

# What's in a Number?

Deciding how much to save for a given event can feel like pulling a number out of a hat. Over time everything changes: markets ebb, costs rise, goals fluctuate. There may be a better strategy that doesn't involve predicting the future. Learn how to create a strategy for:

- Your retirement
- College expenses
- Your premature death

## Here's why... **NO ONE HAS A CRYSTAL BALL**

In traditional financial thinking, financial professionals routinely ask consumers to try to predict the future... their future. How much will you need for retirement? How much will college cost? How much will your family need if you die?

Making guesses about such things can be difficult. No one really knows what the future holds.

What will the market do? What will things cost? Will taxes go up? What new inventions will you want that don't exist today? Will you become disabled or die prematurely? How long will you live into retirement?

Making guesses about the future may not be the way to build your financial confidence. There is a different way.

## Flaws in Traditional Financial Thinking

Here's how traditional financial thinking may play itself out around kitchen tables and in conference rooms across the country:

A financial professional may ask you to identify your future financial needs and provides various strategies to meet those goals.

Your to-do list may include retirement, paying for your children's education, and perhaps putting a bit aside.

Next, you may be asked to make some assumptions about average life expectancy, medical expenses, future education costs, expected investment returns and more.

Unfortunately, there may be problems with this approach:

- **The financial goal or target you guessed may not be correct.** Knowing how much money you will need for a financial event that is going to happen decades from now can be difficult to predict.
- **Needs-based strategies can be a minimalistic approach.** You need shelter, bread, and water to live, and yet, you want much more out of life. The same can be said for financial decision making. The word need itself implies "the minimum." Needs-based and goal strategies may pursue the minimum. Optimal results or possibilities may not be considered.
- **Traditional thinking may cause people to take too much risk with their money.** In an effort to hit a stated financial goal, high risk products may be introduced. The higher the return, the less you have to save, right? Wrong. Historically, taking additional risk may not help you reach your financial goals.



■ **There are no financial shock absorbers.** Traditional financial strategies may not allow room for life's surprises. While pursuing a financial goal, people are often ill-prepared for an unexpected life event. The loss of a job. A lawsuit. A hurricane or tornado. An exciting investment opportunity. Weddings and maybe even divorces. Parent care. An early death or a long-term care situation. These possibilities must be considered, and your financial future must be resilient enough to withstand the impact.

■ **Focusing on needs may underestimate the true cost of living.** Traditional financial strategies may assume an unrealistic world where market rates of return are level and inflation rates remain constant. However, your financial strategy should consider your goals even if taxes rise and inflation continues to erode the economy.

Plus, you may want to own the latest technology inventions, you will need to replace things as they wear out, and it is human nature to want an expanding life as time rolls by. These everyday economic forces can create obstacles for you as you try protect and grow your wealth. Unfortunately, traditional approaches may fail to prepare you properly to face the "real" cost of living.

## ***A Different Approach: No Crystal Ball Required***

A different approach to preparing for the future is one that relies on time-tested strategies. The Living Balance Sheet® and your financial representative can help you incorporate strategies to prepare you for the future.

■ **Protect first.** The most important step in planning your financial future is to protect what you have with proper insurance. We help you obtain

comprehensive protection for your assets and income throughout your entire life.

■ **Increase Savings.** We will help you identify ways to become a better saver - perhaps as much as 15-20% a year so you don't have to rely upon market returns that may not materialize.

■ **Tax strategies.** We seek tax-efficient financial strategies to help reduce your tax burden and make your money work more efficiently.

■ **Reduce risk.** We don't chase a high rate of return on your investments. Instead, we seek lower risk financial strategies to help assure that your financial future can be realized.

■ **Adequate liquidity.** Investments are important, but you need enough liquidity to respond to life and seize opportunities.

■ **Trim back or eliminate debt.** We don't drag your wealth through time with a lot of debt attached to it. We help you restructure your debt so that it is in healthy balance with your earning potential.

■ **Budgeting skills.** We help you develop a budget that gives you freedom to enjoy life, but instills the discipline necessary to keep you on track. The Living Balance Sheet® technology and your financial professional help you monitor your budget and provide guidance along life's journey.

We've questioned the traditional thinking that has led many Americans astray, and have developed time-tested strategies to help clients better prepare for the future.

We won't ask you to peer into a crystal ball and make guesses. Instead, you can look at your Living Balance Sheet® with our help to find the strategies to help you achieve your goals.

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