The Top 5 Personal Investing and Planning Mistakes Successful Professionals and Business Owners Must Avoid

CHATTERSON
WEALTH MANAGEMENT

HollisWealth™

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Introduction

We believe that most professionals and business owners are missing out on opportunities to enjoy life and get the most from their money while exposing their wealth and investments to unnecessary risks.

In our experience, most people investing for, and entering retirement, are working without a system. They often only get serious about retirement planning as they are setting their retirement date.

Or, they wait until they are retired to organize their investments and finances and never put together a formal financial plan. No wonder many business owners, professionals, pre-retirees and their families fail to reach their financial goals!

This report identifies The Top 5 Personal Investing and Planning Mistakes Successful Professional and Business Owners Must Avoid.

- While working, saving, and accumulating your wealth, *you may give little thought to how your money is invested*, especially in your retirement accounts or retirement plan at work. In the long term this can be costly, particularly as you approach retirement or want to slow down.
- As you focus on your financial plan, *without a guiding, independent professional* you may miss opportunities to manage against common risks, save on taxes, navigate volatile markets, and properly plan for retiring on your terms.
- *Without a retirement investing strategy*, you could be forced to work longer, lower your lifestyle in retirement, have less for future generations, or not be able to afford the things you really want.

When we started working with clients, many of whom were successful professionals and business owners, we had to introduce most of them to fundamental financial principles and risk management processes for the first time. It's not your responsibility to know all of the ins and outs of a comprehensive investment and risk management strategy, after all, you're already a full-time professional or business owner! That's why we decided to create and share with you this Free Report.

This report, it introduces our **Proactive, Comprehensive Financial Planning and Investing System** – designed to help you save, invest, and grow your retirement nest egg to reach your financial goals. You can benefit from understanding the issues and strategies found in this vital report whether you are a business owner or professional, *someone preparing to retire or recently retired, or someone who is simply seeking reliable, personal financial advice and an overall, coordinated strategy*.

We urge you to read this report. Then, we recommend you set-up a no-obligation, personal Big Picture Review where we can get to know you and your goals and use interactive software to bypass the usual copious paperwork and give you a broad view of your retirement outlook.

The Top 5 Personal Investing and Planning Mistakes Successful Professional and Business Owners Must Avoid

There are more hazards than ever that threaten your hard-earned money:

> Risks can come from unexpected health issues or from failing to do proper financial, investment or retirement planning.
>
> Risks to your personal investments can come from a global recession, bear markets, reverses in sectors like energy, and ongoing market volatility. It can come from inflation or an over-allocation of your portfolio to one sector, one asset class, or one part of the world.

Many investors have experienced little gain in their portfolios over the recent 15 years, especially after accounting for **taxes** and **inflation**. They cannot afford more of the same without putting their lifestyle and long-term retirement goals at risk. How about you?

Furthermore, many have not created or kept updated their financial or retirement plans *and their investment strategies may not match their goals.*

Within this overall context, let's examine in greater detail 5 common personal planning mistakes that most are making. Committing just one of these errors could put your desired lifestyle and retirement plans out of reach.

1. Not Having a Financial or Retirement Plan

One of the "traps" many of us fall into is we either put off planning for retirement until it is upon us, or fail to do any financial planning at all.

Some will delay the planning process because they think they will have to cut back on their lifestyle. *The reality is that most new clients we meet have it within their means to both enjoy their life today AND save and invest for their later years.*

For business owners and professionals, without a plan you may be putting your nest egg in jeopardy or failing to take advantage of tax planning strategies, investment opportunities, or risk management strategies. You may not understand the reality of how much money you will need in retirement and the best plan to reach that goal. You may make mistakes in your planning, have the wrong types of insurance and be exposed to common life or health risks, or you may risk running out of money after you retire.

Avoid this mistake: Make sure your financial plan is in place today and actively monitored and updated by an experienced professional. (See Mistake #2 for a related trap to avoid.)

2. Not Keeping Your Investments, Financial, and Retirement Plans Up to Date

As we mentioned above in Mistake #1, you want to make sure you have a financial or retirement plan in place. That is a good first step, but most who set-up a financial, wealth or estate plan tend to file it away for 5 years or more while it becomes out-of-date.

In fact, according to financial research firm CEG, among families who do have financial strategies in place, **a full 80% are likely to be out of date**. (Source CEG Worldwide 2007.) That means most are at risk of making decisions which can negatively impact the rest of their lives.

The world economies, the markets, and our tax laws are more dynamic than ever before. Major swings in the energy markets can require a review of your financial plan. In addition, we are constantly monitoring the markets and reviewing client investment portfolios for changes that can be made to keep your portfolio in line with its objectives and better position you to avoid risky sectors and take advantage of growth opportunities.

Consider also that your personal, family, or financial situation can change dramatically year to year. For most new clients we meet, these changes are not reflected in either their plans or investments.

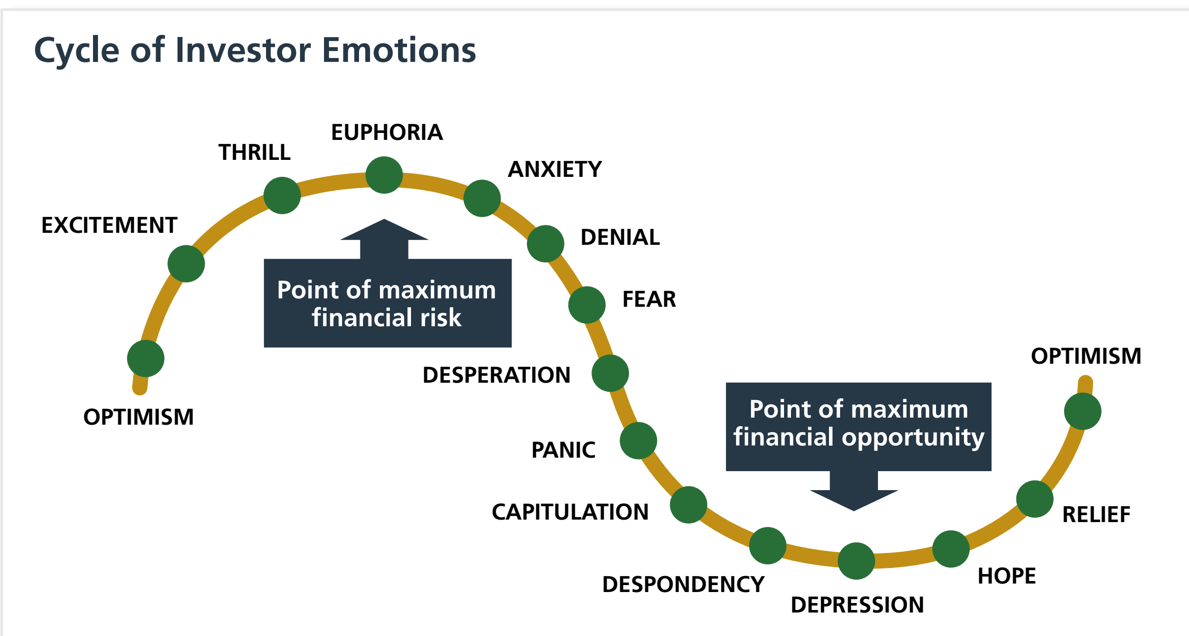
Avoid this trap: Make sure your wealth plan is in place today and actively monitored and updated by an experienced professional.

An updated plan allows individuals to understand how each financial decision affects the other areas of their wealth both today and in the future.

3. Not Having a Disciplined Investment System – The Average Investor Cannot Beat the Market

Study after study shows that the average investor cannot beat the market.

You may have heard that "fear and greed" drive the markets. Those investing on emotion risk being fearful at the wrong time and selling at the bottom, or being greedy at the wrong time and buying at the top. See below for a graphical representation of the Cycle of Investor Emotions.



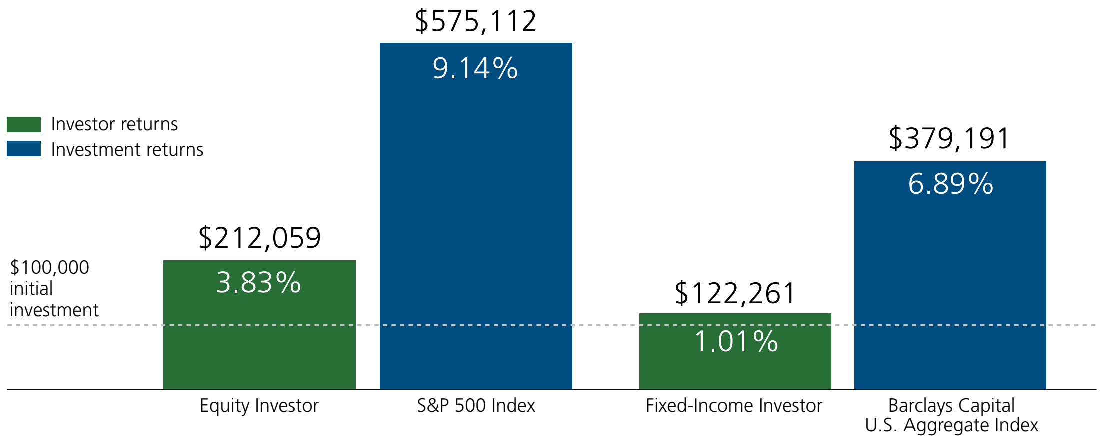
Source: Russell Investment Group

As a result of this "fear and greed" cycle, many investors do far worse than the average market return.

Research backs this up. On average, investors without a disciplined process will significantly under-perform the stock market. Consider the chart below from independent research firm Dalbar. Over the twenty (20) year period ending December 31, 2010, the S&P 500 Index achieved a 9.14% annualized return, while the Average Equity Fund Investor received a return of only 3.83%. This is known as the **"behavior gap."** For the stated time period this is an **"emotional penalty"** of 5.31%. That's a lot of money lost to making investment decisions based upon emotions of fear and greed. We call it an "emotional penalty" because it is our emotions that drive most of us to buy and sell at exactly the wrong time. Most investors will buy when there is "euphoria" when most of the gains in the stock market have already occurred and sell when there is "depression" even though there is little risk of further losses.

DALBAR Quantitative Analysis of Investor Behavior

Ending values and average annual total returns of hypothetical $100,000 initial investments for 20 years ended 12/31/10



Source: DALBAR (average equity and fixed-income investors data). DALBAR uses data from the Investment Company Institute, Standard & Poor's and Barclays Capital index products to compare mutual fund investor behavior with an appropriate set of benchmarks. These behaviors are then used to simulate the "average investor." Hypothetical equity and fixed-income investor investments are based on average annual total returns. The indexes are unmanaged, and their results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or taxes.

This chart shows that, especially with today's volatile markets, investors working off of emotion rather than from discipline can be their own worst enemy.

Most individuals don't want to spend the time, nor do they have an interest or the experience, to create and follow a disciplined investment system that is going to give them a reasonable chance of accomplishing their most important goals. Without having and following a disciplined plan investors jump in and out of the market at the wrong time damaging returns and jeopardizing their retirement goals.

4. Thinking You Are Diversified When You Are Actually at Risk

Financial Planning, Risk Management and Investment Management would be relatively easy if we knew the future, but unfortunately unknowns that need to be factored into your a financial plan often surprise our new clients.

We can categorize these unknowns into common investment risks which include (but are not limited to):

Longevity Risk — Because we are living longer, the challenge from a planning perspective is that a longer lifespan means we have to pay for it. And as a result, the longer we live the more years that money needs to last, the more likely we risk are to running out of money.

Market Risk — Markets rarely move in a predictable pattern; they can be down significantly one year and up the next. If you exposed all of your money to the ups and downs in the public markets year after year, you could put your entire nest egg at risk as you approach or enter retirement. This is a risk most clients want to avoid.

Inflation Risk — Many approaching or in retirement forget that price inflation means the same amount of money purchases less every year. And even a small annual inflation rate over a period of years can mean a significant hit to the purchasing power of a given nest egg or income stream.

Point in Time Risk —This is the risk of having to create income from assets that are declining in value because of normal market gyrations. In these instances the mathematics of getting your asset levels back to even becomes extremely difficult. As a result, we suggest taking the appropriate steps to avoid these situations wherever possible.

We find most business owners, professionals, and people planning and investing for retirement have not identified, quantified, or strategized for the common investment risks they face today. As a result, many have not done the proper planning, don't have adequate coverage, and may have not designated beneficiaries correctly. There are many strategies designed to deal with these issues – ones our planning clients currently employ.

5. Using a "Buy and Hold" Investment Strategy

With today's uncertain economy and volatile markets, investment management cannot be a "set-once-and-forget it-through-retirement" process.

It is our belief that relying on the standard investment philosophy of "buy and hold" for the long term is inappropriate for the individual or couple approaching retirement and transitioning into the distribution phase of their lives.

Here are three simple reasons why.

- Your financial situation will have changed considerably once you move from the accumulation phase to the distribution phase of your life. In addition, circumstances beyond your control, possibly financial, political, or economic, will necessitate a greater degree of oversight and ongoing management.
- Markets are too volatile and economic shocks too frequent for a "set-and-forget" model. Your portfolio needs to adapt to the trends with the goal of being "in" appropriate investments and asset classes.
- As a retirement investor today, you need someone who will help you develop an appropriate investment strategy. Then, you will need an advisor that can offer active management, monitoring and investment of your portfolio based on your personal situations as well as the changes in the economy, markets, and opportunities relative to a particular investment along with a variety of other factors.

So what is the solution to help you avoid the equivalent of the Financial Emergency Room?

A reliable, predictable process! Without a process to rely upon, investors are left to make emotionally-charged decisions about their investments. With a system retirees can set aside their emotions and prevent imprudent decisions.

Avoid These Common Personal Financial and Investment Risks, and Navigate to a Healthy, Happy, and Wealthy Retirement

It comes down to this: Retirement investing and financial planning can be challenging and put your dreams of a comfortable retirement at risk. The challenges to having the lifestyle you want in retirement include:

- Retirement investing and volatile markets put a premium on having a disciplined process and not making "emotional mistakes,"
- The forces of inflation as well as the risks from volatile markets can make it much more difficult to create the income you will need throughout retirement to support your lifestyle,
- Your own retirement accounts cannot be ignored; they needs to be coordinated with the rest of your financial strategies and any financial risks you face in your profession or business. Actively managed and monitored, you can maximize the chances that your accounts will avoid major losses,
- Major investment losses right before or after retirement, based on the "math-of-getting-even," can set you back many years, or worse, jeopardize your lifestyle in later years, and
- Volatile markets or sectors like energy can quickly expose flaws in your diversification strategy and tactics. (We have found most feel as if they are truly diversified when they are likely exposing themselves to more investment risks than desired.)

Thus, while financial planning and investing in today's volatile markets throws tough challenges at us, the good news is there is a way to safely navigate in rough seas.

Next let's examine our proactive vision for financial planning and investment management for 2015 and beyond.

Our RetireSure Process™ –

Helping You Save, Invest, Grow and Preserve Wealth Today

The world is dramatically different from what it was twenty, or even ten, years ago.

We see, however, that the way most people in our industry practice financial and investment management has changed very little, if at all.

That is why we developed our proactive, comprehensive Financial Planning and Investing System, the **RetireSure Process™** which encompasses three key areas:

1 – Creating Your, Own Custom Financial Plan

2 – Managing Investment Risk through a Principle Called Relative Strength

3 – Ongoing Financial Planning and Investment Management

Here is an introduction to our RetireSure Process™ that has proven to be very popular with our clients.

Strategy #1 – A Custom Financial Plan

"We are largely in the business of creating and managing a custom financial plan for each client – one that can vary year-to-year with changes in a client's business or life. Our focus on "process," along with our team of experienced professionals constantly working for a client contributes to our client's financial future."

— Bart Chatterson

The start of the journey is you – encompassing your overall financial and retirement goals, what you value most, how you like to spend your time, what you want for your family, how you see your legacy, where you are today with your assets and investments, and more.

With our Big Picture initial meeting we leverage the power of questions. For example, we'll ask you:

1. What concerns you most about your wealth and the future?
2. How would you spend your time if money weren't an issue?
3. Would you like to save on business, personal, and eventually, estate taxes?
4. Do you have charitable intent, and if so, would you like to optimize the impact of your contributions and gifts?
5. Are you more concerned with protecting what you have or growing your assets?

In this step we also begin to get an understanding on the "facts and figures" relative to your financial situation. Preserving and harvesting wealth and making the most of your investments require comprehensive diagnosis of the current situation.

If you haven't had these conversations recently with your current advisors, they may not all be working toward your goals and in your best interest. Your wealth and investment plans are likely out-of-date.

The typical successful business owner or professional planning for retirement has many issues that need to be addressed immediately and moving pieces that need to be considered and most often addressed annually. Common objectives often include saving on taxes, mitigating common risks, and better leveraging your current income or business cash flow.

As we manage YOUR plan, we act as your personal CFO to coordinate your team of specialists, *often including tax, estate, and legal team members*, and keep you updated. The outcome: You gain the advantage of having a team of experienced professionals at your disposal while avoiding the headaches of spending time trying to manage the process.

Risk management is key – creating the right holistic strategy for your situation, staying away from out-of-favor investment sectors and too much concentration of wealth, reviewing the types of insurance you have currently, and making changes to fit your goals and needs are all key factors. Considerations include life, health and disability, and long term care insurance.

Today for most of our clients, *estate planning is another potential strategy to preserve assets for the long-term and for future generations*. We make sure our clients go beyond simple wills and trusts and have proper titling of assets. In addition, we help them consider such issues as durable power of attorney, asset protection planning and generational transfer strategies.

Strategy #2 – A Custom Investment Management Strategy in Accordance with the Plan

"Having a defined process in place means having less mystery in your portfolio – and less mystery means fewer surprises."

— Bart Chatterson, B Comm.

A key component of your financial success is managing your investments in the context of your goals, tax situation, liquidity requirements, and your tolerance for risk in mind. This important step, which many fail to take, requires a detailed understanding of your current, comprehensive financial plan.

Our disciplined approach removes emotion from the investment decision at a time in our world where emotions are running high. We place our process above opinion and attitude, and make regular decisions to dynamically manage risk within your portfolio.

We use an investment strategy based on the principle of relative strength. With help from the proprietary relative strength process we follow, we take advantage of the powerful concept that strength wins out over weakness. To use a sporting analogy, we want to bet on the winners and stay away from the losers, with the goal of reducing risk and increasing performance over time. And, rather than randomly guessing when the losers will turn it around, we want to stay with the winners until the actual market performance tells us not to.

"The powerful concept of Relative Strength means we want to bet on the winners until the actual market performance tells us not to."

For those accumulating wealth and investing for retirement, we create a custom portfolio according to both your goals and the trends in the market. Our objective is to avoid punishing losses by using the concept of relative strength to designing an efficient, diversified portfolio which both protects and grows.

For those in retirement, we structure your nest egg to help create the long-term growth potential you will need for the future and to fight the eroding power of inflation. We also set up the short-term income streams you need to fund your lifestyle.

In addition, your *financial and investment plans* are not "set once and forgotten."

Strategy #3 — Ongoing Investment and Financial Plan Management

"The ongoing management of your plan is unique to each individual, much like a fingerprint."

— Bart Chatterson, B Comm.

As a client, you can benefit from our proactive approach and constant monitoring of all the major aspects which affect your current family situation, your retirement investments, and your overall financial plan.

Once your plan is in place, we check your progress and, if necessary, make adjustments to keep you on course to working toward your goals.

With our proactive approach we will often anticipate your needs and work with you to address them before you may even be aware that you have the need. We meet periodically to review all of the key elements of your plan so you are up-to-date.

The Case for Proactive Financial and Investment Management and Its Benefits for Professionals, Small Business Owners and Their Families

First and foremost, we feel these strategies can help you save more of what you earn and maximize what you can do with your investments and wealth. For most, that means preserving your wealth for yourself and future generations and also focusing on enjoying your work and personal life with greater control and predictability in your future.

In our experience, most individuals and their families will continue to make costly mistakes in their investments, planning and risk management. These errors, however, can often be avoided through proper and proactive planning and disciplined investment management.

You don't have to make the same mistakes that so many others are making. The good news is you can get started right now to move along an appropriate path for yourself and your family.

With our RetireSure Process™ our goal is to create and manage ongoing investment and financial strategies designed to help you:

- have peace of mind knowing that you are on sound financial footing know and now and in the future.
- support your desired lifestyle now and in retirement,
- give to future generations and the causes you care about, and
- know that you are deploying sound strategies that are appropriate for you and your family.

And, of course, we want to help to make sure you gain greater control over your financial future so that you can truly relax and enjoy life in the process.

So here's what you can do right now . . .

How To Avoid Costly Financial Mistakes In Today's Uncertain Economy With A No-Obligation Review of Your Financial Goals and Retirement Investment Portfolio

We invite you to schedule your no-obligation Big Picture Retirement Review with Bart Chatterson.

During this meeting, you'll experience a frank discussion about your personal financial situation and business goals as we begin to analyze where you are now relative to where you want to be.

What can you gain from this Big Picture Retirement Review? It will enable you to:

1. **Gain Clarity on What Your Money Needs to Do for You and Whether You Are On Track – ** Complete a simple questionnaire to help us achieve a greater understanding of your needs and discover where you stand relative to your retirement goals and aspirations.

2. **Review and Benchmark Your Investments so that You Know How They Stack Up –** We'll analyze and review your current investments so that you understand what you have, including their strengths and weaknesses. Then, we will discuss (without financial jargon) how your entire portfolio, currently positions you for the long-term and retirement.

3. **Understand the Benefits of a Proactive and Ongoing Financial Plan and Relationship –** What is most valuable to many individuals and couples is how we collaborate with you to prioritize the recommendations and then produce a set of ongoing action steps with the goal of making the most of your money, today and in the future.

The key questions we answer for you in addressing your specific goals and investments can include:

- **What do you own today, and what are the common risks with these investments?**
- Are you positioned right now to retire and not run out of money in retirement?
- **Do you need to update your estate plan, your insurances, or your investment strategy?**
- What should you do when it comes to your retirement or other investment accounts to take less risk in the markets and position yourself for more growth?
- **How can you get, and stay, on a path to fund your desired retirement lifestyle?**

If you are concerned that your retirement investments are going in the wrong direction, if you are starting to prepare for retirement - or if you simply want a fresh, independent perspective – you deserve to know whether you are on track to achieve your long-term financial goals.

Don't Wait – Get Started on Your Big Picture Retirement Review

Request this personal, no-obligation Big Picture Review where we can get to know you and your goals and use interactive software to bypass the usual copious paperwork and give you a broad view of your retirement outlook.

Simply contact Bart Chatterson at 1 (800) 284-9999 or (306) 343-3707 direct or email b.chatterson@holliswealth.com to schedule your review right now.

Even if you're not comfortable getting a second opinion at this time, here are some questions you should be thinking about, discussing with your family, and asking your current financial adviser:

How can you protect your investments and assets from the common risks?

What plan is in place to help ensure your financial future?

What strategies can you employ this year to save on taxes?

What is your system for long-term investing success?

How can you keep your investment and financial plan up-to-date?

Contact us today to make sure these questions are answered and you avoid the common mistakes.

Bart Chatterson, B Comm.

Investment Advisor, HollisWealth
Insurance Advisor, HollisWealth Insurance Agency Ltd.

Bart Chatterson started offering financial advice in 1998. He came to HollisWealth in 2007 and uses defined processes and a rule-based investment system to serve his clients. This helps investors to eradicate the mystery and unnecessary risk from their finances as they move toward retirement. In 1992, Bart attained his Bachelor of Commerce in Finance and Marketing from the University of Saskatchewan. Since then, he has earned the designation Professional Financial Planner and has become licensed to advise on estate planning and insurance. He worked for several years in manufacturing and retail management before spending 10 years with two of Canada's largest full-service investment firms.

A native of Saskatchewan, Bart was raised on a farm in the Southeast part of the province and today lives in Saskatoon with his wife and two children. He enjoys supporting his children and his community, and was named Coach of the Year in 2007 for his involvement in children's hockey programs.