

Near retirement

Low risk

Clients in the **Green Zone** are likely in a sound financial position. While there is still a chance that future market changes could make their current plan unsustainable, they need to make few, if any, adjustments at this time.



Green Zone

Situation Assessment

Investors who are near retirement and in the Green Zone have a very high probability (greater than 80% chance) of achieving their expected retirement lifestyle despite the impact of the current market downturn.

These clients can more confidently stay the course. Consequently, there are few, if any, adjustments they need to make to their planned retirement date or spending patterns.

Potential Actions

For investors in the Green Zone, immediate action isn't necessary. However they may want to consider the following to further improve their chances of meeting their goals.

Income Lever (Potential Flexibility: High)

Delaying retirement or working part time are purely optional ways to further enhance income

Spending Lever (Potential Flexibility: High)

Although these investors have a solid financial base, it may further increase their sense of security to consider whether any future annual spending goals could be reduced.

Investors in this category may also want to consider delaying large, planned withdrawals from their portfolios.

Investment Lever (Potential Flexibility: Moderate)

If investors are very sensitive to risk, consider decreasing their equity allocation and increasing their fixed income allocation to help manage further downside risk. While fixed income has recently offered less capital preservation benefit than at other times, it may still help insulate against the higher volatility of equities. Note that this could come at the cost of giving up future lifestyle potential if markets recover.

For those who are willing to accept more market risk, to fund either an expanded lifestyle or a larger estate, boosting their equities allocation may be appropriate. The prudence of doing this will, of course, 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 because there is a high probability of success with their plan.

While this analysis shows these clients are on track to meet their goals, they could be at the threshold of their risk tolerance. If so, they are probably better off than

they feel, so your goal as their advisor is to help these clients better understand their situation.

Compared to most investors, these Green Zone clients have a great deal of flexibility. 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

Monitor the impact of market changes on the value of their portfolio, as well as any material changes to their personal situation.

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

For more information:

Call Russell Investments at **020-7024-6000** or visit **www.russell.com**

Disclosures

For profile methodology please see client analyser tool.

This material does not constitute an offer or invitation to anyone in any jurisdiction to invest in any Russell product or use any Russell services where such offer or invitation is not lawful, or in which the person making such offer or invitation is not qualified to do so; or to anyone to whom it is unlawful to make such offer or invitation, and has not been prepared in connection with any such offer or invitation.

This material is not intended for distribution to retail clients. Unless otherwise specified, Russell is the source of all data. Unless otherwise specified, all information contained in this material is current at the time of issue and to the best of our knowledge all information presented is accurate, however this cannot be guaranteed. Any opinions expressed are those of Russell Investments Limited and not a statement of fact and they do not constitute investment advice and are subject to change.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested.

There is no guarantee that any target or projected figures will be met and this information is for illustrative purposes only. Any simulated figures and estimated figures are for illustrative purposes only. Any past performance figures are not necessarily a guide to future performance. Any reference to returns linked to currencies may increase or decrease as a result of currency fluctuations. Any references to tax treatments depend on the circumstances of the individual client and may be subject to change in the future.

Copyright © 2007 - 2009 Russell Investments Limited

Issued by Russell Investments Limited. Company No. 02086230. Registered in England and Wales with registered office at: Rex House, 10 Regent Street, London SW1Y 4PE. Telephone 020 7024 6000. Authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.