

401(k)

Plan for your Future

INVESTMENTS 101



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STONEHENGE
RETIREMENT PLANNERS

How Do Investments Work?

Rule #1 - It's Always About Risk versus Reward!

The More **Risk** We Take –
The More **Reward** We Should Receive!

Conversely --- The Less **Risk** We Take –
The Less **Reward** We Should Receive!

How Do Investments Work?

Rule #2 - It's Always About Diversification!

As The Saying Goes:



**“Never Put All Your Eggs ...
In One Basket!”**

Asset Allocation Diversification – 20 Years of the Best and Worst



Everyone wants to be in the best-performing asset class every year. The thing is, few people are savvy enough to consistently choose the best. That's why diversification is key. This chart shows annual returns for eight broad-based asset classes, cash and a diversified portfolio ranked from best to worst. Notice how the "leadership" changes from year to year, and how competitively the diversified portfolio performed over 20 years (see the "average" column).

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AVERAGE
Commodities 31.84%	REITs 15.50%	Commodities 25.91%	Small/ Mid Cap 45.51%	REITs 30.41%	Commodities 21.36%	REITs 34.35%	Commodities 16.23%	Global Bonds 12.00%	Large Cap Growth 37.21%	REITs 27.58%	Bonds 7.84%	REITs 20.14%	Small/ Mid Cap 36.80%	REITs 27.15%	Large Cap Growth 5.67%	Small/ Mid Cap 17.53%	Large Cap Growth 30.21%	Cash 1.80%	Large Cap Growth 36.39%	REITs 11.32%
REITs 25.89%	Bonds 8.44%	Global Bonds 10.37%	International 38.59%	International 20.25%	International 13.54%	International 26.34%	Large Cap Growth 11.81%	Bonds 5.24%	Small/ Mid Cap 34.39%	Small/ Mid Cap 26.77%	REITs 7.28%	Small/ Mid Cap 17.88%	Large Cap Growth 33.48%	Large Cap Growth 13.45%	REITs 2.29%	Large Cap Value 17.34%	International 25.03%	Bonds 0.01%	REITs 28.07%	Small/ Mid Cap 8.62%
Bonds 11.02%	Cash 4.09%	Bonds 10.25%	REITs 38.47%	Small/ Mid Cap 18.29%	REITs 8.29%	Large Cap Value 22.25%	International 11.17%	Cash 1.80%	International 31.78%	Commodities 16.83%	Global Bonds 7.22%	Large Cap Value 17.51%	Large Cap Value 32.53%	Large Cap Growth 13.05%	Bonds 0.55%	Commodities 11.77%	Small/ Mid Cap 16.81%	Global Bonds -0.66%	Small/ Mid Cap 27.77%	Large Cap Value 7.03%
Large Cap Value 7.21%	Small/ Mid Cap 1.22%	REITs 5.22%	Large Cap Value 30.03%	Large Cap Value 16.49%	Small/ Mid Cap 8.11%	Small/ Mid Cap 16.17%	Global Bonds 10.81%	Diversified Portfolio -36.77%	REITs 27.45%	Large Cap Growth 16.71%	Large Cap Growth 2.64%	International 17.32%	International 22.78%	Small/ Mid Cap 7.87%	Cash 0.03%	REITs 9.28%	Large Cap Value 13.66%	Large Cap Growth -1.51%	Large Cap Value 26.54%	Diversified Portfolio 6.41%
Cash 5.96%	Global Bonds -0.73%	Cash 1.79%	Large Cap Growth 29.75%	Diversified Portfolio 14.53%	Diversified Portfolio 7.64%	Diversified Portfolio 14.94%	Bonds 6.97%	Commodities -35.02%	Diversified Portfolio 23.00%	Diversified Portfolio 15.87%	Large Cap Value 0.39%	Large Cap Growth 15.26%	Diversified Portfolio 13.15%	Bonds 5.97%	International -0.81%	Diversified Portfolio 8.67%	Diversified Portfolio 13.13%	REITs -4.10%	International 22.01%	Large Cap Growth 5.18%
Diversified Portfolio 5.20%	Diversified Portfolio -5.07%	Diversified Portfolio -2.57%	Diversified Portfolio 28.02%	Global Bonds 10.10%	Large Cap Value 7.85%	Large Cap Growth 9.07%	Diversified Portfolio 4.86%	Small/ Mid Cap -36.70%	Large Cap Value 19.69%	Large Cap Value 15.51%	Cash 0.08%	Diversified Portfolio 11.63%	REITs 3.21%	Diversified Portfolio 5.33%	Global Bonds -2.61%	Large Cap Growth 7.08%	REITs 9.27%	Diversified Portfolio -5.90%	Diversified Portfolio 20.23%	Bonds 5.03%
Small/ Mid Cap 4.27%	Large Cap Value -5.53%	Large Cap Value -15.52%	Commodities 23.93%	Commodities 9.15%	Large Cap Growth 5.26%	Global Bonds 5.94%	Cash 4.34%	Large Cap Value -36.85%	Commodities 18.91%	International 7.75%	Diversified Portfolio 0.07%	Bonds 4.21%	Cash 0.05%	Global Bonds 0.67%	Small/ Mid Cap -2.90%	Bonds 2.65%	Global Bonds 6.83%	Large Cap Value -8.27%	Bonds 8.72%	Global Bonds 4.40%
Global Bonds 2.34%	Commodities -19.51%	International -15.94%	Global Bonds 14.51%	Large Cap Growth 6.30%	Cash 3.00%	Cash 4.70%	Small/ Mid Cap 1.38%	REITs -37.34%	Bonds 5.93%	Bonds 6.54%	Small/ Mid Cap -2.51%	Global Bonds 1.30%	Bonds -2.00%	Cash 0.03%	Diversified Portfolio -3.25%	Global Bonds 1.57%	Bonds 3.54%	Small/ Mid Cap -10.00%	Commodities 7.09%	International 3.32%
International -14.17%	Large Cap Growth -20.42%	Small/ Mid Cap -17.80%	Bonds 4.10%	Bonds 4.34%	Bonds 2.43%	Bonds 4.33%	Large Cap Value -0.17%	Large Cap Growth -38.44%	Global Bonds 1.90%	Global Bonds 6.42%	International -12.14%	Cash 0.07%	Global Bonds -4.50%	International -4.00%	Large Cap Value -3.83%	International 1.00%	Commodities 1.70%	Commodities -11.25%	Global Bonds 6.82%	Cash 1.69%
Large Cap Growth -22.42%	International -21.44%	Large Cap Growth -27.88%	Cash 1.07%	Cash 1.24%	Global Bonds -6.53%	Commodities 2.07%	REITs -17.83%	International -43.38%	Cash 0.10%	Cash 0.13%	Commodities -13.32%	Commodities -1.00%	Commodities -9.52%	Commodities -17.01%	Commodities -24.68%	Cash 0.27%	Cash 0.84%	International -13.79%	Cash 2.25%	Commodities 1.03%

MARKET SEGMENT	REPRESENTED BY	*20 YEARS ENDED 12/31/19	STANDARD DEVIATION*	IMPORTANT RISK CONSIDERATIONS
Cash	FTSE 3-month T-bill Index ¹		0.53	<p>International: Investing in foreign and/or emerging market securities involves interest rate, currency exchange rate, economic, and political risks. These risks are magnified in emerging or developing markets as compared with domestic markets. Small/Mid Cap stocks: Investing in small and/or mid-sized companies involves more risk than that customarily associated with investing in more-established companies. Bonds: Bonds, if held to maturity, provide a fixed rate of return and a fixed principal value. Bond funds will fluctuate and, when redeemed, may be worth more or less than their original cost.</p> <p>The historical performance of each index cited is provided to illustrate market trends; it does not represent the performance of a particular MFS[®] investment product. It is not possible to invest directly in an index. Index performance does not take into account fees and expenses. Past performance is no guarantee of future results. The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, consult an investment professional. For more information on any MFS product, including performance, please visit mfs.com.</p>
Bonds	Bloomberg Barclays US Aggregate Bond Index ²		3.40	
Global bonds	JPMorgan Global Government Bond Index (Unhedged) ³		6.42	
Diversified portfolio	Equal allocations of all segments disclosed herein, excluding cash		10.42	
Large Cap Value stocks	Russell 1000 [®] Value Index ⁴		14.59	
Commodities	Bloomberg Commodity Index ⁵		15.71	
International stocks	MSCI EAFE Index ⁶		16.26	
Large Cap Growth stocks	Russell 1000 [®] Growth Index ⁷		16.50	
Small/Mid Cap stocks	Russell 2500 [™] Index ⁸		17.94	
REITs	FTSE NAREIT All REITs Total Return Index ⁹		19.38	

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

See other side for important information.

Note that the diversified portfolio's assets were rebalanced at the end of every quarter to maintain the equal allocations throughout the period. Standard deviation reflects a portfolio's total return volatility, which is based on a minimum of 36 monthly returns. The larger the portfolio's standard deviation, the greater the portfolio's volatility. Diversification does not guarantee a profit or protect against a loss.

RISK vs. REWARD

Which Investments Have The Least Risk?
(Which Also Means The Lowest Reward)?

CASH!

Typically The Safest Place To Keep Your Money



Bank CDs --- Insured By FDIC



Money Market --- Insured By SIPC



(And No -- We Are Not Talking About Keeping Your Cash Under Your Mattress. This Is NOT Safe!)

RISK vs. REWARD

Which Investment Have The Least Risk?
(Which Also Means The Lowest Reward)?

Advantages of Investing In Cash:

Cash Is Typically A Liquid Investment

Cash Is Typically A Safe Investment

Disadvantages Of Investing In Cash:

Cash Is Typically A Low Reward Investment

Especially When Interest Rates Are Very Low!

RISK vs. REWARD

Which Investment Has Some Risk?



Bonds!

Typically - Bonds Are Bought For Income!

What Exactly Is A Bond?

Think IOU.... I Owe You \$ For Buying My Bond!

Example: \$1,000 US Govt 10 Year Bond

Guarantees A Fixed (Income) % Every Year For 10 Years

After 10 Years --- The Govt Buys Back Your Bond
For The Same Price You Paid (In This Example - \$1,000)

RISK vs. REWARD

Which Investment Has Some Risk?

BONDS Carry Two Types Of Risk!

Risk #1 - Issuer Risk

Bond Issuers Agree To Pay Interest & Redeem Bond
If You Buy A US Bond - The US Govt Will Redeem It.

If You Buy A Municipal Bond or Corporate Bond -
(think Puerto Rico Bonds or Sears Bonds)

The Bond Issuer May Not Be Able To Pay Interest
Or Redeem The Bond

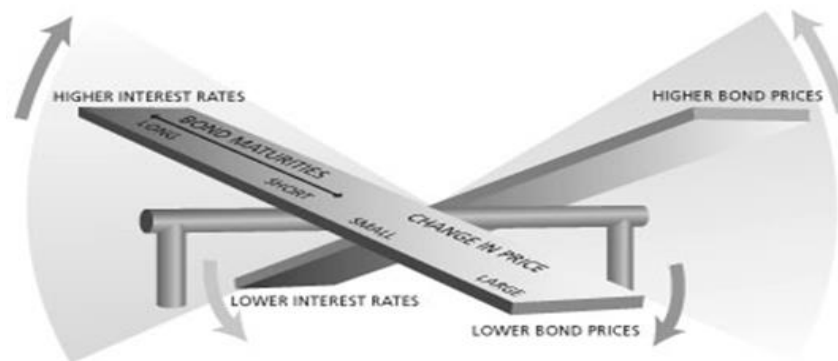
RISK vs. REWARD

Which Investment Has Some Risk?

Risk #2 - Interest Rate Risk

(Also Called Teeter Totter Effect)

Example: If You Buy A 10 Year Bond And Need To Sell It BEFORE The 10 Years Are Up - You May Not Get Back Your Full Purchase Price If The Interest Rate Of Your Bond Is Less Than Current Interest Rates.



RISK vs. REWARD

Which Investments Have The Most Risk?
(And The Highest Reward)!

STOCKS! Ownership In Public Corporations

Historically The Best Place To Grow Your 401(k)

Stocks Are Categorized Two Ways:

GROWTH STOCKS or **VALUE** STOCKS

Growth Stocks: Usually Reinvest Any Profits Back Into The Company And Do Not Pay Dividends

Value Stocks: Are Usually Older and Established Companies That Pay Dividends To Stockowners

RISK vs. REWARD

Which Investments Have The Most **Risk**?
(And The Highest **Reward**)!

STOCKS! Ownership In Public Corporations

Value & Growth Stocks Are Also Categorized By Size:

Small Cap Value

Example: Tootsie Roll



Small Cap Growth

Example: iRobot



RISK vs. REWARD

Which Investments Have The Most **Risk**?
(And The Highest **Reward**)!

STOCKS! Ownership In Public Corporations

Value & Growth Stocks Are Also Categorized By Size:

Large Cap Value

Example: P&G (Proctor & Gamble)



Large Cap Growth

Example: Starbucks



Understanding Investment Choices In Your 401(k)

Money Market – A Cash Investment

Bonds - Conservative Investment

Stocks (Equities) – For The Highest **Reward & **Risk****

Stock Choices: Target Date or LifeStyle Funds

(A Set It and Forget It Option)



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STONEHENGE
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Mark was born in Brooklyn, New York, and graduated from Baruch College, where he earned his BBA, and from St. John's University, where he earned his MBA. He is the proud founder and sole owner of Stonehenge Retirement Planners LLC, a Registered Investment Advisory (RIA) organization [IARD#292489] that provides both customized and highly personalized retirement services for many Plan Sponsors and Plan Participants throughout Arizona, Nevada and Southern California. Mark is an Accredited Investment Fiduciary (AIF®), offering Portfolio Management, Individual Retirement Planning, and Family Financial Planning for his growing list of satisfied clients.

Mark has acquired many professional licenses and accreditations throughout his professional career. This includes: FINRA Series 7, 31, 63, and 66; Certified Financial Manager (CFM); Chartered Retired Planning Counselor (CRPC); Investment Advisor Representative (IAR) [SEC CRD#4921926]; Certified Special Needs Advisor (CSNA); Life/Health/Medicare and P&C insurance agent (Lic.#0D00057); Certified Annuity Angel Advisor (CAA).

Mark married his college sweetheart, Linda Goldfinger, who works as a Gerontologist, assisting Alzheimer patients at the Alzheimer Association. Mark and Linda have three adult children, and three grandchildren. As a former college varsity basketball player, Mark added basketball coach to his various leisure activities – coaching “championship” teams from elementary school, high school, and UCLA inter-mural teams (which featured both his sons). For relaxation, Mark and Linda can often be found calling bingo games and running the charity blackjack tables at their local adult day care center.

?Any Questions?

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