformed stable-value investments over time, although past performance is no guarantee of future results. If you move most or all of your investment dollars into conservative investments, you've not only locked in any losses you might have, but you've also sacrificed the potential for higher returns. Investments seeking to achieve higher rates of return also involve a higher degree of risk.

### Look for the silver lining

A down market, like every cloud, has a silver lining. The silver lining of a down market is the opportunity to buy shares of stock at lower prices. One of the ways you can do this is by using dollar-cost averaging. With dollar-cost averaging, you don't try to "time the market" by buying shares at the moment when the price is lowest. In fact, you don't worry about price at all. Instead, you invest a specific amount of money at regular intervals over time. When the price is higher, your investment dollars buy fewer shares of an investment, but when the price is lower, the same dollar amount will buy you more shares. A workplace savings plan, such as a 401(k) plan in which the same amount is deducted from each paycheck and invested through the plan, is one of the most well-known examples of dollar cost averaging in action. For example, let's say that you decided to invest \$300 each month. As the illustration shows, your regular monthly investment of \$300 bought more shares when the price was low and fewer shares when the price was high:



*(This hypothetical example is for illustrative purposes only and does not represent the performance of any particular investment. Actual results will vary.)*

Although dollar-cost averaging can't guarantee you a profit or avoid a loss, a regular fixed dollar investment may result in a lower average price per share over time, assuming you continue to invest through all types of market conditions.

### Making dollar-cost averaging work for you

- Get started as soon as possible. The longer you have to ride out the ups and downs of the market, the more opportunity you have to build a sizable investment account over time.
- Stick with it. Dollar-cost averaging is a long-term investment strategy. Make sure you have the financial resources and the discipline to invest continuously through all types of market conditions, regardless of price fluctuations.
- Take advantage of automatic deductions. Having your investment contributions deducted and invested automatically makes the process easy and convenient.



### Don't stick your head in the sand

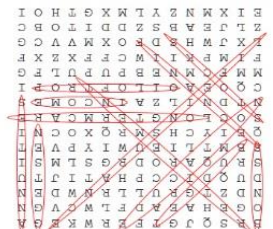
While focusing too much on short-term gains or losses is unwise, so is ignoring your investments. You should check your portfolio at least once a year--more frequently if the market is particularly volatile or when there have been significant changes in your life. You may need to rebalance your portfolio to bring it back in line with your investment goals and risk tolerance. Rebalancing involves selling some investments in order to buy others. Investors should keep in mind that selling investments could result in a tax liability. Don't hesitate to get expert help if you need it to decide which investment options are right for you.

### Don't count your chickens before they hatch

As the market recovers from a down cycle, elation quickly sets in. If the upswing lasts long enough, it's easy to believe that investing in the stock market is a sure thing. But, of course, it never is. As many investors have learned the hard way, becoming overly optimistic about investing during the good times can be as detrimental as worrying too much during the bad times. The right approach during all kinds of markets is to be realistic. Have a plan, stick with it, and strike a comfortable balance between risk and return.

1. <https://www.arboday.org/celebrate/tree-planting.cfm>
2. Broadridge Investor Communication Solutions, Inc. Copyright 2017 (documentation available upon request)
3. <https://www.ncoa.org/news/resources-for-reporters/usoa-survey/infographic/>
4. <http://puzzlemaker.discoveryeducation.com/code/BuildWordSearch.asp>

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### Top Concerns: Physical and Financial Health <sup>3</sup>

#### OLDER ADULTS

40% maintaining their physical health

35% memory loss

32% maintaining their mental health

#### PROFESSIONALS

43% financial scams

38% access to affordable housing

38% memory loss

## What Are Your Top 3 Concerns for Retirement?

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_
3. \_\_\_\_\_  
\_\_\_\_\_

## TECH TIPS Data Authorizations



Generational Vault is a complimentary resource we offer to our consumers. Many of our clients use Generational Vault as their online financial home, a place to store documents and communicate with our office when they need to in a safe, secure manner. In this section, you will learn important information as it relates to managing your Generational Vault.

Within Generational Vault, data authorizations allow you to preview other family member's financial accounts and grant access to allow family member's access to your Generational Vault. You can find the data authorization section by clicking on your name in the upper right-hand corner, then select "Data Authorizations" from the drop down box. This screen will show family members you have discussed with us. If you wish to see a family member's financial accounts in your Vault, you can "Request Access" to see their information. Once requested, your family member will receive an email notifying them of your request, which they can approve from their Vault. Once they have confirmed the request, you will be able to see their financial accounts much like your own. By authorizing this, you are allowing a family member to view your financial accounts and information in the Net Worth section. You can grant access to family members using this same section and process.

### When and where will you receive your retirement income?

Understanding when and where you will receive your income is the foundation of a successful retirement. Do you have questions about the following topics?

- The best allocation options for your retirement assets
- The potential effect of not transitioning from accumulation to **distribution in retirement**
- How much Social Security income will you receive?
- What age should you start receiving your Social Security benefits?
- Income planning for spouses
- The impact of earning additional income in retirement
- Taxation of your Social Security benefit
- Strategies to reach your desired income goals in retirement



If you do, **Craig Colley | Coliday** can help answer any questions you may have. Just for calling us at **949-495-2016** we will provide you with a complimentary Social Security Maximization Report.



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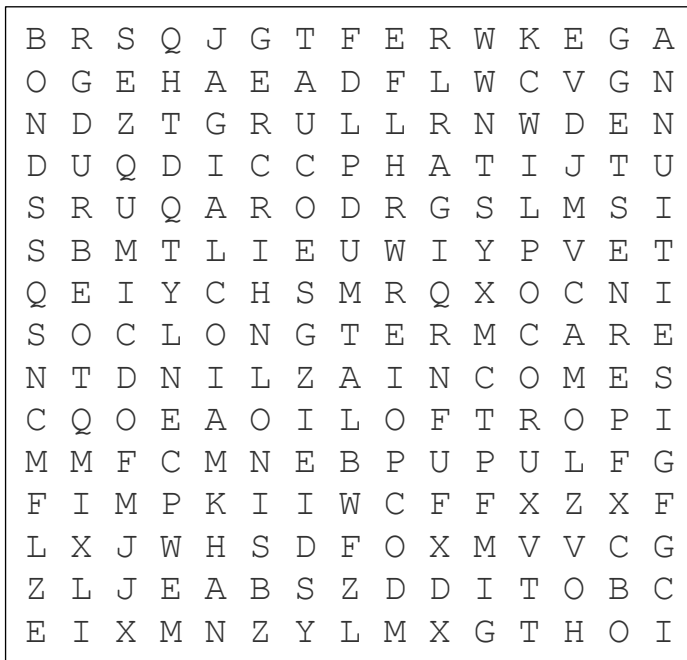
# New Website & Resource Center



**Office:** (949) 495-2016  
**Cell /Text:** (949) 216-8459  
**Fax:** (949) 495-2065  
**Email:** [ccolley@coliday.com](mailto:ccolley@coliday.com)  
**Website:** [www.coliday.com](http://www.coliday.com)

By visiting our new website you will find information regarding social security benefits, Medicare health plans, long term care, risk assessments and how to leverage technology in retirement. Be sure to check out the Free Guides, reports, videos and risk assessment tools available to help you navigate through the unpredictable waters of retirement. To stay updated subscribe to my blogs and posts on social media.

## RETIREMENT WORD SEARCH <sup>5</sup>



ANNUITIES  
EDUCATION  
LIFEINSURANCE  
PORTFOLIO

BONDS  
FINANCES  
LONGTERMCARE  
RETIREMENT

BUDGET  
INCOME  
NESTEGG  
STOCKS

## Upcoming Events



**FREE SOCIAL SECURITY  
WORKSHOP**  
**TO REGISTER CALL**  
**(949) 216-8459**

**DATE:**  
Wednesdays: 12th & 19th  
6:30-7:30pm

**LOCATION:**  
Sea Country Senior & Community Center  
24602 Aliso Creek Rd, Laguna Niguel, CA  
92677