Three Essential Points For All Investors

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Point #1:
Contribute at least 10-15% each year to your retirement accounts.

The table below shows the various retirement account balances for a 65-year old person **IF** they start saving at age 25.

Summary of Ending Account Balances over 40-Year Savings Period
Assuming Various Savings Rates and Portfolio Returns

Ending Account Balances at age 65 ***Assumptions:*** ***25-year old with $35,000 salary, 3% annual increase in salary, 40-Year Investment Period***					
Average Annual Portfolio Return	**Total Annual Savings Rate** *(% of Salary + Employer Contribution)*				
	6%	**8%**	**10%**	**12%**	**15%**
6%	**521,157**	**694,876**	**868,595**	**1,042,314**	**1,302,893**
8%	**837,458**	**1,116,611**	**1,395,764**	**1,674,917**	**2,093,646**
10%	**1,385,908**	**1,847,878**	**2,309,847**	**2,771,816**	**3,464,770**

We can't guarantee the performance of our investment portfolio, but with sacrifice many people can contribute 10-15% of their income each year into their retirement accounts. Control what is controllable. Our savings rate (or contribution rate) is more controllable than our portfolio's performance.

Check out the table above and on the next page. If a 25-year old saves 10% of her salary each year, at age 65 she will have about $1.4 million saved (assuming an 8% annualized portfolio return). Conversely, if she only saves 6% of her salary her portfolio will have to earn 10% per year to have a comparably sized retirement account at age 65. An annualized return of 8% is reasonable—expecting an average annual investment return of 10% from a diversified portfolio is a bit bold.

Starting our retirement savings early is also critical. We all know that. Notice below what happens if she doesn't start until age 40—ending balance at age 65 of less than $600,000.

Save 10% and Be Happy

Age	Annual Income (3% annual increase)	10% Annual Contribution to Retirement Account	Years Invested	Future Value of Each Annual Contribution at Age 65 (assuming an 8% annual return)
25	35,000	3,500	40	76,036
26	36,050	3,605	39	72,516
27	37,132	3,713	38	69,158
28	38,245	3,825	37	65,957
29	39,393	3,939	36	62,903
30	40,575	4,057	35	59,991
31	41,792	4,179	34	57,214
32	43,046	4,305	33	54,565
33	44,337	4,434	32	52,039
34	45,667	4,567	31	49,629
35	47,037	4,704	30	47,332
36	48,448	4,845	29	45,141
37	49,902	4,990	28	43,051
38	51,399	5,140	27	41,058
39	52,941	5,294	26	39,157
40	54,529	5,453	25	37,344
41	56,165	5,616	24	35,615
42	57,850	5,785	23	33,966
43	59,585	5,959	22	32,394
44	61,373	6,137	21	30,894
45	63,214	6,321	20	29,464
46	65,110	6,511	19	28,100
47	67,064	6,706	18	26,799
48	69,076	6,908	17	25,558
49	71,148	7,115	16	24,375
50	73,282	7,328	15	23,246
51	75,481	7,548	14	22,170
52	77,745	7,775	13	21,144
53	80,077	8,008	12	20,165
54	82,480	8,248	11	19,231
55	84,954	8,495	10	18,341
56	87,503	8,750	9	17,492
57	90,128	9,013	8	16,682
58	92,832	9,283	7	15,910
59	95,617	9,562	6	15,173
60	98,485	9,849	5	14,471
61	101,440	10,144	4	13,801
62	104,483	10,448	3	13,162
63	107,617	10,762	2	12,552
64	110,846	11,085	1	11,971
Total Earnings from age 25-64	**2,639,044**			

The first year investment of $3,500 was worth over $76,000 at age 65.

Start saving 10% at…	Her Total Contribution to Retirement Account	Total Account Value at Age 65 (assuming 8% return)
Age 25	**263,904**	**1,395,764**
Age 30	**245,322**	**1,049,194**
Age 35	**223,781**	**775,757**
Age 40	**198,808**	**560,019**
Age 45	**169,858**	**389,806**
Age 50	**136,297**	**255,511**

Point #2:

Build a broadly diversified investment portfolio that includes stocks and bonds—and a variety of other asset classes.

7Twelve® Multi-Asset Balanced Portfolio

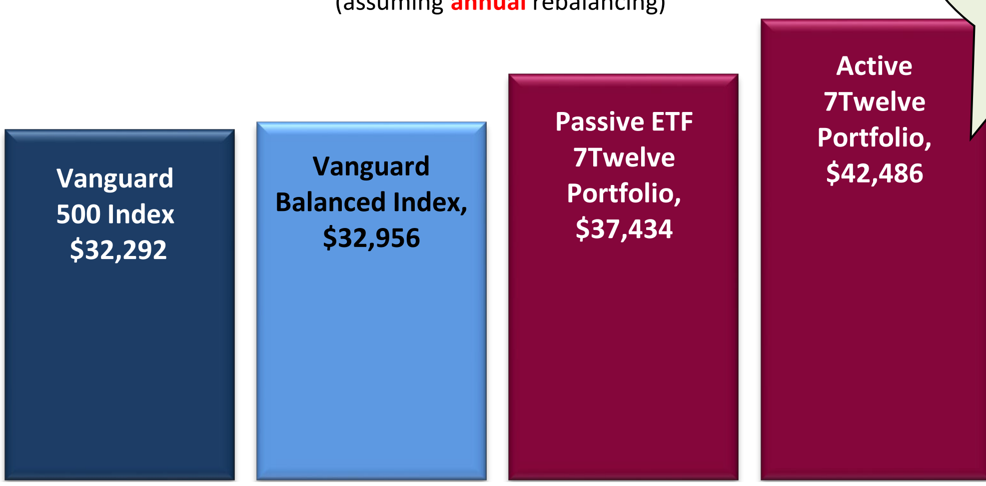
12 mutual funds or ETFs, equally-weighted, and annually rebalanced

Approximately 65% of the Portfolio Allocation in Equity and Diversifying Assets				Approximately 35% of the Portfolio Allocation in Bonds and Cash		
Large US Companies	*Developed Non-US Markets*	*Real Estate*	*Natural Resources*	*US Aggregate Bonds*	*International Bonds*	*US Money Market*
Medium-sized US Companies	*Emerging Non-US Markets*		*Commodities*	*Inflation Protected Bonds*		
Small US Companies						

A broadly diversified 12-asset portfolio outperformed a traditional 60% stock/40% bond fund and a 100% stock fund over the past 20 years—and with less risk.

20-Year Growth of $10,000

January 1, 2000 to December 31, 2019
(assuming **annual** rebalancing)



Point #3:
Focus on longer-term performance.
Don't "chase" performance.
Rebalance your portfolio each year

7Twelve Philosophy

Building a diversified portfolio is only part of the solution. Set a goal to invest 10-15% of your income each year. The portfolio's job is to provide a modest, steady return. Our job as investors is to properly fund our portfolio each year. Most investors don't save enough because they incorrectly expect the portfolio to do the heavy lifting. **Annually saving/investing 10-15% of our income into a portfolio that earns a modest return of 7-8% each year will produce wonderful results over time. Rebalancing also adds value to our portfolio because it forces us to "sell high" and "buy low" (the process of keeping all 12 mutual funds and/or ETFs at an 8.33% allocation each year).**

Once you have assembled your diversified 7Twelve portfolio, it's important to stay-the-course—don't chase last year's best performing funds or asset classes. The dismal results of chasing performance from 2000-2019 are shown below.

Investment Approach	20-Year Annualized Performance
HARE: **Performance Chasing by Investing Only in Last Year's Best Performing ETF** (100% allocation to last year's best performing ETF among the 12 ETFs in the Passive ETF 7Twelve model)	**2.14%**
TORTOISE: **Invest in the equally-weighted Passive ETF 7Twelve model and rebalance annually**	**6.82%**

There are several 7Twelve models, all built with 12 mutual funds and/or ETFs covering the same 7 core asset classes. There is an Active 7Twelve model, a Passive model, two Vanguard models, a Fidelity model, and a Schwab model. The results are consistently good. To purchase 7Twelve research reports that provide guidance in building one of the 7Twelve models shown in the table below click on this link: http://www.7twelveportfolio.com/Downloads/Web7TwelveReport.pdf

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