



A CLOSER LOOK AT A FINANCIAL STRATEGY

(The third in a series of reports focusing on a comprehensive financial strategy.)

The client-centered financial planning process wheel (from SecurianAdvisor website). "Tax Planning" and "Current Financial Position" sections are side-by-side and highlighted in some way.

Understanding Investment Planning and Retirement Planning

When developing a financial strategy, there are six principle areas that are taken into consideration: Your Current Financial Position, Tax Planning, Protection Planning, Estate Planning, Investment Planning, and Retirement Planning. These six areas help your advisor comprise a roadmap that helps you identify where you want to go, and then shows you how to get there.

In this, the third of four reports focusing on a comprehensive financial strategy, we will explore investment planning and examine the importance of retirement planning.

Investment Planning

One of the greatest challenges faced by investors is determining the appropriate investment portfolio. How can you manage the risks of investing, while achieving the long-term results that are necessary to meet your planning objectives?

Investment planning is developed on three important considerations: diversification, asset allocation and professional guidance. Being diversified is about owning investments that complement each other and react differently to any given set of market conditions. Asset allocation defines the division of a portfolio between stocks, bonds, cash, and determines each model portfolio's anticipated long-term portfolio volatility and return characteristics. The third consideration of investment planning is partnering with an experienced professional. With a focus on your individual situation, goals, and needs, your financial representative can offer a valuable perspective necessary to successfully develop and implement your portfolio.

Retirement Planning

As you work towards retirement, you're no doubt making plans that will shape the rest of your life; when to stop working, where to live, how to spend your leisure time. Effective retirement planning can help these goals become reality after you're done working.

Your financial representative will take several factors into consideration when helping you plan for retirement. It's important to coordinate all income sources to provide a steady cash flow during retirement – a period that may last 30 years or more given current life expectancies. One of the first things is to estimate how your expenses might change during retirement. Considering all future sources of income, such as Social Security, pensions, your spouse's benefits and investments is also important. Finally, determining how your employer's retirement plan fits into the total picture will also be considered.

Investment planning and retirement planning are important parts of any comprehensive financial strategy. Next quarter, in our fourth and final installment of "A Closer Look at a Financial Strategy" series, we will review the six principle areas that are taken into consideration when developing a successful financial strategy and how you can make a strategy work for you.



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