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Welcome to today's presentation. Can you answer these five investment questions brought to you by CAPTRUST at Work?

The independent financial advisory firm that works with your employer sponsored Retirement plan as an added benefit.

You also have access to financial advisors who will give you unbiased customized investment advice I would now like to introduce Deborah Gates manager cap trust financial wellness and advice team.

Go ahead Deborah Hello. Welcome, everybody, to today's session. You know, I have a few disclaimers.

I'm not going to read through all of them.

But I do want to say that, you know, I want to amplify the fact that there are several different types of investment options, and each of them have a different degree of risk.

So it's important to understand the risk involved when choosing among them, and we're going to talk about risk today.

But our intention is to give you a better understanding of what you need to know about investing and how to choose what may be right for your personal situation.

But CAPTRUST is available to help you with investment decisions, but we don't work outside of our professional competencies and that we don't offer tax, legal, or accounting advice.

So as you know, as we do these presentations, I always bring some of my colleagues along with me to talk about these various topics.

And today, I have two of my esteemed colleagues with me, Ellen Schayer.

If you've come to some of our webinars before, I think she did one last year with us.

Well, Ellen is a director in the investment group here at CAPTRUST, and she is also an investment strategist.

She brings over 30 years experience for a more detailed account of her bio, which was too long to go through.

We added that in the handout.

You can download that because we won't send that with the recording, so you could take time to download that to find out more information about Ellen.

Then I also have my colleague, Chris Roberts with me.

Chris is a financial wellness consultant, and he brings over 16 years of experience.

So, talking today with the people that's involved with this session today, and he really works closely with clients directly and looking at a strategic plan for their employer-sponsored plan.

So, welcome, Ellen, again, and welcome, Chris.

Thank you for joining me today.

So, if you know.

Thank you.

So, before I get started, you know, I always like to find out the temperature of the audience.

And so I wanna find out, I'm gonna do a polling question.

You know how we always do it.

So do you feel, the question is going to be, do you feel that your investment risk is appropriate for your financial goals?

So I either want you to answer yes, no, you're not sure, or you hadn't really thought about it.

So Lucy, can you launch the polling question, please?

And while Lucy is launching that polling question, you know, Chris, what do you think that you're going to see a lot of people really feel about their investment mix or how they're investing their money?

Yeah, that's a great question, Deborah. So in my time meeting with participants over the years, I would say this is going to come in, we're going to get some yeses and some and some noes.

And quite a bit of people probably haven't thought that far into it, would be my guess, based on the people that I've talked to throughout the last 10 years.

What about you, Ellen?

So I don't have the benefit, as Chris does, of talking to as many participants.

But I would say, when I speak to the committees who are for the participants, a lot would say that they are just not sure.

They sort of said it and forget it.

But we'll see.

Yeah.

So that's a great thing that, you know, so whatever you answer, what I can say to thine own self be true in answering these questions. And so, Lucy, what do we have?

Can you show the results?

The results are there.

50% not sure, 37% yes, 8% no, and 5 hadn't thought about it.

Yeah.

So that kind of goes par for the course.

So I think that this presentation that we're doing today is appropriate for the time.

So, can you give it back to me, Tulisi, is there something I need to do to get to my next screen?

You might just need to re-share your screen.

I think the poll is stuck, and I apologize about that.

Okay.

There you go.

All right.

So, I want to say, you know, for this presentation that we're doing, for some of you, you know, we have over a thousand people on this call and everyone is at varying levels.

Our intention is to make this basic so that everyone understands it because people have so many questions and so we really want to get down to the rudimentary and look at one of the things that you need to be able to answer before you actually start investing.

So some of the things that we're going to talk about these questions, you need to know, you wanna know what's your risk tolerance and what does that actually mean?

You wanna also know about your time horizon.

We're gonna talk about what that means.

What we're looking to consider is your time horizon.

And then we wanna look at asset allocation, how you allocate your assets, your assets being the funds that are in your retirement plan or if you're investing outside of your plan.

And then wanna talk about the investment experience.

What is it like and what should you look for?

What should you expect?

And then we want you to know where you can turn to for help.

So we are not out here on your own.

So we wanna give you a lot of information and I am going to start with answering this, looking at how to answer this first question and looking at your risk tolerance.

And so Chris, I'm going to start with you we get to this next slide.

Starting with you, can you just give me a high-level definition of risk tolerance? Absolutely Deborah.

So the question is what is risk tolerance?

So risk tolerance refers to an individual's willingness and ability to withstand potential losses or fluctuations in investment value and really the pursuit of potential returns.

So how much risk are you willing to take try to get the biggest potential return.

And this can really vary from just about everybody on this webinar today. One person could be willing to take on a lot more risk than the other.

So it's really personalized. So each person would have their own value of risk associated with themselves.

And then understanding that personal risk tolerance can really offer you peace of mind during your investment yearning and really prevent you from making emotional decisions on your investment strategy.

It's one of the biggest keys in helping make sure that we do have an appropriate investment strategy going forward.

Great.

So Ellen, can you talk a little bit about the role that does say age?

Because we have people on this call from varying ages.

We've kind of worked with the three stages of your career, early career, whether you're mid-career or late career.

So, can you tell me how that plays a role in determining your tolerance to risk?

And is there an age-appropriate risk tolerance?

I know that everybody is different.

I know there's nothing across the board, but how much, how does that play into it?

Right.

So, first, just to emphasize what you said, everyone is different.

And I love what Chris said about, you know, risk tolerance is that willingness to take on a loss or to, you know, withstand a loss.

So, age is important and is reflected in that because essentially younger people, so those who have a longer investment horizon, are considered or should be more risk tolerant.

So, they should be able to take on more risk essentially because they have a longer period in which to make up any negative returns or volatility.

So, younger people with more time towards retirement or whatever they're saving for should take on or be able to take on more risk with a lot of other factors.

So I would say that's just the basic philosophy, but you can essentially withstand more market volatility as you have more time again to recover from.

And we're really talking about negative performance because nobody needs to recover from positive.

So investors, age, older agent, The older should be less going to take on financial risk for the opposite reason, meaning that they have a shorter runway or a shorter investment time horizon to recover from a potential loss.

There are general rules.

So risk tolerance can be impacted by a lot of different things, right?

But there are some market rules and rules of thumb.

I would not use them, but they're sort of interesting.

And you'll hear maybe the rule of 100.

And I think I've called it the rule of 120.

And basically, you take that number and subtract your age, and that's how much you should put into, as a starting point, into equities.

Again, just a rule of thumb, but it is out there.

It's not specific to anyone, but it's certainly well-known.

There's a great benchmark to use if you haven't gone through a risk tolerance.

It's a great benchmark to use is what Ellen was sharing.

So, as you go through your career, you know, we're starting, if you're early career, going to mid-career, later in your career, can your risk tolerance change?

Absolutely.

So, age is really relevant in that it's, you know, determining that investment horizon, how long they can be invested, perpetuity, forever, but there are many things that can change your mindset, what the investments would be

used for, so close to retirement, are you buying a home, are you paying for an expensive education or education for children, those might factor in.

Do you get married?

Are you having a child?

Are you adopting?

Are you divorced?

Death, losing half of your income, all of these will change your risk tolerance and should.

So it is somewhat dynamic.

Yeah, and so Chris, I know you're working with participants on a daily basis, so I know you have some examples that you can give for that.

So Ellen touched on the life of a person of this, so marriage, having children, buying a home, nearing retirement, life events that you'll go through that could possibly have a change in your risk tolerance.

Some of the other ones that I saw out there were, you know, changing your financial situation.

So maybe your income took a big jump over the course of a year, maybe your expenses are all of a sudden either lower or more expensive, and really your overall financial stability will factor into that risk tolerance too.

So when you have big changes in your financial situation, that can also impact that.

And then one of the ones that's usually not talked about a lot, but you see when you're meeting with participants on a yearly basis, the same one, is that knowledge and experience of investing.

So as you get more knowledge and more experience in how the markets work and how investments go up and down at times, sometimes that gives you an ability with the knowledge is to really understand how it works.

And maybe you're possibly able to take on more risk because of that.

I've seen that happen also.

OK.

So going back to you, Alan, so what type of things?

So we've talked about risk tolerance.

I think we've given a pretty clear understanding of risk tolerance and that there is risk involved when you're investing in these particular funds because the market is up, the market is down.

But what other type of things influence your risk tolerance?

So other things, again, sort of piggybacking on what Chris said, so your overall financial picture and how that impacts you.

It can also be your prior investment experience, positive or negative.

If you've lost a lot of money, let's say, or lost more than you wanted to, maybe in the global financial crisis, you might have a more negative effect on your risk tolerance or be less willing to take on risk.

So clients with a lot of money that are looking to generational wealth, you know, might be willing to take on more risk.

Clients who've had negative experience might be willing to be less willing.

Also the cash need.

So a client that has specific cash needs and the timing of that, which could be time of the expenses, an upcoming large purchase, whether it's a home, a major vacation, they would certainly factor in.

If you need that money very quickly, you want to take on less risk, keep it in something very liquid at least for that portion of the portfolio, which always brings us back to the time horizon or the investment horizon.

Yeah, and so in looking at that time rise, I have a question about you.

Can you just kind of give us an overview of the time horizon, what that actually means? And then I have a two-part question for you.

So first, I want you to kind of give a high-level overview of what is your time horizon, because sometimes there are about that. What does that actually mean?

And then what happens when it changes or if it can change and how do you make the adjustment when you have like unforeseen events like you know you might have caregiving or you might change your marital status or for someone who might become a widow or a widower or relocating or some other financial obligations.

There are so many things that can affect your time horizon.

But first I just want you to give me a definition of what that is and what happens when it changes.

So really basic, the time horizon is how long you are thinking about for your investments.

So it could be for you to retirement.

Retirement could be three years, five years.

It's really your expected return over a certain time.

If you're in your 20s, that time horizon could be 50, 60 years.

And again, the longer you have, and you think about, you know, a really, you know, basic example, if you have $100,000, and you lose, you know, in a dramatic way, you lose 50%, you now have $50,000, your new, you know, expected return just to get back there is actually 100%, not the 50% you lost, because you need to make another $50,000 just to get back to where you were.

So longer time horizon you're more likely to you know be able to achieve that When your situation changes and that situation changes and so your risk tolerance or your time horizon changes You basically should be changing your asset allocation So the amount of money in riskier or stocks or and in less risky whether it's cash or bonds.

So It should be evaluated not on a deep daily basis, but when there are life-changing events or changes Circumstances and hopefully with you know with more than just a rule of thumb like I tossed out But maybe with a professional counselor or advisor that you have Mm-hmm, and that's where we come into play.

We have that So I think what I'm hearing from from you and from both of you is irrespective of your age Everyone should be aware of how much risk they can tolerate.

And to thine own self be true.

We have the questionnaire that's attached in the handout.

There are no right or wrong answers.

But you want to answer those questions the way that you are, because you want to make sure that you're investing in something that's suitable for you and that it aligns with your risk tolerance and your time horizon.

And so that's going to help you in that regard when you're looking at your risk tolerance, you're looking at your time horizon, that's going to help you in your asset allocation.

And your asset allocation, I wanna talk about that.

That's the third question that we wanna look at.

Your asset allocation, your assets, that's the money that you have.

We're looking at the varying asset classes, which we will talk about and give more clarity to.

You wanna make sure that you spread out your investment risk related to your time horizon.

And that's, you know, depending on how you want to invest your money, but you want to spread out your investments and it's how you allocate your assets among these varying asset classes.

So, Chris, can you walk us through the different asset classes and, you know, just kind of tell us the significance of each, what considerations should be taken?

I just want you to really talk about asset allocation and help people understand.

Okay, great.

So Deborah spoke to it a little bit.

So I'll be talking about diversification a lot.

So I wanted to quickly define it.

So diversification is a strategy that involves spreading your investments across asset classes, industries, and regions.

And the whole reason to do that is to really reduce our overall risk.

And so the three asset classes we'll discuss today are stocks, bonds, and cash.

And so starting with stocks.

So stocks offer three main things.

So the first one being growth potential.

Second one is ownership.

And third is diversification.

So historically they've provided a higher return over the long term.

They allow you to own a part of a company.

So you're buying ownership into a company and then it's allowing you to benefit from its profits and growth.

So when the company has profits and grows, your money will also grow with them as well.

They also offer diversification with a wide range of options across industry sectors and really enabling you to diversify your portfolio.

And really historically speaking, they're really our best hedge against inflation.

So when you have a longer term investment, that's really what we're fighting against along with our growth is we're trying to make sure our money is not affected by the average of inflation.

The second asset class would be bonds.

They're going to offer income, stability, and then also diversification.

So bonds are typically going to pay you interest on a regular basis.

It provides you a steady stream of income.

It really makes them attractive for more of a conservative investor or those seeking cash flow.

They're generally less volatile than stocks.

offering stability during market fluctuations.

And so really, even if you're not someone that's ultra conservative, including bonds to your portfolio, is going to reduce your overall risk by really offsetting the stock market volatility.

And then finally is cash.

And so cash is going to offer you liquidity, which really means it's giving you easy access to that.

So if you need your money the next day or that second, you have liquidity, And so you can get to that money right then and there.

It's extremely low risk of principal loss and it's typically used for more of a short-term goal.

Then I want to touch briefly on the graph that you're seeing on the screen.

This graph is going to show the rate of return on all three of these asset classes over the last 33 years.

So as you can see, stocks have averaged a little over 10%, 10.2, bonds have averaged just over 5%, so 5.1%, and then cash has averaged 2.4.

And although cash seems to be a little bit higher right now, and in the recent short-term, everybody probably sees that inflation number at 2.7 as a little shock because how high inflation's been, but this does stretch it over a 33-year period, and so inflation was, on an average, 2.7%.

So a few things jump out to me, And I've met with participants that, you know, they're a little bit afraid of investing in the market, whether it's stocks or bonds, and they put a lot of their long-term money into cash.

And this graph really stresses to show you, if you had all of your money in cash for the last 33 years, you were actually losing 0.3% because inflation was digging into that.

So it's always important if you have some cash in your portfolio, but when you have a longer term financial goals, you do want to add those other asset classes in there as well.

And then the other thing that jumps out to me on this graph is certainly the stock rate of return.

So 10.2, so some of you may be saying, well, why don't I just put all my money in stocks?

It averages 10.2%, which that is true over a 33 year period, but it's important to understand that this is not a straight line 10.2% average.

There was a lot of down years that happened over that 33 year period.

And so it's important to understand that there's a lot of volatility, so as you get a shorter time horizon is when you start adding some different asset classes to that.

Ellen will go a little further into detail about some of the downsides of each portfolio type a little bit later in the webinar, but we're really just focused on your time horizon and risk tolerance should really influence your decision

and how you're selecting your asset or your allocation of stocks, bonds, and cash.

and then this is probably the most important part.

So selecting your asset allocation, the reason it's extremely important is because it is one of the only things you have complete control over in your investment journey.

Yeah.

So Ellen, when we're talking about asset allocation, and Chris gave that great explanation of that graph, can you talk about this one?

How does asset allocation drive your investment outcome?

I hope people understand that a little better.

So this slide, the asset allocation, as Chris said, it's different for every investor.

So the amount you decide to put into each of the buckets will be different based on a number of things.

This slide, we really simplify it, this decision for illustrative purposes with just stocks and bonds.

I think Chris included cash.

There's other asset classes, of course.

Real estate, commodities, it can be much more complicated.

The asset allocation is the biggest driver of return.

So how much you put into which asset, more than the underlying investments that you choose.

So on the prior slide, we saw the historical returns for the asset classes.

So it was a 30 year time period.

We gave you one number, the average, and Chris gave those to you.

It's calculated with compounding with a long 33-year period.

So there's two interesting things.

Over that time period, the annualized return, let's say, was 10.2 for stocks, the highest.

The highest risk will also go with that highest return, but you don't get the average.

So you don't get 10.2 every year.

It's not a straight path to that.

You will have volatility or fluctuations.

And this slide that we're showing you is really to give you an indication of the fluctuations in that price or return.

Again, not linear, a lot more behind that 30-year path.

So the slide we're looking at now shows a number of portfolios, stocks and bonds again, and it factors that in.

So beginning with the asset allocation, which is driving, as I said, majority of your return.

If you look on the horizontal or the x-axis, it shows you the asset allocation, so percentage of stock, percentage of bonds, and starting from the left you see 100% stocks and then going down 10% increment, so 90-10, 90% stocks, 10% bonds, 80-20, 70-30, until you get to the far right-hand side where it says 100% bonds.

So the vertical line or the y-axis is showing you percent, the return.

And the two-colored bar, if you will, the graphs show both the best one year, not calendar year, but the best one year in green, and also the worst one year in the dark blue.

So for example, in the 100% stocks, you've seen almost 60%.

I can see that it's 56.4.

You can't actually see that number, but I'm looking at what's behind it.

that's a trailing one-year best return.

In dark blue in that same column still on the far left-hand side, the worst 12-month period would be negative 43.

That's a lot of potential loss and again a ton of return dispersion, if you will.

So both positive return and significant potential loss.

The circle dot on the green part of each bar shows the average one-year return.

Again, over that time So, I would say that most people, all things being equal, again, as Chris said, would choose the highest return.

But when we share the green and the blue and what could happen, that's where you're really able to determine, you know, your risk, appetite, or lack thereof, and, you know, looking at the range of outcomes.

So, are you okay or comfortable with a 12-month loss, you know, of a certain magnitude?

It's a really personal decision based upon your specific situation.

So you can see that the range of outcomes in the 100% equity or stock has the highest return but also the greatest loss.

And if you move to the right, the other observations show not only the range of outcomes between the best and worst, so how wide or I guess how tall it is, it decreases.

So, there is less volatility, the more bonds you have.

There are specific returns in here, so bonds are not only diversifiers, but they narrow the range of outcomes with respect to the returns.

And on the prior slide, you would see just the return.

Your goal is really in determining your strategic, your asset allocation, is how you want to you know obviously the maximum return but minimize your specific risk and this is hopefully helping you know put some teeth behind.

Okay thank you Ellen. So let's talk a little bit about the the experience.

So let's recap we've talked about finding out your risk tolerance, answer one question, determine your time horizon, the third you know look at your asset allocation.

So now we want to look at the investment experience.

And Chris, I want you to talk about how emotions.

Ellen has really gone through that great asset allocation and deciding how you want to allocate them.

But emotions play a part.

We are emotional beings.

And so when the market is up, we're happy, yay.

And when it's down, then we're looking to move things.

So how can emotions really affect your investment experience. As we go through and it switches over to the next slide.

So as I was meeting with participants all these emotions that you see on the screen kind of pop out and really the goal is I'm sure even being invested over the last five years a lot of people have probably felt these because we had a huge market downturn not too long ago and the market was on fire right before that.

So a lot of time if you're looking at these I know even personally I've some of these over the last five years looking at my investments and so typically when when the market is doing well investors feel that hope you know relief optimism excitement the thrill and even euphoria and so investors at that point in time when I'm meeting with them and when you're talking to them when the market is really just constantly going up what we realize is they feel more in tune to put more money into their investments whether that be raising their contribution to their retirement plan, or putting in extra money into their IRA at that point in time.

And then when the market is volatile, and all you can see are scary headlines in the news, or the market's dropping, investors can feel anxiety, denial, fear, desperation, sometimes panic, even get to the point of depression every time they look at their investment statement.

And so during this time, it really doesn't feel good to put money into an investment.

And so you're really thinking to yourself, well, why would I put money into an investment that just continues to lose?

And really what this slide is showing us is how our emotions can guide us to make investment mistakes.

So all those feelings that you have, as I talked about earlier, is well, why would I put this money into the investment while it's continuing to lose money?

And so typically when we hit the point of euphoria, we stop thinking about the possibility of losing money at that point.

We think it can only go up.

And so we enter the market at really the point of maximum financial risk.

So you're really putting it at the top of the market is really what we're looking at here.

And then typically when we hit the point of panic or desperation, we start thinking we will never make a positive return again.

We start to consider possibly selling our investments or just stop investing altogether at really the point of opportunity that we have the most potential.

And so, kind of going to tie it back into what we talked about earlier, having a clear understanding of that time horizon and risk tolerance goes a long way in really keeping emotions out of your investment decisions.

So let's say, as an example here, we have 20 years to retirement, we have a high risk tolerance level, and the market does drop, from Ellen's example, 40%.

We may feel all of those emotions on that downward path, but since we already analyzed our risk tolerance, we already analyzed our time horizon, we know we're still in a good spot.

It will turn around.

We just have to be patient because we're comfortable with where we were, where we put our money in at the beginning.

Good, thank you, Chris.

I think that settles some minds and hearts because it's inevitable that there's going to be a change in the market.

So Ellen, I want you to talk about, you know, you hear things about the stock market, you know, you hear people talking about the economy and the people kind of mesh the two together.

So as the differentiator, I want you to kind of talk and tell us about the stock market, that it's not the economy.

Sure, so that's a really common attitude here.

The stock market is not the economy and the economy is not the stock market.

Having made those statements, they are linked.

They impact each other, and you could argue that the market is constantly observing the economy.

And so to make predictions, because the stock market is forward-looking on what will happen.

So we have investors in the stock market.

They look at what's going on with data.

It could be today CPI numbers.

It could be unemployment, any inflation, GDP growth, housing data, trade, you know, policies, and then they use this economic data that really comprises the economy, and they try to make predictions.

That's the stock market, stock performance, which is based upon future values.

So these two things clearly impact each other, but they are certainly not the same.

I would say, interestingly, there are often times that there's really a huge Disconnect between the stock market and the economy and in a recent, you know example This really happened dramatically during COVID in 2020.

So the economy shut down second quarter GDP was you know negative 30 and change In the first quarter, it was down 5% unemployment hit like whatever over 14% Bottom line the US economy was shut down and a disaster But then we look at the stock market.

So it was down in the first quarter of 2021 a lot 20% But it went back up in the second quarter of 2020 almost 20% a huge increase So the S&P had this major rebound and yet the economy was tanking the stock market Is just forward-looking so it's based upon expectations.

It's future earnings of the underlying companies but also future earnings of what they're expecting.

So the market can be very much less impacted by the current economic environment, particularly if investors think things will improve, which at that time investors did think would happen.

So 2020, just a perfect example of the economy, not being the stock market, even though they are linked.

This slide, I guess I'll just move on to the next slide, the historical bull and bear markets.

A lot of information is laid out here and showing, I think, 70 years back to 1948 with respect to bull and bear markets.

So the bull markets being, obviously, the rising markets associated generally with 20% increases, bear markets being the opposite, 20% down on recent highs.

So, on the slide, the bull markets are in green, indicating the positive performance definition generally when markets rising, and those in red are certainly the bear markets.

So there's a few takeaways from this.

The historical recovery rate, it always happens.

It's 100%, and that just means that the market always recovers.

The issue really is how long, back to time horizon, how long it takes to recover as we think about that.

So, but over time, if you have enough time, the market recovers 100% of the time.

So if you look at the right side, so the more current part of the slide, you can see, I think the tech bubble, so 2000 to 2002, the market is down almost 50%.

You see the global financial crisis, market down 57%, and then a very thin or short one for the global pandemic.

But what you see, the differences in the bull and bear markets, one that it always recovers, but safe to say that the bear markets, the down markets, are much more painful, but that the width, the green one, so the time of the green and the good markets are much more than the bear markets, the average bear market.

So the average bear market, I think, lasts 13 months.

at least over this 70-year period, and the average bull market, the up market, lasts 63 months.

That's almost a five-to-one ratio.

So really, just really kind of interesting.

And I guess the last point to make on this is the deeper the drawdown, which we've discussed, the greater the performance need or return to have that full recovery.

So, do you want me to take this?

Do you want to?

You want you to take the next one as soon as this little slight delay that I'm having and getting to the next slide.

There it is.

I don't see it, but I trust it's up.

There it is.

So this slide is just a deeper look into that asset allocation, the portfolio returns, and what it's really trying to show is the power of compounding.

So the fact that all investors make money the money you make, as well as your original investments.

So really in basic terms, let's say you have a hundred dollars, you make five percent, hopefully you make more, you'll have a hundred and five dollars.

If you continue to make five percent, you'll have a hundred and ten.

So you're earning five percent on the original a hundred and then on the five dollars that you made.

So that's the first year, hence you know the compounding.

And on this slide with much bigger numbers. It's obviously incredibly compelling or significant as you can see.

So the slide is showing different portfolios, the dotted lines, and again smooth paths over the years based on their asset allocations. Sorry for all of this static.

It assumes that you start with $100,000, you add $250 every month, you contribute that over 40 years, so that would be $120,000 overall, but with the returns on your original investment, the compounding of that, and the initial $100,000, it increases significantly over the 40-year time horizon.

Again, most significantly on the all-stock portfolio in dark blue, looks like it's over $6 billion, and you can see pretty easily that as your portfolio is more conservative, meaning less equity, more bonds, the returns are lower.

Compounding still exists, always exists.

We're just compounding at lower returns, even though you're paying the same amount of money.

So I guess this slide really addresses both the time in the market, the length of time, and the time horizon, as well as the impact of your asset allocation, which is driven by your risk appetite.

Deborah, I will turn it back to you and mute for static.

Okay.

Ellen, we don't really hear that static, so, you know, we've answered several questions, and now we want to look at, you know, how you can get help.

You know, your employer has given you access to advice, and you can definitely reach out us at CAPTRUST, CAPTRUST at Work, and you can either call us directly or you can set an appointment.

And so it's very easy to set an appointment.

You could go out to captrustadvice.com, in the corner there is a schedule or an appointment.

It'll open up a calendar.

You choose the date that is convenient for you.

You can bring a partner or a spouse to that consultation and it'll show you the hours that we're available They're usually in 30-minute increments.

You can make as many appointments as you want Make you know as many as you want you can make them back-to-back You may you know, you think it's really comprehensive what you want to speak about or you can set them at varying dates and times Or you know, you can call directly And we do have bilingual speakers so whatever your language we can accommodate you.

And then there are evening appointments that are available as well.

So I will bring up that slide again as we go through the presentation.

But right now I wanna just take a few questions from the audience.

Sarah, so I know I kept seeing the orange arrow on my screen lighting up.

So I'm sure there are some questions out there from the audience.

Yes, thank you, Deborah, and thank you, Chris and Ellen, for going through this presentation.

All this information was wonderful, and we did get plenty of questions in the question box today.

So I'll start with Chris.

What are potential consequences of not aligning your asset allocation, risk tolerance, and your time horizon appropriately?

Great question.

So some of the consequences could include, it's not guaranteed to include, but they could include increased volatility when the market's not doing so well.

Sometimes when the market's doing so well, you don't necessarily see that, but at some point in time, it can increase that volatility.

Other consequences could be lower returns because of that.

And then really the one that I talked about, the emotions of investing, so it can have a heightened stress level and anxiety for the investor.

And so proper alignment helps manage risk, as we talked about earlier, optimize returns really based on the investor's objectives.

Great.

Thank you.

Another question that was kind of popping up pretty often was, you know, as a base, how often should someone kind of reassess their risk tolerance?

Is there like a timeframe that we need to go back and look at our risk tolerance and adjust?

How does that work?

either Ellen or Chris can jump in here.

Yeah, I could take that one quickly.

I don't know necessarily if there's an exact, every year and a half, you should recheck your risk tolerance.

We talked about some of the ways, some of the things that can happen in order to change that risk tolerance.

But I would say if something happens where you feel a change in either your life situation, financial situation, and really your knowledge of investing and risk.

You want to reassess that.

Typically, we see people do it every year to two year.

I don't know if there's a hard date to say you should do it every single year or anything like that, but just kind of feel it out and as your life evolves and changes, is a good time to take a look at that.

Great, thank you.

Okay, maybe Ellen, I'll throw this one at you.

How often should someone rebalance their portfolio?

That's another great question.

And so, you know, sort of similar to what Chris said, there is no, you know, exact formula for this.

So with institutional clients, we rebalance quarterly, we sometimes rebalance annually, we often rebalance when there's been major movements in the market.

So if the market goes up dramatically, you are maybe way over invested in equities, let's say, or stocks than you wanna be.

So I would say, again, that there is no real formula, but at a minimum, I would be looking at it on an annual basis.

To the extent that you have an asset allocation in mind or a target asset allocation, you should try to get back there.

Great, thank you.

And I see target date funds popping up quite a bit throughout the question text box.

What are like the advantages and disadvantages is to kind of using those target date funds.

Well, I'll start with Chris, can we have someone else?

I'll just say at a high level, target date funds are really doing all of this for you.

They are generally age-based and you default into them based on your age with a set asset allocation to start.

And then they, if you will glide, they change as you age.

So it's really your, what do we call it?

Like a set it and forget it.

You just sort of put your money in there and someone else is managing it for you, taking into account not your personal situations, but certainly your time horizon and the markets.

Chris?

Yes, that's a great point.

So it's going to take all those things in consideration, your retirement age, and it's going to build a portfolio as they would see fit for that person to be.

So the one downside of that, and a lot of people are still comfortable with being in those, is that it doesn't take your personal risk tolerance into consideration.

And so if you possibly are a 35-year-old and you don't like to see your account fluctuate like 100% stock portfolio would, those target day funds are not going to be designed to protect against that.

So it works for the majority of people, but if you're someone that's on the real risk averse side, possibly you could see some dips in the market that you weren't comfortable with.

Great, thank you.

And then one general question that kind of popped up a bit in here was, When getting advice from CAPTRUST, what is the fee to calling in or scheduling that appointment with us?

Chris?

Great question.

So there is no fee to use the service, so it's part of your benefits package.

So if you're on this call today, you'd be getting our webinar emails, so your company is part of the benefit.

And so you can schedule, as Debra said, as many appointments as you want with our advisors.

and there is no additional fee to do so.

And the best part about really what we're doing is we're doing it all in the best interest of each participant that calls in.

We're not offering any products to you.

So even there's an opportunity there.

So really strictly for really your benefit and giving you the best possible advice we can.

Awesome, thank you.

Okay, Debra, I think I'm going to refer back to you for now.

Okay. Well, thank you so much. A lot of questions.

You know, you can call and if you have other questions or more detailed questions about your personal situation, that's when you want to make sure that you're calling the advice desk because the advice desk is really there to help you. And so I want to kind of do a lightning round.

You know, no matter which, know, decade of life you're in, they're just these questions that you need to be able to answer and I do believe that today we have talked about this in great detail.

So you should remember, knowing your risk tolerance, there is a risk tolerance questionnaire that's a handout.

You can answer those questions if you can't download it or get it, don't hesitate to call us, and we will make sure that you get a copy of that.

Knowing what your time horizon is, how much time do you have before you're going to actually use this money?

What is your time horizon in the market?

And then looking at how you should allocate your assets.

We've talked about the experience, the market is up and it's down, to give you an idea of how that works, and then where you can turn for help.

And that is going to be a CAPTRUST

But before we close out, I'm so grateful for my guest.

And do you have any closing thoughts, Ellen?

Sure.

Well, first of all, thanks for having me.

This was really great.

I have to say, the decisions that you're making in your, presumably, retirement account are important in the long run.

And so I would really take advantage of all that is here.

You don't have to know about biases.

you don't have to understand any of the detail, but just talking to someone who will perhaps help with that asset allocation, it'll really impact your ultimate goals.

Chris?

Yeah, so also thanks for inviting me today, Debra, I had a great time today, and really my final thought is take the time to analyze your risk tolerance and time horizon as early as possible because the earlier you plan these things and figure out what your risk tolerance time horizon you can avoid mistakes you can set up a plan that is almost a hands-off approach at that point in time just making sure you're doing your your yearly check-ins and if you have questions on any of the stuff we covered today or you need help figuring out you know what your asset allocation should be in your retirement plan or you know how aggressive or what should my risk If you have some questions on the risk tolerance questionnaire, use CAPTRUST, we're here as a benefit to everybody on the call and we're happy to help you out.

That's what we do on a daily basis.

Absolutely.

Because we're thinking about that journey and we're about retirement but not just about retirement and we have questions about other things as you go through your financial journey, you can definitely call CAPTRUST at Work.

We can have conversations with you about, you have questions about debt, or you have a question about budgeting, or if you have a question about trying to save more, we can talk to you about all things, all things financial.

We can have that conversation with you.

We are here to serve.

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