RETIRE MENTORSHIP

Maximizing Your Money

Investing with Confidence for the Glory of God

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What if it’s NOT Wisdom?

- What if it’s fear?
- What if it’s ignorance?

- Many are mistakenly managing their money.

Who Is This For?

- You
  - Are you being a good steward of your talents?
- Your Congregation
  - Do they know how to steward well?

The Parable of the Talents

14 “For it will be like a man going on a journey, who called his servants and entrusted to them his property. **15 To one he gave five talents, to another two, to another one, *to each according to his ability*.** Then he went away.

The Parable of the Talents

16 He who had received the **five talents went *at once* and traded with them, and he made five talents more.** 17 **So also he who had the two talents made two talents more. 18 But he who had received the one talent went and dug in the ground and hid his master's money.**

19 Now after a long time the master of those servants came and settled accounts with them.

The Parable of the Talents

20 And he who had received the five talents came forward, bringing five talents more, saying, ‘Master, you delivered to me five talents; here, I have made five talents more.’ **21** His master said to him, **‘Well done, good and faithful servant. You have been faithful over a little; I will set you over much.** Enter into the joy of your master.

The Parable of the Talents

22 And he also who had the two talents came forward, saying, ‘Master, you delivered to me two talents; here, I have made two talents more.’ **23** His master said to him, **‘Well done, good and faithful servant. You have been faithful over a little; I will set you over much**. Enter into the joy of your master.’

The Parable of the Talents

24 He also who had received the one talent came forward, saying, ‘Master, I knew you to be a hard man, reaping where you did not sow, and gathering where you scattered no seed, 25 **so I was afraid, and I went and hid your talent in the ground. Here, you have what is yours**.’

The Parable of the Talents

26 But his master answered him**, ‘You wicked and slothful servant!** You knew that I reap where I have not sown and gather where I scattered no seed? **27 Then you ought to have invested my money with the bankers, and at my coming I should have received what was my own with interest.**

The Parable of the Talents

28 **So take the talent from him and give it to him who**
has the ten talents. 29 **For to everyone who has will**
more be given, and he will have an abundance. But
from the one who has not, even what he has will be
taken away. 30 And cast the worthless servant into the
outer darkness. In that place there will be weeping and
gnashing of teeth.’

Three Quick *Financial* Lessons

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- These are NOT the main point of the passage
  - I am taking lessons from the example

Three Quick *Financial* Lessons

- Our Ability determines our Responsibility.
  - God gives to each according to their ability.

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- Stewardship is about Faithfulness, not Figures.
  - It's not about the amount of money.
  - It's about how you use it.

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  - Out of fear of losing it, we hide our money.
  - We bury it instead of doubling it.

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Practical Application

- People *minimize* their money due to two problems. They:
  - Lack Ability
  - Are Afraid
- To *maximize* your money, we must solve both.

Today’s Agenda

1. Core Investing Principles
2. Investing Before Retirement
3. Investing After Retirement
4. Transitioning to Retirement

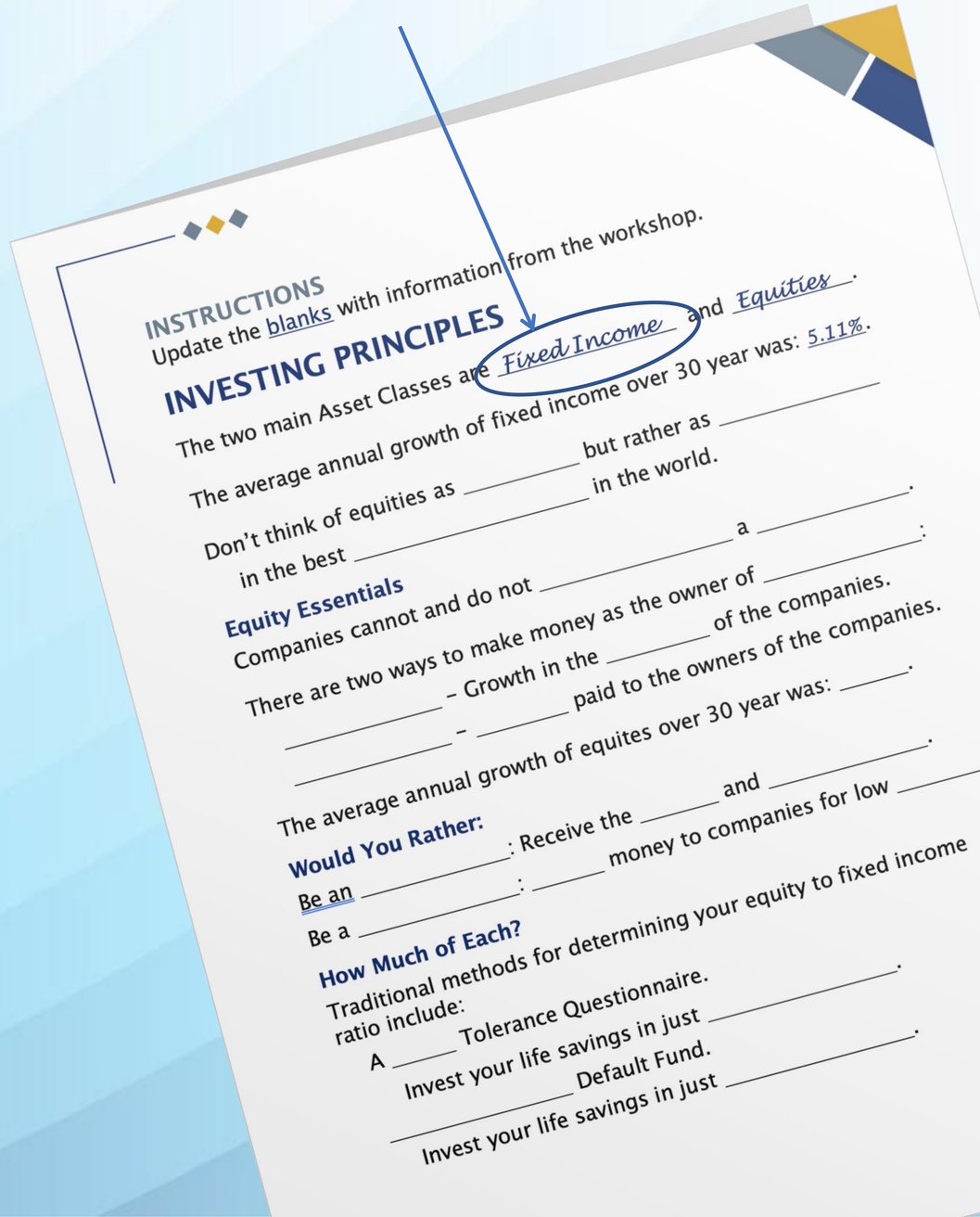
Disclaimer

This workshop is educational only and is not intended to be investment, legal, or tax advice or recommendations, whether direct or incidental. Again, ***this is not investment advice.*** *Consult your financial, tax, and legal professionals for specific advice related to your specific situation. Never take investment advice from someone who doesn't know you and your specific situation. All opinions expressed in this workshop are the opinions of the people expressing them. Any performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be directly invested in.*

Investing Principles

Quick Note!

- **Be sure to fill in your Workbook anytime you see an <u>underlined</u> word or phrase in the presentation.**



Investing Principles

- **Two Main Asset Classes**

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  - **Fixed Income** – Fixed Interest Rate

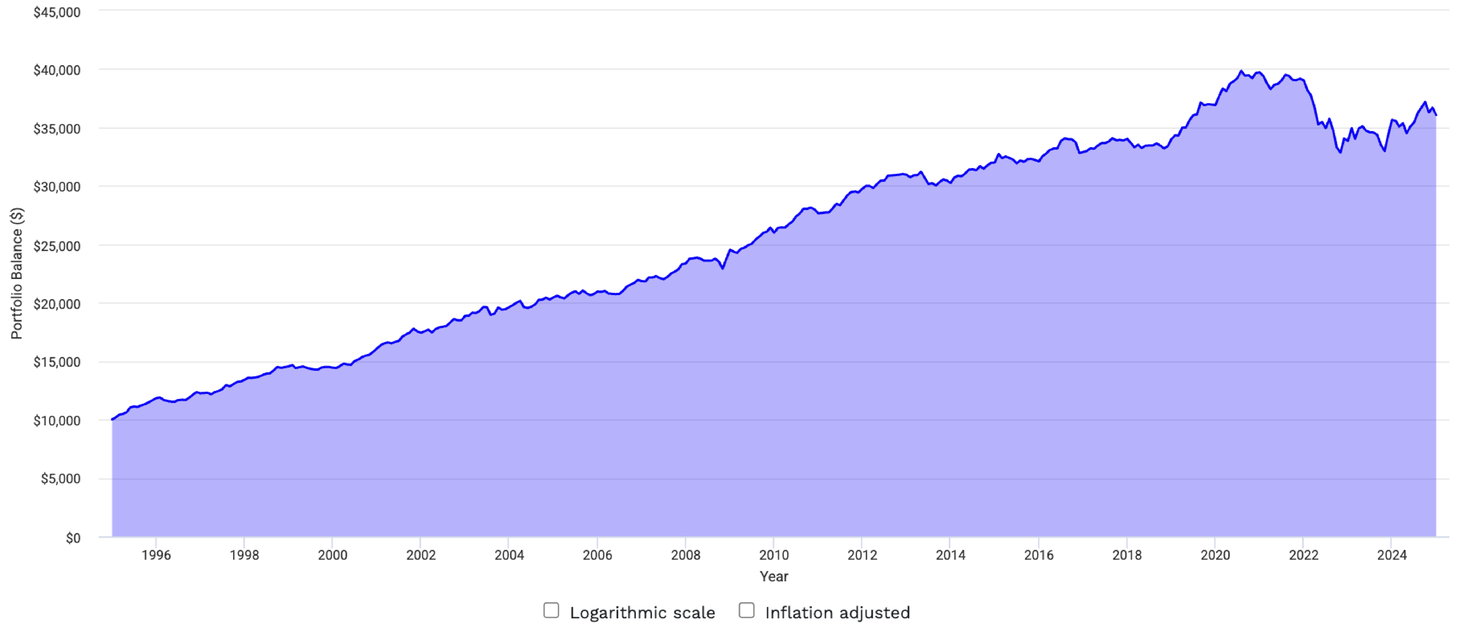
    (Bonds, CDs, Treasury Bills, Fixed Annuities, etc.)

Blue (Total Bond Market) Over 30 Years

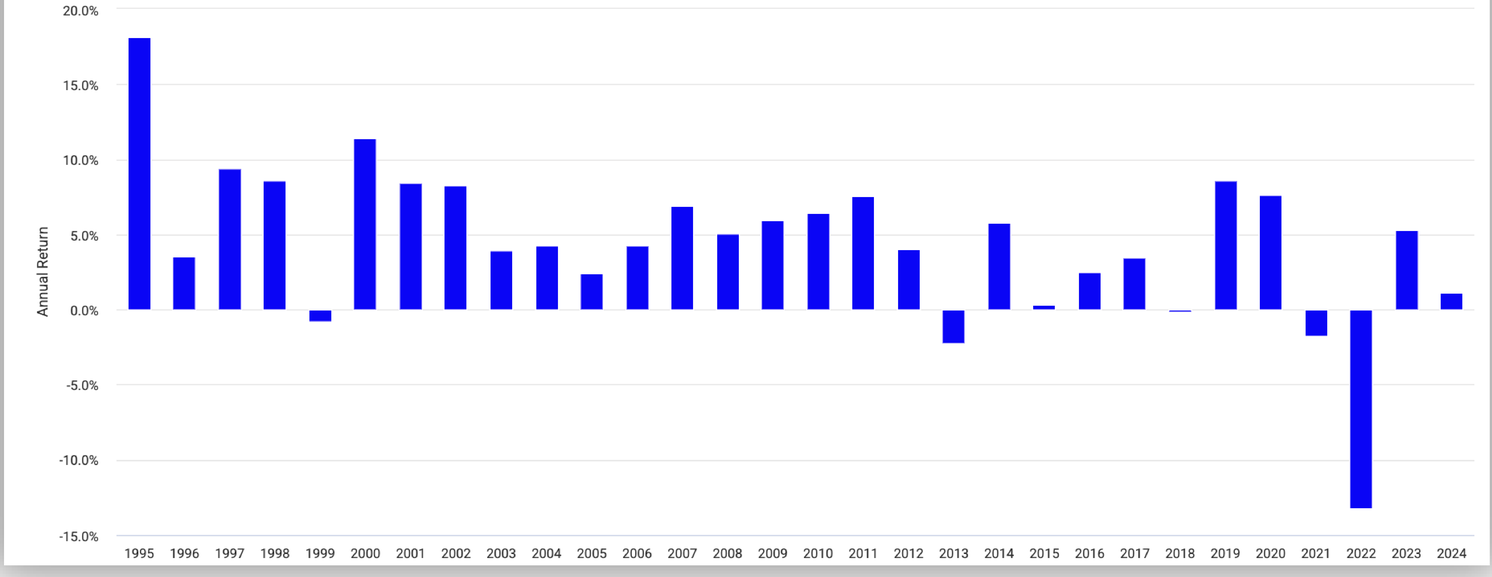
1995-2024
Start: $10,000 End: $36,051

Average Annual Growth Rate: 4.37%

Portfolio Growth



Annual Returns



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    (Partial Ownership of the Best Businesses in the World)

“Stocks”

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“Equity”

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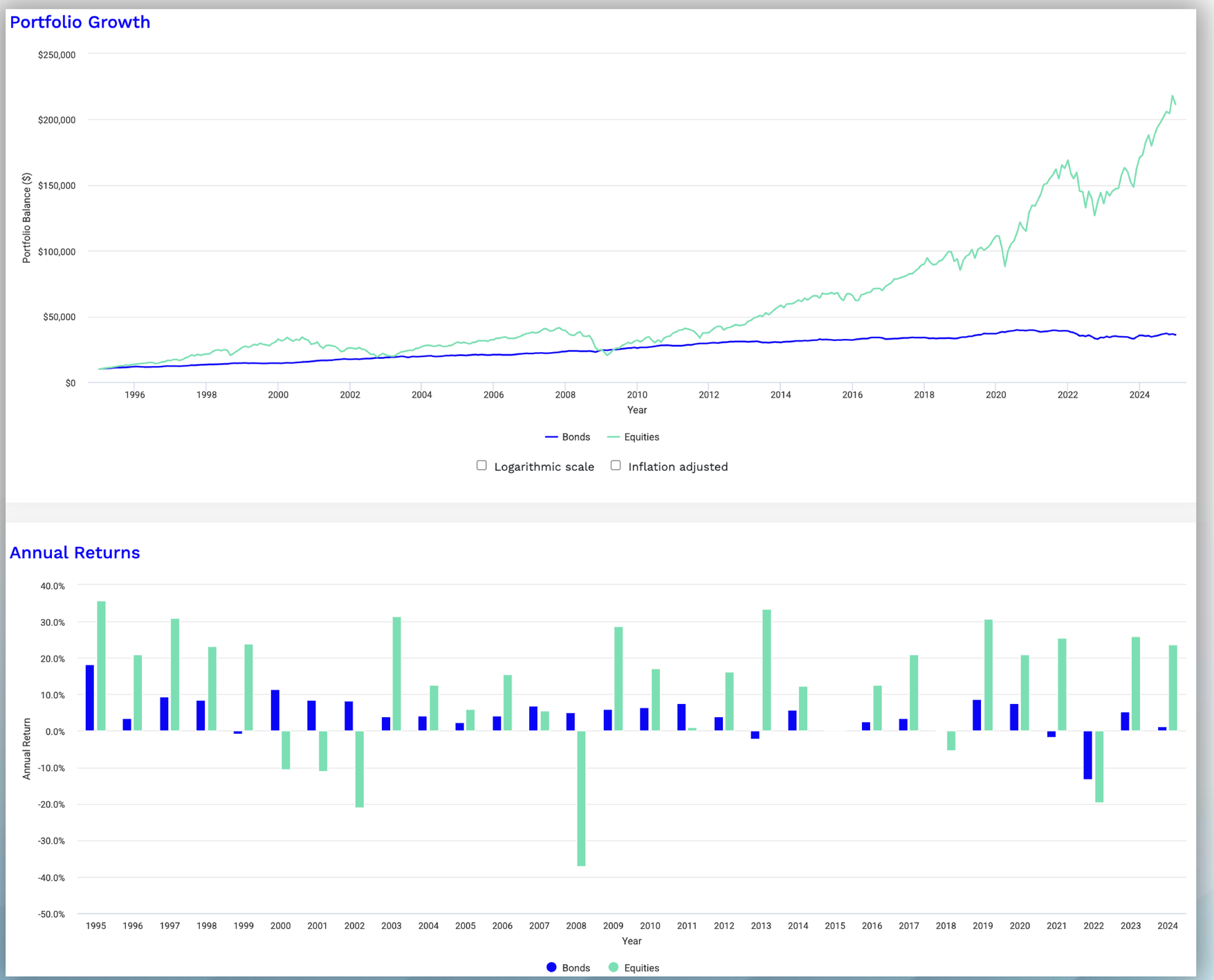
- **There are two ways to make money as an owner of equities:**
  - **<u>Appreciation</u>: Growth in the value of the Companies.**
  - **<u>Dividends</u>: Profits paid to the owners of the companies.**

Green (Total Equity Market) Over 30 Years

1992-2021
Start: $10,000 End: $211,454

Average Annual Growth:
10.71%



Would You Rather…

- **Be an Owner: Receive the growth and profits.**
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- **Be a Loaner: Borrow money to companies for low interest.**
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***Average Annual Return from 1995-2024. Past performance does not guarantee future returns.**

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    - **Never invest your life savings based on a 5-minute questionnaire.**
  - **Age-Based Default Fund**
    - Invest your life savings in just 5 *seconds*…
- **These methods are foolish.**

The Problem!

- **Risk Tolerance Questionnaires DON’T WORK.**
  - Everyone who has ever pulled money out at the bottom of a market decline was invested according to a risk tolerance questionnaire.
  - They lost tens or hundreds of thousands of dollars after spending only five minutes picking a portfolio.
  - **We need to do better.**

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  - **We need to do better.**
- **How *should* we choose?**

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- Past performance doesn’t guarantee future returns.
- The past is the best indicator of what may happen in the future.
- History does not repeat itself, but it rhymes.

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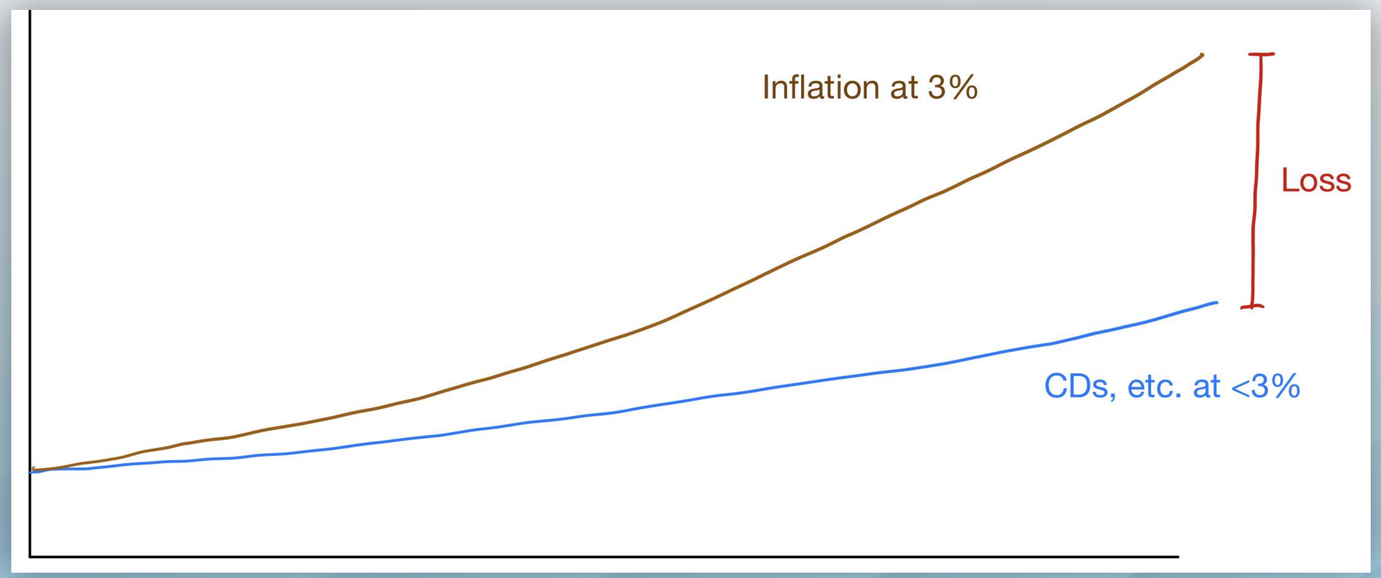

What Did Things Cost 30 Years Ago?

- **What did items cost in 1995 and in 2024?**

Item	*1995*	*2024*
• First Class Stamp	$0.32	$0.73
• Gallon of Gas	$1.15	$3.30+
• Movie Ticket	$4.35	$11.31
• New Car	$15,500	$48,000
• Median Home Price	$113,000	$407,500

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Item	*1995*	*2024*	*2054?*
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• Gallon of Gas	$1.15	$3.30+	$8.00+?
• Movie Ticket	$4.35	$11.31	$27?
• New Car	$15,500	$48,000	$117,000?
• Median Home Price	$113,000	$407,500	$988,000?

- **What about thirty years from now?**

How Should We Invest Before Retirement?

- **Our money MUST grow much faster than inflation.**
  - **How?**

How Should We Invest Before Retirement?

- **Our money MUST grow much faster than inflation.**
  - **How?**
- **Invest in Equities. Become an owner in the best business in the world.**

How Do Equities Compare?

- **30-year long-term growth rates are:**
  - **Equities: ~10%**
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- **After Inflation, the "Real" growth is:**
  - **Fixed income: 2.5%**
  - **Equities: 7.5%, *3x that of Fixed Income***

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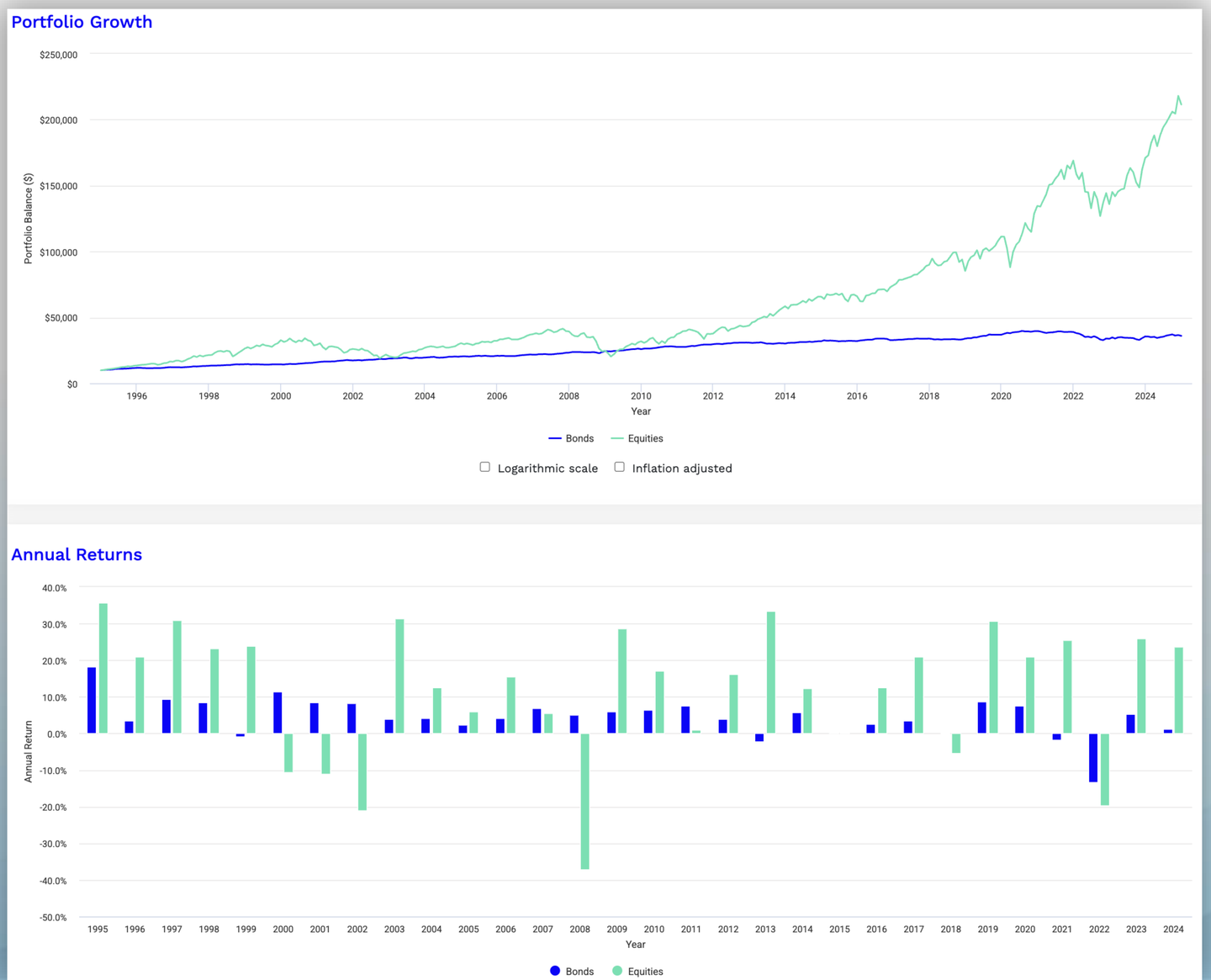

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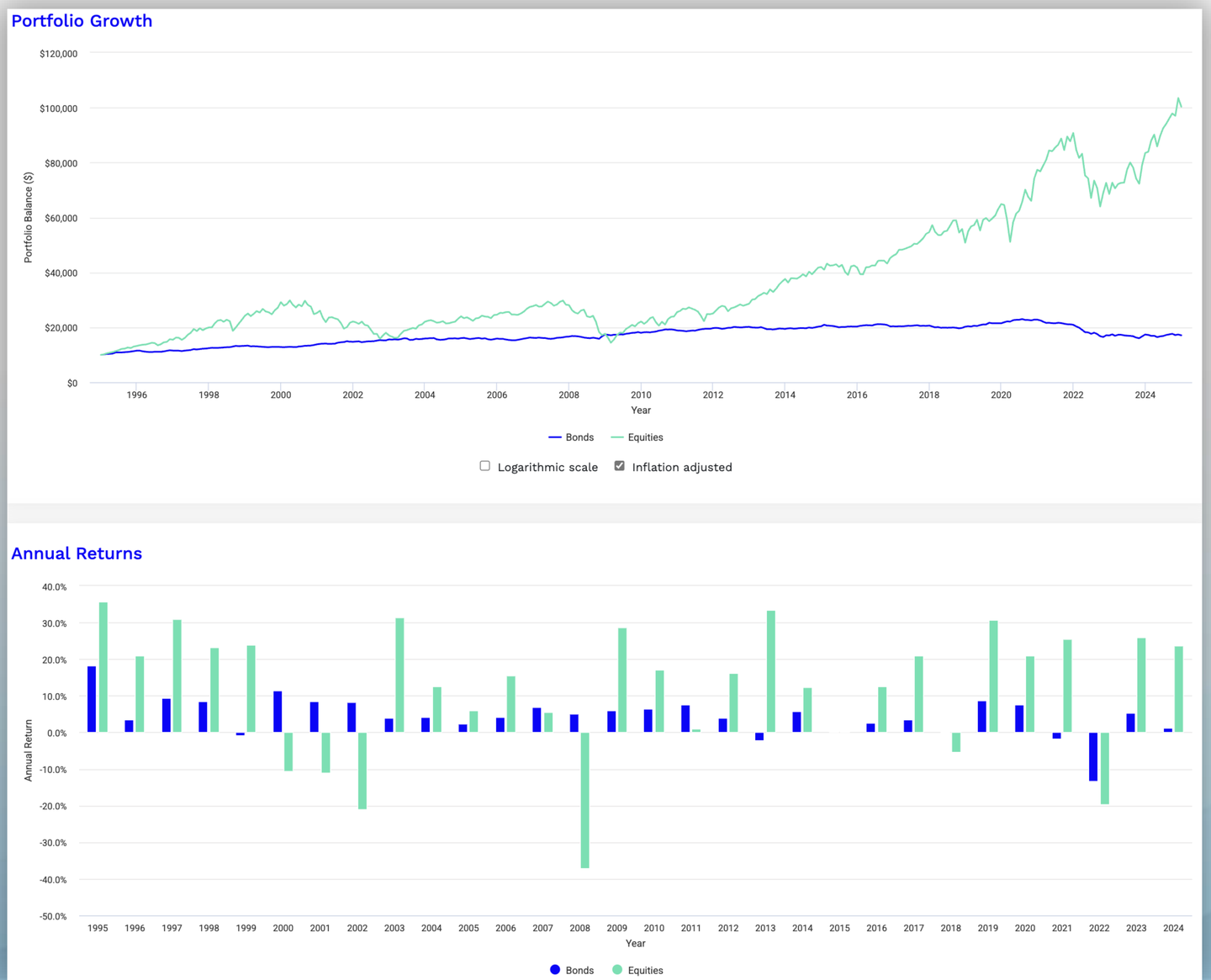

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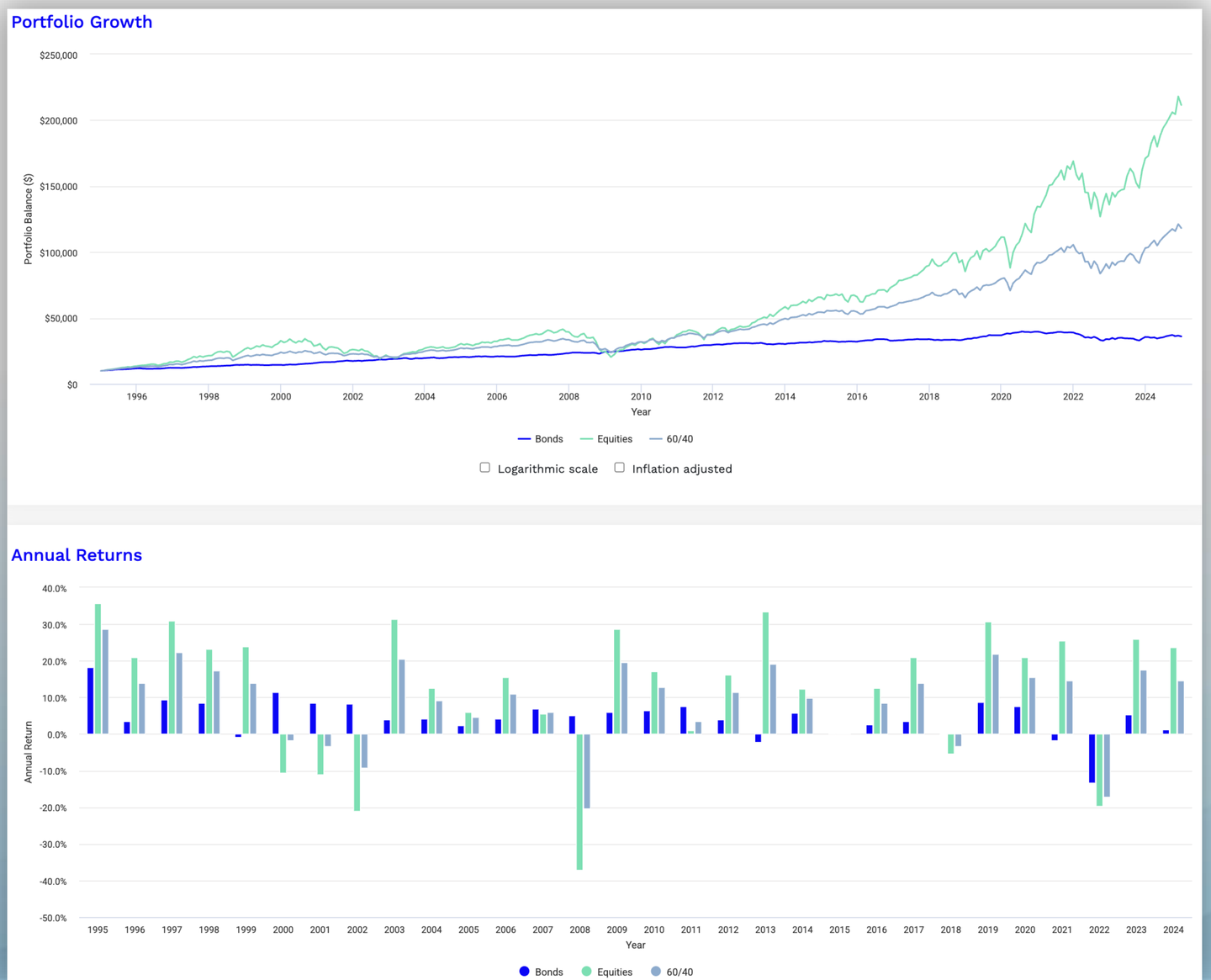

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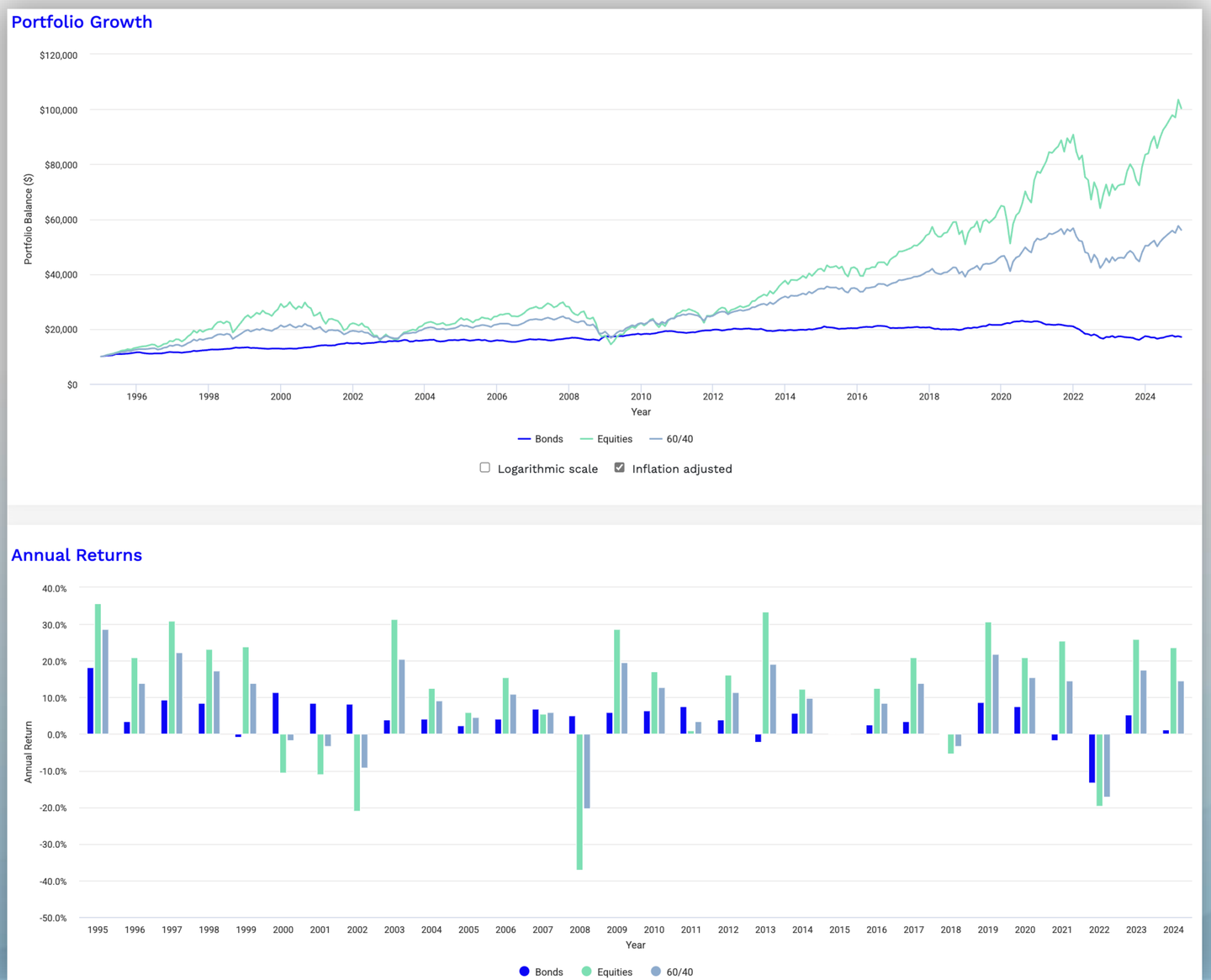

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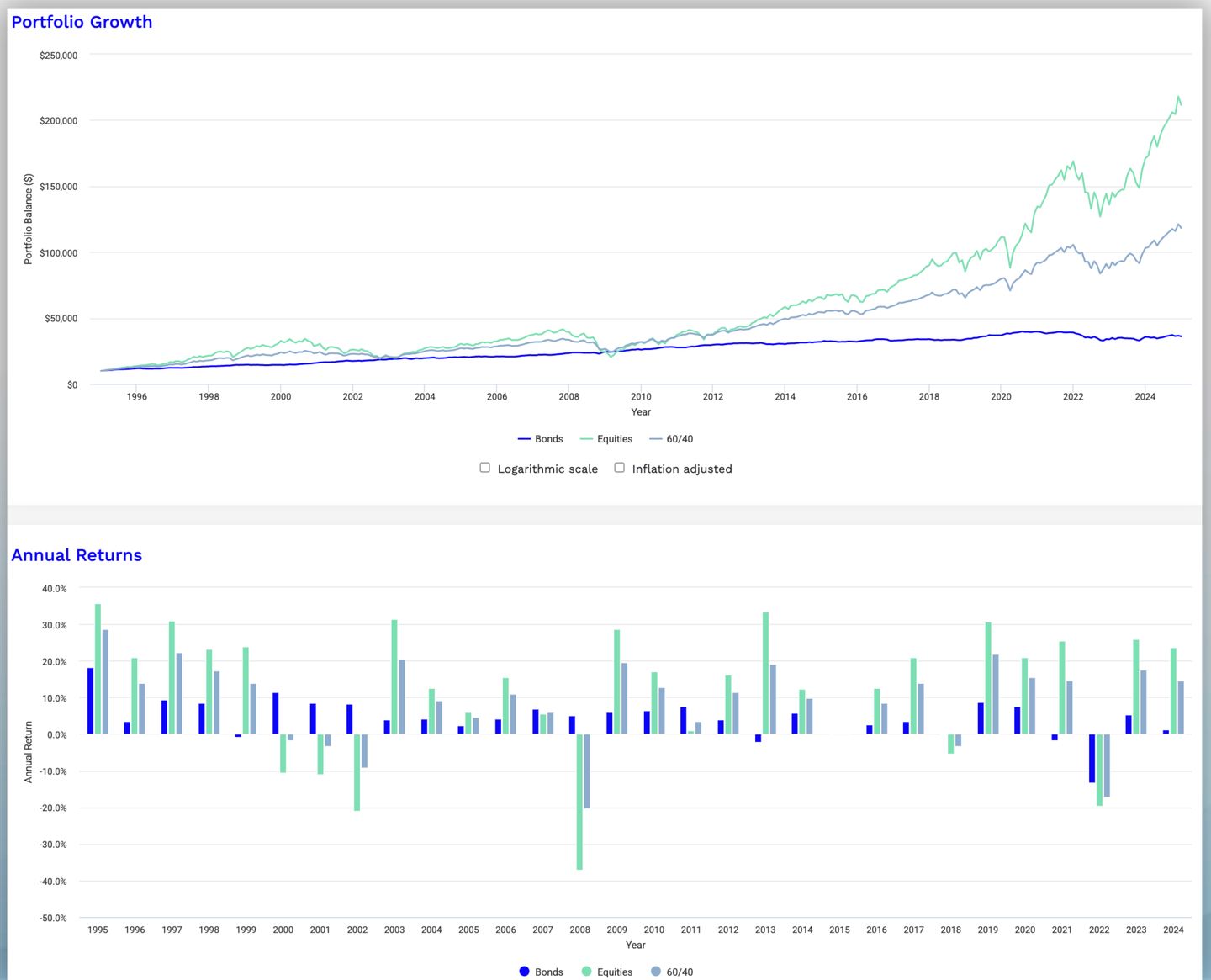

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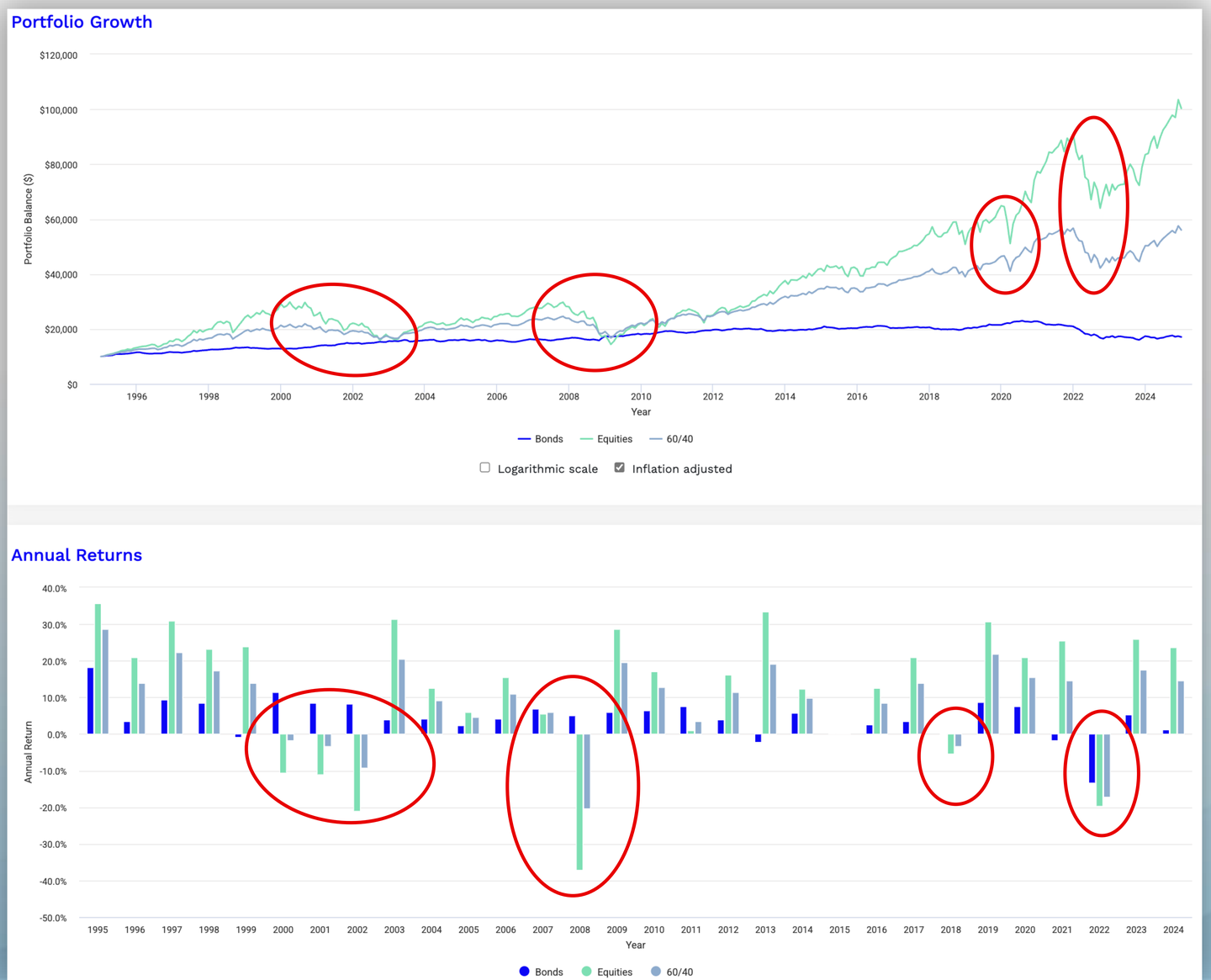

How Should We Invest Before Retirement?

- More than 5 years from retirement?
- I would be 100% invested in Equities.*

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The Four Horsemen

The Behavioral Mistakes that Destroy Us

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1. Chasing Returns

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2. Poor Diversification

- **Putting all your eggs in just a few or in way too many investments.**

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3. Market Timing

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**Preceded* by Euphoria

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- **This is a mistake from which you may *never* recover.**

How Do the Four Horsemen Affect the Average Investor?

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  - **Equity Market @ 10%: *$2,000,000*!**
- **The Four Horsemen are costing us *millions* of dollars!**

What About the Risk?

- **What if the stock market crashes?**
- **What if the market goes down 20%, 30%, or even 50%?**

- **If you are 5, 10, 20 years out from retirement, it doesn't matter. *You don't need the money now.***

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- **If you are 5, 10, 20 years out from retirement, it doesn't matter. *You don't need the money now.***
- **It is *good* for you if the market temporarily declines. You get to buy more companies *on sale!***

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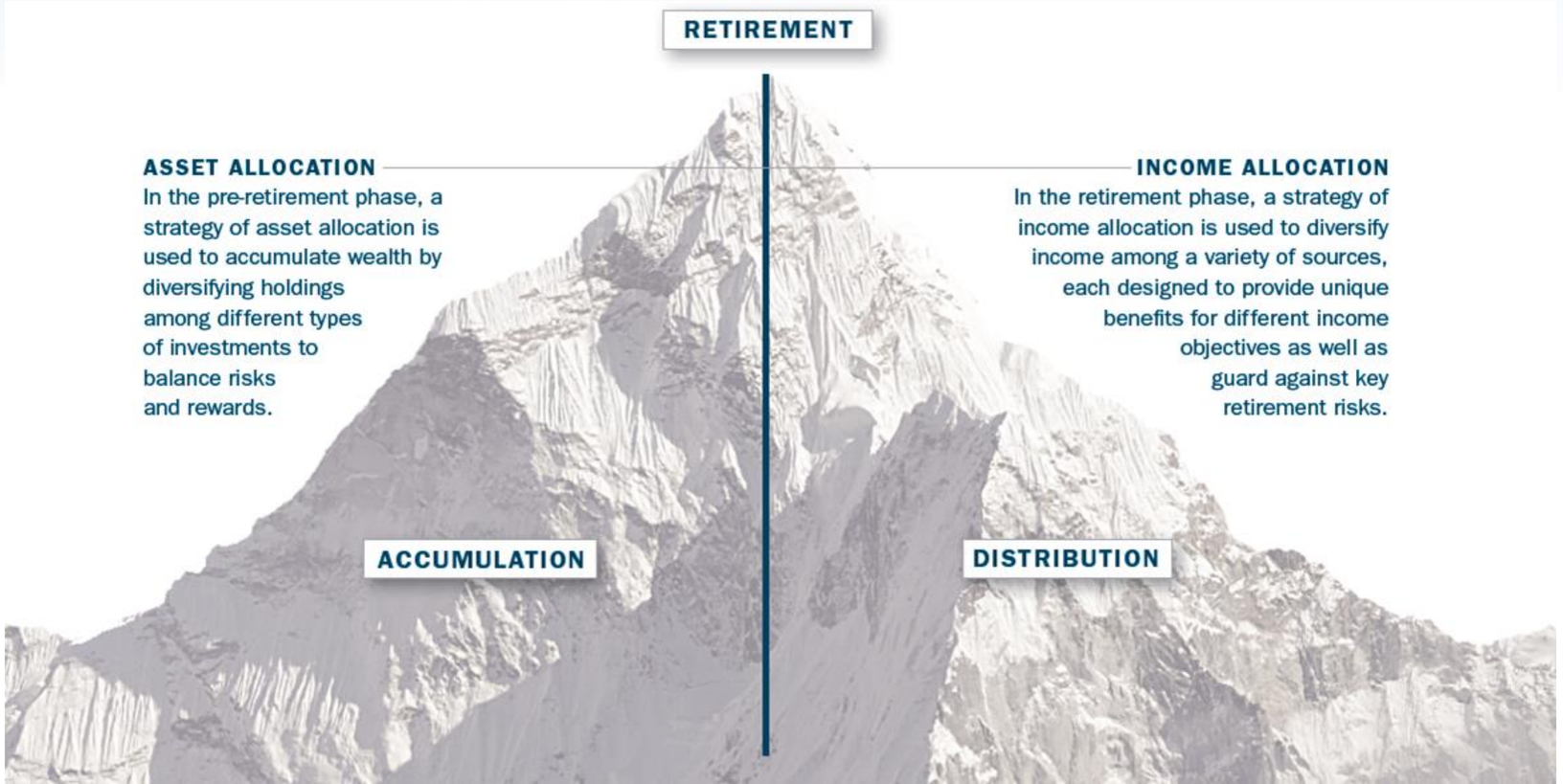
- **We want to invest for *growth*.**
- **We want to manage *our behavior*, not *market volatility*.**

Typical Retirement Strategy

- **Accumulation Goal: Grow Retirement Nest Egg**
- **Distribution Goal: Protect Retirement Nest Egg**



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- ~~**Retirement Goal: Preserve Your Retirement Nest Egg.**~~
- **Retirement Goal: Create a Retirement Income.**

3D Retirement Income

Your Retirement Income needs Three Dimensions

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Your Retirement Income needs Three Dimensions

1. **Direction: Income that Rises Faster than the Cost of Living.**
2. **Duration: Income that Lasts Longer than You and Yours.**
3. **Diversion: Income that Flexes Better than the Stock Market.**

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- **All failed investing involves constantly reacting to the market.**

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- **Investing in equities is the solution before & after retirement.**
- **Equities create the Direction we need (10% average growth vs. 2.5% average inflation).**
- **Equities create the Duration we need (by withdrawing less than the real growth, we can live off the growth).**

The Strategy

- **The best retirement income does not come from spending down your retirement nest egg, but from living off the growth.**

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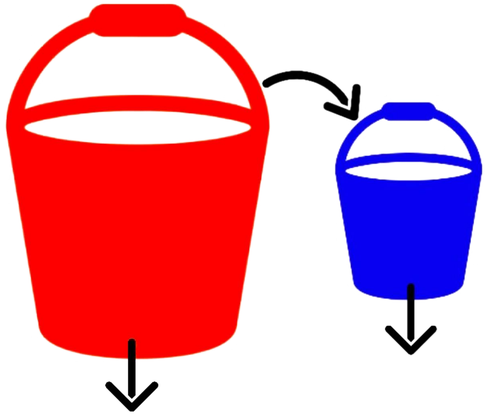
- **Stock market declines are <u>good</u> when you are saving into retirement accounts.**
- **Stock market declines are <u>different</u> when you are living off of retirement accounts.**

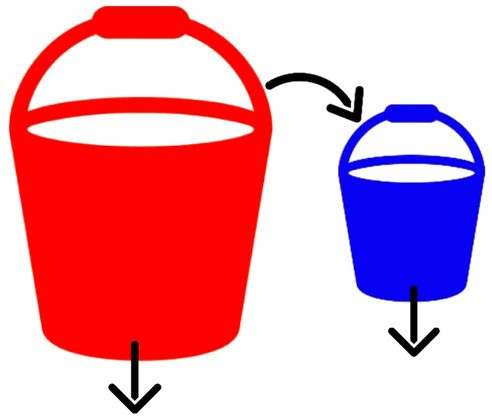
Red Bucket, Blue Bucket

- **We place the majority of our retirement money in red (equity) investments.**
- **We place some of our money in blue (fixed income) investments.**



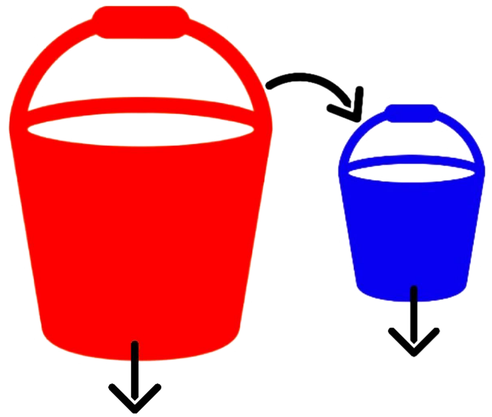
Red Bucket, Blue Bucket

- **Equities are up most of the time (four of five years on average).**
- **We pull our income from our red bucket during up years.**
- **We pull our income from our blue bucket during down years.**



Red Bucket, Blue Bucket

- Thus, we never sell our equities when their value is down, and never turn a temporary decline into a permanent loss.
- We refill our blue bucket as needed after our red bucket recovers.



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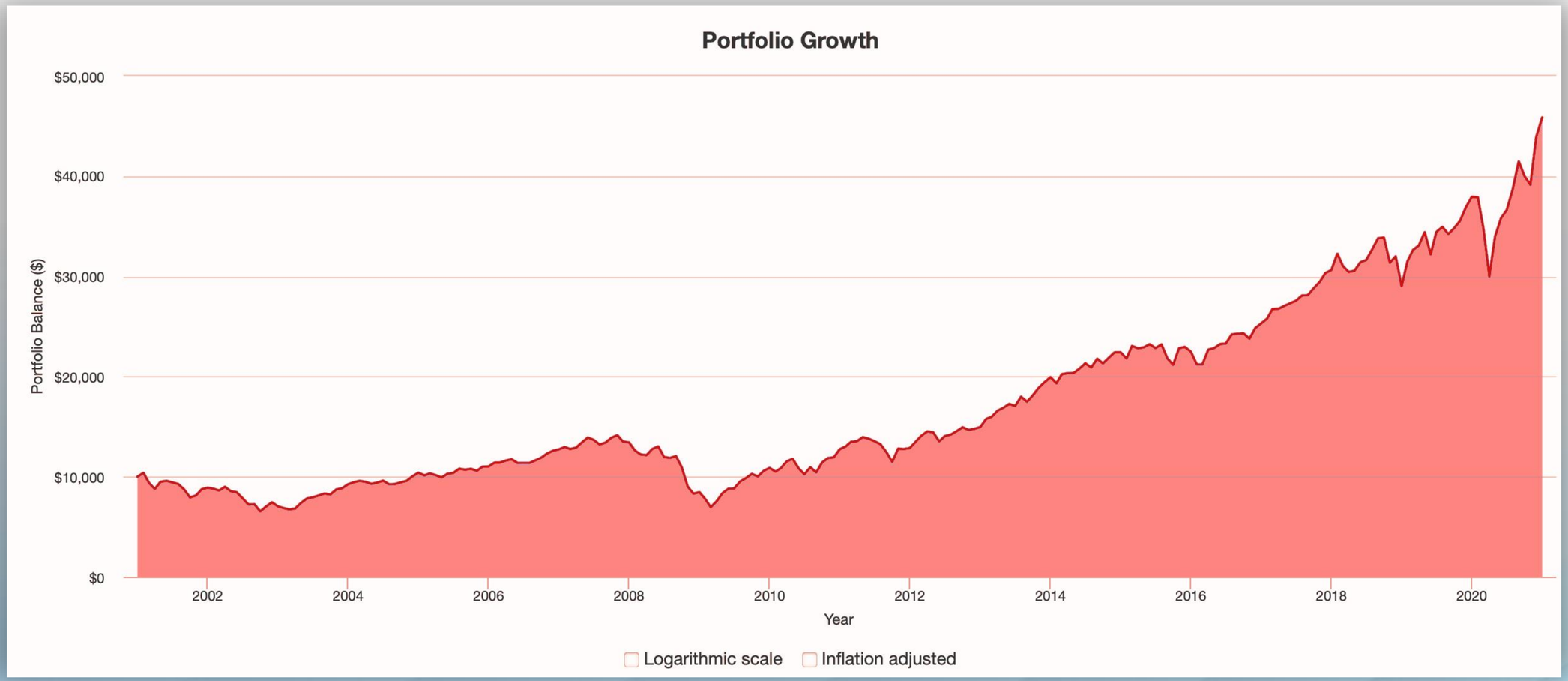
- **This should cover the average and extreme equity downturns.**
  - **Average: <2 years (2018, 2020, etc.)**
  - **Extreme: 4-5 years (2001, 2008, etc.)**

What Has Happened After a Equity Market Downturn?



The Value of Your Home

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- **Listing Price: $400,000**
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- **Offer Price: $300,000**
- **Potential Loss? ONLY IF YOU SELL.**
- **You wait. Neighborhood recovers.**
- **Offer Price: $450,000**
- ***Profit: $250,000***

The Value of Your Home

Look Familiar?

Blue Bucket: Insurance

- **The Blue Bucket helps ensure we never *need* to sell our equities at a loss, and thus ensure we never turn a temporary decline into a permanent loss.**

How/When do we Transition?

- When will you need the money?
- The transition period starts 5 years before you retire.
- Evaluate where you are in the market cycle.
- Begin building your Blue Bucket at a market peak.
- You need to have 2-5 years of expenses not covered by Social Security by retirement.

Example Expenses

- **Total Annual Expense: $100,000**
- ***Social Security Income: $30,000***
- ***Pension Income: $20,000***
- **Investment Expenses: $50,000**

- **You need $100,000-$250,000 in Blue Bucket (2-5 x $50,000)**

Read or Listen to the Book

- **FREE to all RetireMembers.**
- **Sign up at RetireMembership.com (Link in the Description)**

- **Also available on Amazon**

How Do I Implement This?

- What investments do I choose?
- What account types do I need?
- What about taxes?
- What insurances do I need?
- How do I ensure all my assets go to my family when I die and not to the lawyers?

Want Help?

- **Get a *Fee-Only Fiduciary Certified Financial Planner®*.**
  - **Fee-Only: No commission, only advice.**
  - **Fiduciary: Must act in your best interest.**
  - **CFP®: Gold standard in financial planning competence to plan your retirement.**
- **Go to FeeOnlyNetwork.com**
- **Work with us: LaxFP.com**

This is IMPORTANT!

- **Your life savings and family legacy are too important to leave it to chance. Get a financial plan.**
- **FeeOnlyNetwork.com**
- **PastorPlanning.com**

Last Lesson from the Talents

16 He who had received the **five talents went *at once* and traded with them, and he made five talents more.** 17 **So also he who had the two talents made two talents more.** 18 **But he who had received the one talent went and dug in the ground and hid his master's money.**

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Last Lesson from the Talents

- Take Action!
- Do not merely listen and so deceive yourselves. Do!

Questions?

Thank you for Investing Time in Yourselves with me.

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