

In retirement

Low risk

Clients in the **Green Zone** are likely in a solid financial position and can more confidently stay the course with their plan. While there is still a chance that future market changes could make the current plan unsustainable, they need to make few, if any, adjustments to their planned retirement date or spending patterns at this time.



Green Zone

Situation Assessment

Retired investors in the Green Zone have a high probability (greater than 80% chance) of achieving their desired spending goals in retirement despite the impact of the recent market downturn.

These clients can more confidently stay the course with their current plans.

While there is still a chance that future market changes could make the current plan unsustainable, they need to make few, if any, adjustments to their planned retirement dates or spending patterns at this time.

Potential Actions

For investors in the Green Zone, it may not be necessary to take action immediately. However, they may want to consider the following to further improve their chances of meeting their goals.

Note that for retired clients, the Spending Lever likely comes before the Income Lever in terms of priority.

Spending Lever (Potential Flexibility: High)

Although these investors have a solid financial status, considering whether any goals could be delayed, should that become advisable, may help further increase their sense of security.

These investors may also want to consider delaying large, planned withdrawals from their portfolios unless they are unavoidable.

Income Lever (Potential Flexibility: Moderate)

Working part-time is an optional way for these clients to further improve their financial condition.

Investment Lever (Potential Flexibility: Moderate)

For investors in the Green Zone who are very sensitive to risk, consider decreasing their equity allocation and increasing their fixed-income allocation to help manage further downside risk.

For those who are interested in accepting more market risk to fund an expanded lifestyle or a larger estate, boosting their equities allocations may be appropriate. The prudence of doing this will depend on their current asset allocation, which should be considered carefully so alterations don't jeopardize the security of their current status.

Discussion Suggestions

Investors in the Green Zone should feel a greater sense of security knowing that their plans have a high probability of success.

Compared to most investors, they have flexibility regarding the levers they can pull if they choose. Despite their relatively solid status, if they find the current market

unsettling, they may find relief in considering ways to further manage risk. They could simply view these alternatives as emergency options.

Future Actions

Follow a detailed client engagement road map to monitor the impact of market changes on portfolio value, as well as any material changes to personal situations.

While mathematically these clients have a high probability of meeting their stated goals, they may be at their risk-tolerance threshold. The goal of this exercise will allow these clients to better understand the reality of their situation.

For a deeper understanding of the viability of their ongoing retirement-spending plans and any estate goals, it may be helpful to run a more detailed cash-flow analysis in a planning tool. You can develop their plans with a focus on needs or based on risk tolerance, with portfolio adjustments the primary focus. Use Monte Carlo projections to illustrate potential ending wealth ranges. Based on the outcome, consider adjusting desired income (withdrawals), savings rate (contributions), portfolio allocations or a combination of the three.

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