

Successful investment management: Laying the groundwork

Successful investing does not begin with the question: “Where should I invest my money today?” An orderly, almost scientific, approach is necessary for successful management of your investment assets. We approach investing as a multistep process. Here we focus on the first step: assessing your financial needs and goals, tolerance for risk, investment time horizon and other constraints that you may have.

Defining goals and needs

Each of our clients is unique. Therefore, to determine a client’s needs, our professionals will meet with you to discuss every aspect of your finances. Ask detailed questions about your income sources and expenses. Evaluate your current investments and retirement resources. Review your family circumstances. Thanks to this delving process, we can help you to pinpoint accurately your short-term and long-term investment goals.

These goals vary widely from individual to individual. For example, one individual may be looking to obtain sufficient capital in a relatively short time in order to acquire a business interest. Another may seek to accumulate assets for a vacation home or to acquire investment real estate. Parents or grandparents may want to build a college tuition fund for their offspring. And *everyone* is concerned about either saving for retirement or preserving assets during their later years.

Assessment is not just a one-time event, but a continuing process. As changes in economic conditions, tax laws and personal circumstances dictate, we will review and update strategies with you regularly.

The issue of risk

Once your goals are established, there’s a wide range of investment options available from which you can choose. There are several factors that will determine whether a particular investment is right or wrong for you, one of which is the risk associated with that investment.

The assessment process includes probing your tolerance for risk. Are you someone who is at ease with upswings and downswings in the market—or are you apt to spend nights worrying when the market makes even a minor downward turn? Part of the comprehensive analysis conducted by our investment professionals is helping our clients to discover their investment “comfort level.”

The matter of time

Closely associated with the issue of risk is your investment time horizon. By analyzing your short- and long-term goals, we can assist you in choosing the investments that match those goals.

The general rule is simple: If you will need cash in the near term, your portfolio should include sufficient liquid and low-risk investments. Usually, these lower-risk investments (short-term Treasuries, money market funds, for instance) carry a lower return as well.

Many of our clients, however, are investing for the long term. Their portfolio is likely to lean more heavily on a variety of equities, which in the short term may be somewhat volatile but when held for the long term offer a better return.

Other considerations

Because we take the time to understand your complete financial picture, we can fine-tune an investment strategy to your particular circumstances.

Your tax status must be part of the investment equation. Investment return figures usually ignore the damage inflicted by income taxes. After the IRS takes its share from the interest and income earned as well as the capital gains realized, our clients often find that what’s left is less than fully satisfactory. In order to make your investment portfolio truly productive, we will take a look at your income tax bracket and determine to what extent tax-exempt investments may be used to reduce your tax exposure.

The other steps

Our investment management services go far beyond what we have outlined here. For instance, once we have gathered all the necessary information, we will put together an

investment “profile.” Using this profile, we will be able to structure a matching asset allocation strategy. Conduct the research that will yield the appropriate securities for the classes of assets that make up your allocation strategy. And, of course, closely monitor your portfolio, making adjustments as time and events dictate.

May we tell you more about our investment management services? We are confident that you will find us a valuable source of guidance and advice.

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Any developments occurring after January 1, 2014, are not reflected in this article.