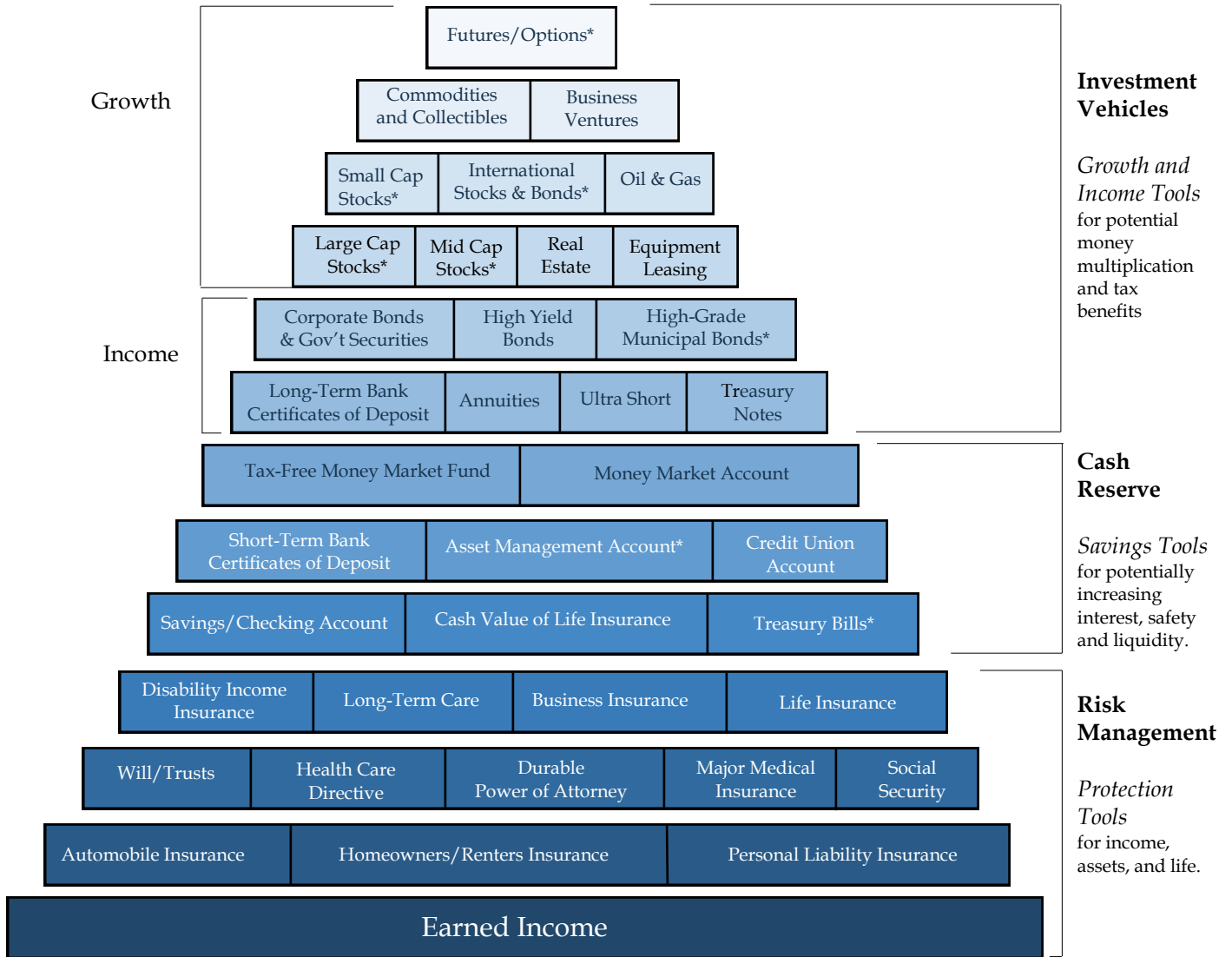




# Comprehensive Wealth Management Pyramid



Investing involves risks in regards to all of the investment products mentioned in this commentary, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Not all of the products or strategies referenced here will be appropriate for every investor as individual situations will vary and this information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Please seek the advice of a currently practicing professional for assistance regarding your circumstances.

The Comprehensive Wealth Management Pyramid is a concept supported by many representatives and economists. The pyramid illustrates the three general areas where people can put their money to help achieve their financial goals.

**The base of the pyramid** - the foundation of a balanced program is called *Risk Management*. This area focuses on managing risk and protecting our potential earning power. It's important to protect this earning power. If this ability is lost, either through death, disability or retirement, the entire financial pyramid could collapse. People can protect their income earning ability through a variety of insurance products.

Having protected against risk, the next place people put money is in *Cash Reserves*. Cash Reserves is money accumulated in prudent and liquid types of assets such as savings and checking accounts, cash values in life insurance, and money market accounts. Money is accumulated in these types of vehicles until a minimum safety threshold or cash reserve is developed. This account becomes a "rainy day" fund for emergencies and short-term needs. Any monies over and above the cash reserve can be moved into various investment opportunities.

**At the top of the pyramid** are *Investment Vehicles*. Investments include stocks, real estate, oil and gas, municipal and corporate bonds to name a few. Individuals choose investment vehicles that strive to meet long-term goals (IRAs, education funds, wealth building) and the potential for income for current living.

There is always an element of risk involved with any investment. For this reason, one should move to the top of the pyramid only after protecting against risk and developing an adequate cash reserve.

The chart on the other side shows the variety of financial alternatives available at each level of the pyramid.

### ***Protection Tools***

Level one uses Protection Tools to protect your assets, your income and your life.

### ***Savings Tools***

Level two uses Savings Tools which put your money to work in relatively conservative and liquid assets.

### ***Growth and Income Tools***

After your foundation is secure with Protection Tools and you've developed financial resources through Savings Tools. Growth Tools are designed to help you multiply your accumulated dollars through long-term investments that often provide tax benefits and always allow you to match the degree of risk with your investment temperament. Income Tools are designed to help provide incomes that vary depending on the same risk you are willing to assume.

You need to take a fresh, clear, critical look at your game plan at regular intervals. This is especially necessary in our current economy, in order to keep pace with economic shifts as well as your own changing needs and desires.

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