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## Retirement Hedges

Longevity is an issue confronting Americans as the Baby Boomers begin to march toward retirement in significant numbers. The life expectancy for individuals entering retirement in the next 20 years is longer than ever before. As a result, as we enter retirement, everything must last longer including investment portfolios and retirement income.

When developing an investment strategy for retirement to potentially last as long as 30 years, nontraditional assets need to be considered for inclusion in the investment portfolio. These assets can be used in the same way institutions do – as a complementary allocation that can actually reduce risk. When combined with traditional asset classes, nontraditional assets can provide additional return and some protection against volatility.

Nontraditional assets can include equity hedge strategies, convertible arbitrage, equity market-neutral strategies and commodities.

As baby boomers enter retirement, they are going to want to maintain their lifestyle and enjoy a long, relatively healthy old age. Retirement will cover several phases starting with active years when dreams of travel and gifting are fulfilled. A quieter phase is next when retirees revert to lifestyle and spending patterns they practiced during their working years. Finally, retirees may encounter a period of declining health issues.

Because of the long duration of this new retirement reality, your retirement portfolio has to grow – even during the drawdown years – and at the same time meet your cash flow needs.

Our goal is to work with you to develop an investment portfolio that can create a living investment plan. It will include planning for each stage of your retirement and calibrate your cash flow needs for each stage. This is a process that includes investment strategies to support the portfolio and is very different from traditional investment planning.

As always, we are here to assist you in all of your portfolio, wealth management and estate planning needs. Please contact us if you should have any questions or concerns or would like to meet to discuss your retirement income needs or consider nontraditional assets in your investment portfolio.

The price of commodities is subject to substantial price fluctuations of sort periods of time and may be affected by unpredictable international monetary and political policies. The market for commodities is widely unregulated and concentrated investing may lead to higher price volatility.

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