



**On Course | June/July, 2022 | Volume 22, #6**

Welcome. We at Compass Planning continue to appreciate your support. Thank you.

While many people successfully weathered the tech bubble, the recession that followed, 9/11, and the housing bubble, many others find the current economic situation combined with the market correction stressful. Our clients often hear "**trust the pie chart.**" One central objective of our financial planning is to develop an asset allocation (aka the pie chart) that will help clients achieve their financial goals through the inevitable ups and downs of the economy and market. This month, we're taking a closer look at how that works.

If you missed our series on retirement, you can still access the issues. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you would like assistance setting up a financial plan and asset allocation, we are here to help you stay *On Course!*



Jennifer Lane, CFP

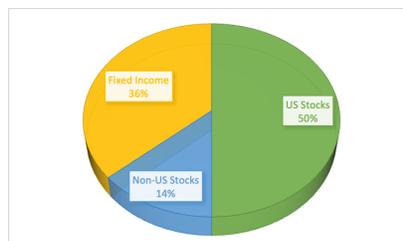


Investing for college is different from investing for retirement because college covers such a short period of time. Your retirement assets can stand to fluctuate quite a bit, even after you retire, because even at age 60 or 70, you're still investing for a long period of time. College money gets spent quickly, leaving very little room for large value changes.

**Get more tips in Jennifer's book**

**Asset Allocation --  
Trust the Pie Chart!**

We have never used historical performance expectations when doing a financial plan. Instead, our projected returns have always been pessimistic to stay on the safe side -- and to acknowledge that the world feels way



more crazy than it has in the past.

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Please accept our apologies. We made a mistake in the section below, under Rebalancing Your Portfolio. The correct sentence should be: **This helps you to sell high and buy low without trying to time the markets.** We have corrected it in the text.

### Background

- The financial plan takes into account not only retirement goals but also intermediate goals to determine what money you need to save and spend for savings, college, housing, and other expenses.
- Next, we figure out the mix of risk and return to best meet those objectives.
- Finally, we develop a portfolio based on the asset allocation needed that includes stocks, bonds, and cash, resulting in the pie chart, which is a great snapshot of where your monies are.

### Rebalancing you portfolio

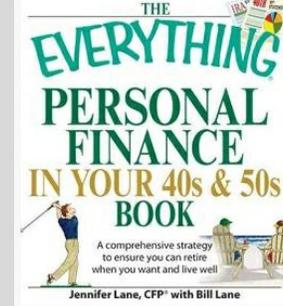
- Every year when you review and update your financial plan, you also take a close look at the asset allocation pie chart, comparing it to the prior year's.
- If one asset class has done better than another, its slice of the pie will be bigger. To rebalance back to your original pie chart target, you'll need to sell what's done well and buy what's done less well or gone down. This helps you to sell high and buy low without trying to time the markets.
- Rebalancing helps balance the risk in your portfolio by taking profits when they appear so you don't lose them due to market volatility.
- In addition, this is also the time to reevaluate how much money you may need to withdraw or save to meet your goals.
- If you like to do your own planning and investing, some investment firms, e.g., Vanguard or TD Ameritrade will create portfolio allocation charts based on your investments. Morningstar Investor (formerly Morningstar Premium) offers an array of options for investors for a fee. You can also do it yourself with spreadsheet software.

### Bond options

- Prior to the current market, bond funds were good choices -- easy to rebalance and sell and buy.
- With current interest rate uncertainty, shorter maturity dates will be less volatile.
- Some clients are buying individual treasury bonds as an alternative to some of their bond funds. If you hold a treasury until it matures, you'll know exactly what yield to expect. Buying a treasury bond to match a specific income need, like next year's income withdrawals, is a way to be sure you'll have the cash available when you need it without having to sell a fund when it's down in value.
- We've spoken about **Series I Savings Bonds**. Created as an inflation bond, they have now come back into favor. From the website: *Bonds can be purchased through October 2022 at the current rate. That rate is applied to the 6 months after the purchase is made. For example, if you buy an I bond on July 1, 2022, the 9.62% would be applied through December 31, 2022. Interest is compounded semi-annually.*
  - You have a limit of \$10,000 per person, but you can also buy bonds for trusts and estates, corporations, partnerships, LLCs, and sole proprietorships. Some clients have been able to purchase \$60,000 of I bonds.

### Last words

- Hang on tight. The market will be rough while the Fed tries to get out ahead of inflation



Buy Now

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Jennifer and Sarah were both named  
2022 Boston Five Star Wealth  
Managers.



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### Helpful Websites

[Morningstar Investor](#)

[TreasuryDirect](#)

- ahead of inflation.
- No financial plan? Begin now. Gain a perspective of where you are, what expenses you have, and what taxes you pay. It's very likely you have too much of your assets in stock. Read and learn how to do asset allocation, which is now, more than ever, vital to your financial security.

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## Jennifer In The Media

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Below are links to Jennifer's frequent contributions to financial planning articles.

- Jennifer contributed to a WBUR Radio Boston segment, ***How to Look Before Your Leap into the "Great Resignation."*** Click [here](#) to listen.
- NBC10 consumer investigative reporter Leslie Gaydos interviewed Jennifer for savings tips. For a great video, ***How to Save \$1,000 in 5 Months***, click [here](#). For the written article, click [here](#).
- Jennifer contributed to a timely article, ***How to seek forbearance on your mortgage***, for The Boston Globe. [Read article.](#)
- If you're interested in dividend funds, Jennifer contributed to The New York Times article, ***Dividend Funds Can Add Income, and Risk, to Your Portfolio.*** [Read article.](#)
- Jennifer contributed to a BankRate article, ***Should I combine my mortgage and student loans?*** [Read article.](#)
- Need help with your 401(k) during the pandemic? Jennifer contributed to a Boston Globe article, ***Five tips for managing a 401(k) during the pandemic's turbulence.*** [Read article.](#)
- Jennifer contributed to the Bottom Line Inc article ***Prepare your Finances for a Possible Recession.*** [Read article.](#)
- Jennifer contributed to The Wall Street Journal article ***If Saving During a Pandemic Is Hard, Here's How to Stay Motivated.*** [Read article.](#)
- The New York Times featured Jennifer in an article titled, ***Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful.*** [Read article.](#)
- With a contrarian view, Jennifer contributed to an article, ***People are enraged by the idea that you should have twice your salary saved by the time you're 35!*** published recently by Business Insider. [Read article.](#)
- Moving in together? Check this article from Business Insider, ***Five questions you and your partner should answer before taking the biggest step in your relationship.*** [Read article.](#)
- Insider asked Jennifer to contribute to an article on old fashioned ways to manage your money, ***Six money-saving tips your grandma used that are way more effective than any budgeting app.*** [Read article.](#)
- Jennifer contributed to an article on Business Insider, ***This is the best way to do your taxes online - according to experts.*** [Read article.](#)
- CNN Money's Money Moves featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article.](#)
- Jennifer contributed to a CNN Money article ***When is the Right Time to See a Financial Advisor?*** [Read article.](#)

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## Compass Planning News

- Compass Planning is a sponsor of YW Boston's 2021 two-part [Elevating Lives Series](#).
- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email [info@compassplanning.com](mailto:info@compassplanning.com) to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.
- AdvisoryHQ named [Compass Planning](#) as one of the ten best Boston financial advisors. ([Disclosures](#))

*Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our fee-only, client-centered approach provides education and guidance for achieving financial goals and dreams.*

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