



Boomers and the Real Risk in Investments

by Cynthia Fick

Do you really know how much risk you are taking with your money? Do you have any idea what would happen to the value of your portfolio if we had another 2008 in the stock market? If you don't, you could be taking a lot more risk than you realize.

Most of us over the last few years have had to re-think our retirement and investment plans, but you may still be taking more risk than you realize with your retirement dollars and 401Ks. Most boomers have no idea that many of their investments, even bonds, could be down big time if the market goes south. For example, in 2008 the stock market averages were down anywhere from 34-44%. Can you afford to lose that much of your portfolio? If not, it is time to figure out how much risk you are actually taking:

1. **Get Real.** If you haven't done so recently, sit down and figure out what percentage of your portfolio is subject to stock market risk. If you own stocks, stock mutual funds or variable annuities you are going to have downside risk if the market falls. Also look at your cash flow... what's going out and what's coming in. Look for cash you might be able to put to work for you to build up that nest egg. Look at your debt and see if that needs to be restructured along with any plans to downsize. Talk through different scenarios with your financial advisor.

2. **Get Clear.** Depending on how close you are to retirement, it may be time to make some shifts in your asset allocation from accumulation to capital preservation. Diversify your portfolio so that you have a variety of assets that react differently in up and down markets. Consider 'safer money' investments, less susceptible to principle fluctuation or risk.

3. **Get Results.** In addition to reviewing your portfolio every quarter, make sure you are getting an adequate return for the amount of risk you are taking. There may be ways to make your money safer without giving up growth potential. Also so a review when you have unexpected cash from a bonus or inheritance. Keep your eye on the goal of retirement or gradual retirement even if you're thinking "I may never get to retire." Changes come with age, retired or not.

Managing YOUR money is not the time to be timid about asking questions. Make a list before you talk to your broker or financial advisor. You deserve to have accurate and complete information about your investments and the risk you may be taking.

My best advice: Don't avoid the "P" word PLAN now and ask the questions. Your financial future may depend on it.

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AHWATUKEE NEWS

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Evaluate your downside risk, then adjust holdings

By Cynthia Fick

Special for The Republic

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My best advice: Plan now and ask the questions. Your financial future may depend on it.

Cynthia Fick is founder of Financial Life Planners LLC in Ahwatukee. Reach her at 480-346-4073 or cfick@cox.net.

Coping with college tuition increases

Here we go again! State budget cuts could lead to more tuition increases for college students. Arizona's three public universities are proposing tuition hikes of approximately 15 percent for next year. The recommendations were made to the Arizona Board of Regents,



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which plans a hearing on the proposed hikes March 28. Families are wondering if they can afford to send their children to our state colleges. What can you do?

- Make the cuts. Sit down as a family and figure out budget cuts that work for everyone. Think outside the box on how you can reduce your controllable expenses and put the savings aside.
- Find economical boarding. Consider living at home or off campus the first year. Find a roommate or look for a room to rent near campus. This can often reduce boarding costs by half.
- Give up the car and rising costs. Consider a bike or scooter, you'll reduce insurance, maintenance and the exercise could help you avoid

the dreaded "Freshman 15" (pounds).

- Reuse, recycle. Look for big savings by buying secondhand books online. Shop in vintage or secondhand stores for stylish clothes and use sites like Craigslist for used furniture.

- Ask and apply. It's not too late to apply for financial aid or *increase* your aid. Fill out the FAFSA at www.fafsa.ed.gov. Also, a simple letter to the Financial Aid Office stating why you need additional aid could produce results. Individual colleges within a university often have their own funds for scholarships, grants or work study programs. Check it out.

Get creative with your student and find something you know will motivate them to help. One of my friends gave their son a choice: He could get a job to earn money or had to apply for at least two scholarships a week. He chose the scholarships *and* is making better grades!

My Best Advice: Don't get discouraged. There are fun and creative ways to save money, even for college!

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