

Risk May Not Always Equal Reward

Have you been told that in order to grow your wealth you have to accept financial risk? You may not have to accept more risk than you're comfortable with. You can work to get ahead without putting everything you've worked hard for at risk.



The Traditional Formula

Traditional financial thinking often attempts to achieve a stated future financial goal or target (like college tuitions or retirement) by using the following mathematical formula:

Target = Money X Time X Rate of Return

For example, if a person needs to accumulate \$1,000,000 for retirement (Target), and that money won't be needed for another 25 years (Time), and if money is assumed to grow by 10% each year (Rate of Return), then it can be calculated that this person must save about \$9,250 each year, in order to hit the goal.

Sounds simple, right?

In reality, this approach to financial decision making has contributed to many consumers finding themselves behind in their wealth building journey.

In our example, if a person only realized a return of 5% (not 10%) during the same hypothetical 25 years prior to retirement, then the \$9,250 of savings would only create just \$463,000 (not \$1,000,000). A shortfall of over 50%!

We don't ask you to take on more financial risk. Instead, we recommend strategies to help improve your financial position.

Become a saver before an investor

Today, far too many consumers invest in market based assets and may never focus on saving. This approach may lead to inappropriate levels of risk and may lack the liquidity to be able to respond to changing life events.

Unemployment. Parent care. A flood or hurricane. A medical emergency. These, and other unexpected surprises in life can be devastating. - especially, without enough liquid savings.

And then there are economic realities like inflation, rising taxes, old products wearing out, and a desire to have an improved standard of living.

Therefore, it's recommended to have at least 9-12 months of your annual household gross income saved.

Save, save, save

When it comes to reaching your personal wealth building potential, nothing beats simply saving more! Rate of return results are unpredictable and often difficult to achieve. Saving more each year may actually allow you to lower the risk you take with your money.

Take control

To gain real control of your financial future, you should systematically allocate 15-20% (or more) of your gross annual income to wealth building opportunities. And the more you make, the more you should save.

Dramatically increasing the amount you save might seem daunting. However, it can be achieved by selecting strategies that lower your taxes and insurance costs, eliminating debt, owning a home that is affordable, and enjoying the benefits of living a budgeted lifestyle.

The Living Balance Sheet® Way

We can help you with these strategies:

- 1. Protect first.** Everything you have worked hard to achieve can disappear in a moment if you don't have financial protections in place. We help you implement financial protection within your budget.
- 2. Reduce taxes.** We identify strategies and products to reduce the impact of tax liabilities over time. The result: more for you and your family to use in a way that creates real value in your lives.
- 3. Tackle debt.** We help you restructure your mortgage and loans and develop an approach that can help eliminate debt so you can avoid the high cost of paying interest.
- 4. Save 15-20% each year.** Saving enough can allow you to defend against the unexpected, become better protected, reduce the risk on your money, and maximize your wealth building potential.
- 5. Create a budget - and stick to it.** To save more you will have to get organized and stay organized. The best budgets are those that give you an order to follow so you can make improved cash flow decisions.

When these strategies are implemented and carefully followed, individuals can be better off financially regardless of the market. Individuals who embrace cash flow strategies may put themselves in a better position to achieve their financial goals.

Additionally, throughout their journey, they have financial confidence. Their money can be protected even if life throws a curve ball.



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