



CSU, Chico Research Foundation 403 (B)rief

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HELPING YOU RETIRE

Congratulations to Our Survey Participant Raffle Winners!

We held a raffle for the participants who took the Retirement Survey we put out last year and delivered some nifty gift cards during our visit in February.



Congratulations to our winners!

- Madison Brandt
- Jene Rabo
- Julie Ann Buck
- Kristin Quigley (pictured)

some. Last quarter Large Blend (-13.75%), Mid-Cap Blend (-16.70%), Small Blend (-19.69%), Foreign Large Blend (-12.97%), and High Yield Bond (-4.76%) didn't do anyone any favors. Of those five broad market categories, only High Yield bonds have come back from their 4th quarter slump. Large Blend is really close but we actually still need another almost 3%. Yes, 13.18% return after a 13.75% loss seems like it would be almost even but think of it this way: If you had \$10,000 and lost 14%, you now have \$8,600. What percentage of return do you now need to make yourself whole

amount of risk is where you should start. Standard has some quizzes that will help you pinpoint the appropriate amount of risk you should be taking. If you find out you are moderately conservative but your current portfolio is mostly allocated to the DFA Small Cap Index fund, you'll need to make some major adjustments. A small cap fund is too aggressive to take up so much of a "moderately conservative" portfolio. On the other hand, if the Standard's quiz tells you that you are aggressive and should focus on growth, that DFA Small Cap Index might be a great way to do that. Notice how

Mutual Fund/ETF Peer Group	3-Month	YTD	1-Year	3-Year	5-Year	10-Year
Large Blend	13.18%	13.18%	7.45%	12.18%	9.20%	14.69%
Mid-Cap Blend	14.47%	14.47%	2.39%	9.75%	6.58%	14.75%
Small Blend	13.58%	13.58%	0.34%	10.27%	6.03%	14.85%
Foreign Large Blend	10.21%	10.21%	-5.51%	6.60%	2.02%	8.47%
Short-Term Bond	1.64%	1.64%	2.98%	1.72%	1.45%	2.63%
Intermediate-Term Bond	3.23%	3.23%	4.02%	2.31%	2.56%	4.71%
High Yield Bond	6.84%	6.84%	4.53%	7.11%	3.58%	9.64%
Money Market Taxable	0.50%	0.50%	1.72%	0.80%	0.48%	0.25%

again? About 16.3%. You always need a bigger percentage of your new lower number to recover from your loss. Your money has to work harder to get back what you lost. This isn't brought up to discourage but to show how average percentage returns don't tell the whole story. It's hard to know how else to pick the "good" investments and many people look to returns to make their decisions. Keep in mind that it may tell a good story, but it's only part of the story. So if returns aren't the way to create the right portfolio, what is? Landing on the right

it should be risk that drives the appropriate portfolio, not returns. The DFA Small Cap Index fund lost 20% in the 4th quarter. An aggressive investor in that fund is still recovering and has some climbing to do to get out of that 4th quarter pothole.

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Market Recap: Quarter 1- 2019

The first quarter of 2019 was the glimmer of light at the end of the tunnel that we needed after the last quarter of 2018. In case 2018 seems like a distant memory, it was not good. The S&P 500 was down about 14% in just the 4th quarter alone. But as you can see from the chart, we've recovered



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A “moderately conservative” person will find that much more unsettling and may not have as much time to recover.



Almost 40% of retirees have moved to a new home since retiring.

Source: Transamerica Center for Retirement Studies

Famous Quote:

“If you could kick the person in the pants responsible for most of your trouble, you wouldn’t sit for a month.” – Theodore Roosevelt



Food For Thought...

How did your 2018 tax filing go? What changes can you make now to make your 2019 filing better?

What are the 5 Ws of Retirement Planning?

What EVERYONE should ask themselves now, and again, later...

When we talk about retirement planning, what do we often talk about? How much will I need, how much of my income do I need to replace, how long does my money need to last, how much do I currently need to save, how should I invest, how much risk should I take, how do I increase my savings while affording my current lifestyle? All of these are important questions but they don’t address the emotional change in our lifestyles that occurs at retirement. The emotional concerns and answers may actually answer a lot of the more practical and financial questions. The financial realities may impact your emotional concerns. Either way, the emotional is tied too closely with the financial to not address the 5 Ws:

1. When am I going to retire?
2. What am I going to do?
3. Where do I want to live and visit?
4. Who am I going to spend my time with?
5. Why am I getting out of bed each morning (what is my fulfillment and purpose in retirement)?

Everyone should ask themselves these questions now. If you’re in your 20s, 30s or 40s, ask yourself again at least every 10 years. If you’re in your 50s, 60s or 70s, maybe every 5 year or every year! Life changes and your needs and passions may change and that will impact the life you want to live in retirement. Everyone dreams about it to an extent but there may be 1-5 of these you never considered or haven’t decided. The further out you are and the more frequently you ask yourself these questions, the more time you have to modify your plans and actions to achieve the answers to these questions. Is caring for grandchildren or volunteering going to drive your purpose each day? The savings goals of that person may look very different from the individual who wants to be a full-time globe trotter in retirement. According to some research recently performed by T. Rowe Price, 74% of individuals over age 50 said they felt they’ve done a good job preparing financially for retirement, but only 35% said they’ve done a decent job emotionally preparing for retirement. While that’s great to hear from a financial perspective, what good does that money do if you are not emotionally prepared to leave your job: the thing that consumes and defines so much of our daily lives for decades. We need to be prepared to leave behind that part of our identity and prepare for what will define and motivate us in the next part of our lives.

August 2019

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Keep An Eye Out For August!

Alex Rasmussen (Advisor, The LBL Group) and James Shen (Relationship Manager, The Standard will be at the Research Foundation in August to hold one-on-ones and group retirement meetings, Open Forum Style. So bring your questions, thoughts, and concerns. Your colleagues will benefit from your input. Stay tuned for sign-ups!