

Big picture investing

It's a classic example of seeing the trees instead of the forest. Your goal as a retirement investor is to accumulate enough money to pay for a comfortable retirement. But if you focus on short-term investment performance, you may lose track of the big picture. And that can work against you.

Are you a Micromanager?

Your retirement plan gives you the freedom to make your own investment decisions. And because you can easily change plan investments, you may find yourself becoming a micromanager. That's an investor who changes investments frequently because of daily market movements instead of focusing on the big picture – a long-term investment strategy. But “chasing returns” by moving your money into whatever investment type or stock market sector happens to be doing well at the time rarely pays off in the long run.

The Unknowable Future

The problem with chasing returns is that it's virtually impossible to predict how long a particular investment or market sector will continue to be a top performer. Eventually, another investment or sector will probably take over the lead, and there will be little or no advance warning. That can leave you in the lurch if you changed the investment mix of your retirement plan account based strictly on recent performance.

The Solution: Keep a Long-term Perspective

You may be much better off by the time you retire if you use a big picture perspective when you invest. Concentrate on your goal, and choose an investment mix with the potential to help you reach that goal over time.

Your retirement plan probably offers several investment options, allowing you to choose a well-diversified investment mix for your account. The idea behind big-picture investing is to choose a mix that offers you a realistic opportunity to achieve long-term gains while reducing the overall risk to a level you are comfortable with.

After you've chosen your investments, you shouldn't ignore market and economic developments. But you'll generally want to stay with your plan unless you decide that changes in your personal situation or risk tolerance make an adjustment necessary.



For help in seeing the big picture, contact Alaska USA Trust Company. Both self-directed and managed accounts are available to help you design an investment strategy for you and your family.

If you're a big-picture investor, you can be much less concerned with what the markets do on a day-to-day basis. You'll be free to switch your investments, but you won't feel compelled to make a move every time the markets zig or zag.

Retirement assets that last a lifetime

The good news: As health care continues to improve, workers can anticipate a long retirement – perhaps over 30 years.

The bad news: Your employer’s retirement plan may not provide benefits for an unlimited period of time. So, outliving your retirement income may be a reality. Fortunately, you can determine how long your money will last depending on how you invest it and how fast you withdraw it.

Will You Have Enough?

Take time to estimate the value of your retirement and other accounts, and the amount you will need to withdraw each year after retirement. The table below can help you make a rough estimate. Note that the table works with any amount of savings, and is based on various withdrawal percentages and investment returns.

Helping Your Assets Last Longer

If you feel that your retirement assets won’t last long enough, you have several options. If you’re comfortable with the risks, you could adopt a less conservative investment approach that has the potential for higher long-term returns. Keeping some of your assets in stock portfolios after you retire is another possibility for increasing the amount of time your assets will last. Finally, if you modestly decrease the amount you withdraw from your account each year after you retire, your assets should last a bit longer.



Calculating Years Assets Will Last

Percentage Withdrawn Annually	Number of Years before Assets are Gone					
	4%	5%	6%	7%	8%	9%
5%	42	*	*	*	*	*
6%	29	37	*	*	*	*
7%	22	26	34	*	*	*
8%	18	21	24	31	*	*
9%	15	17	19	23	29	*
10%	14	15	16	18	21	27
11%	12	13	14	15	17	20
12%	11	12	12	13	15	17
13%	10	10	11	12	13	14
Average Annual Return on Remaining Assets						
	4%	5%	6%	7%	8%	9%

*Assets will never be used up at this withdrawal percentage and annual return.

This chart is for illustrative purposes only. Actual earning would vary from year to year. Your investment results will be different.

Choosing a trustee

Creating a trust document and selecting a trustee to administer it can be an important part of planning your financial future.

Almost anyone can serve as your trustee – a family member, friend, attorney. However, there are several advantages to naming a corporate fiduciary such as Alaska USA Trust Company as your trustee.

Continuity and Stability

A trust may extend over many years, so continuity and stability are factors you should consider. You can expect Alaska USA Trust Company to serve your family and future generations during the trust’s entire term.

Trust: A legal arrangement that transfers property to a trustee, who manages it for the benefit of the individuals you name.

Investment and Other Specialized Skills

A trustee must be capable of investing trust assets productively and prudently. An individual may lack the specialized investment, accounting, and tax skills that are needed to ensure trouble-free administration. The experienced trust administrators and investment managers at Alaska USA Trust Company have the skills needed to:

- ◆ Plan an appropriate investment strategy and make decisions within that strategy
- ◆ Account for the trust’s principal and income transactions
- ◆ Address tax issues
- ◆ Conscientiously follow the instructions you provide in your trust document

Availability

An individual trustee may not have the time required over many years to manage trust assets and attend to the needs of your beneficiaries. Alaska USA Trust Company is in business to administer trusts, and will attend carefully to the wishes you set out in your trust document.

Objectivity

During the term of the trust, your trustee will be called upon to make careful decisions that are in the best interests of your beneficiaries. Alaska USA Trust Company can make such decisions objectively, while an individual may be influenced by emotion.

Call Alaska USA Trust Company to find out more about trust services and how they might fit within your estate plan.