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*Private
Wealth*

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Financial Advisor

RETIREMENT SYMPOSIUM

Role Of Equity Funds In A Retirement Plan

MODERATOR

Robert Powell

Editor

Retirement Weekly

PANELISTS

Mike Weldon

Partner

Lord Abbett

Dave O'Rourke

SVP Marketing

EQIS

Steven Dobbe

Vice President

American National Insurance

1985: How much?



\$0.96



\$2.31



\$0.60



\$2.75

Risk may be overstated

- 4% withdrawal rule
- In 53 periods with 100% stocks, only 2 failures
 - 1929, 1930
- Even 2008 in reverse survives

SWP Scenarios

- \$1,000,000 start, 3% inflation adjustment, 54 time periods

Withdrawal Rate	Scenario	Success	Success %	Average value
4.0%	Forward	52	96%	\$13,337,263
	Reverse	54	100%	\$13,709,580
4.5%	Forward	51	94%	\$11,689,957
	Reverse	52	96%	\$12,082,818
5.0%	Forward	51	94%	\$10,042,652
	Reverse	52	96%	\$10,456,057
5.5%	Forward	49	91%	\$8,395,346
	Reverse	46	85%	\$8,829,296

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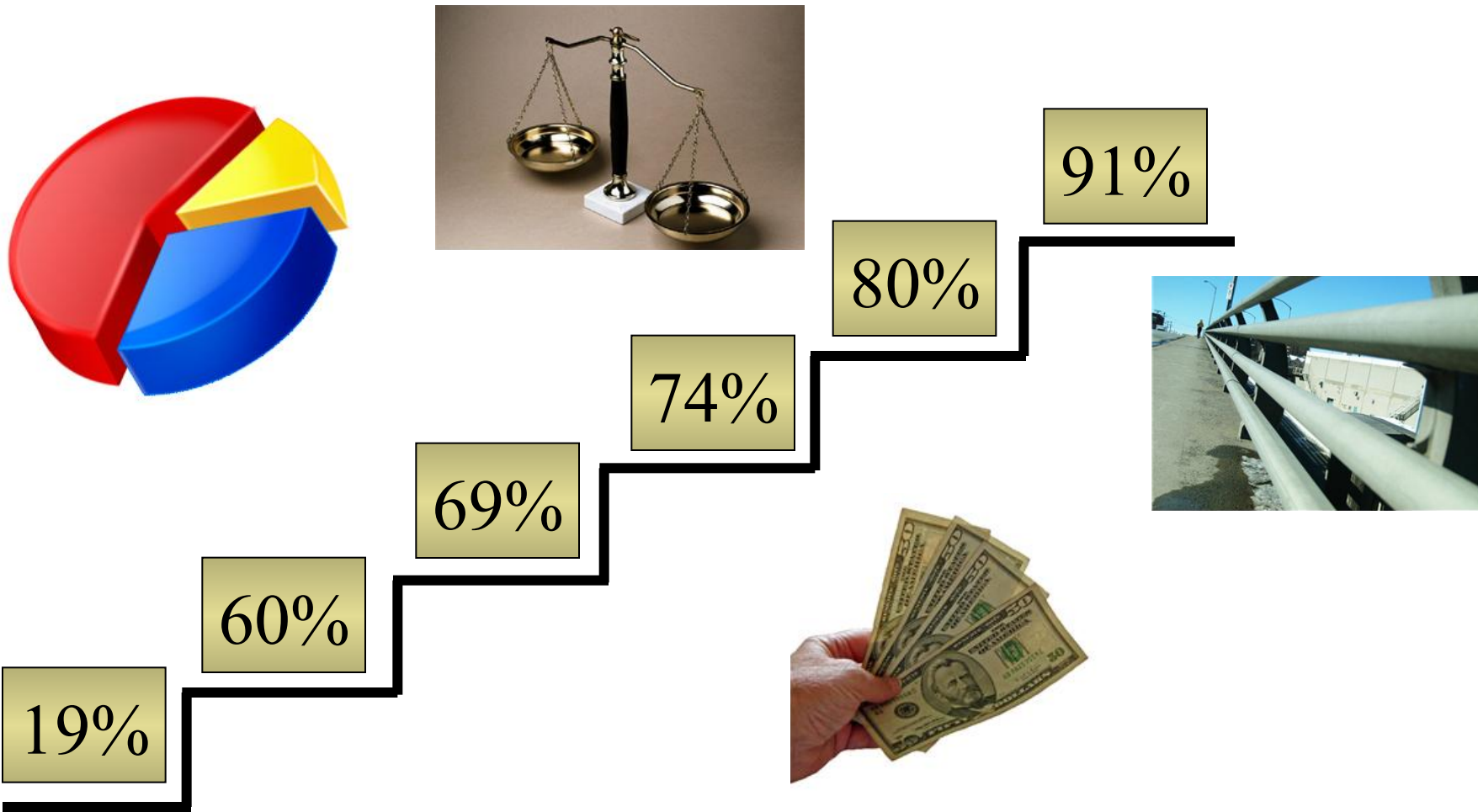
Financial Advisor RETIREMENT SYMPOSIUM



4% isn't always an option



6% Monte Carlo Study



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Equity Funds are yesterday's solution

- Funds are expensive
 - Hidden costs can exceed the published fund expense ratio
- A & B shares are extraordinarily expensive
- Funds lack sunshine
- Style drift can undo careful allocations
- True diversification can be difficult to achieve
- The odds of consistent outperformance are very low
- 1.3% of equity fund managers perform over 5 year periods
- Funds disappear at an alarming rate
 - 25% close every 5 years

Let Retirement Accounts Go Modern

UMAs are the better alternative

New technologies make this possible as low as \$25,000 total frictional expense of 20 bps 0.00001 fractional share ownership

ETFs and Alternatives provide post MPT achieving true diversification

Mass personalization

All-in wrap at 2% is a *game changer*

Moore's Law has come to Wealth Management

- Taking a supply chain approach
Learn from Wal-Mart
- The evolution of the Advisor
Architect and Head Coach
- A mega-trend that cannot be stopped
Driven by the realities of choice and value
Client demand will drive the train

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