



Klein, Pavlis & Peasley Financial, Inc.

Check List for a Healthy Portfolio

This is a guide to help you accomplish two things:

First, organize your thinking about your retirement portfolio. The kind of market and economy that we're experiencing now can really feel a whole lot worse, if you don't have a plan, or at least an understanding of where your money is and where it needs to go. This check list is a start.

The second use for this document is to help you meet with a professional and get the most out of that meeting.

Let's start with a quick self-starter from KPP Founder Jerry Klein -

As we all know, the investment news constantly harps on three themes: the direction of interest rates, the housing crisis and the direction of oil prices. I feel that the following "anonymous" quote describes the investor during an investment bubble. "Whom the Gods will destroy they first make blind."

This is a warning for today's market. Do not let the news and hype cloud your judgment or prevent you from making decisions. If you do you will be caught like a deer in the headlights of an oncoming speeding car. The deer never wins. If you can not clear the fog of what to do, go to cash. Wait until things become clear.

After the fog clears how will you know what investments to make? For stocks the only thing that really matters is earnings, earnings, earnings and the ability to grow the company's revenue! There are several rules that you as a new investor, novice investor or seasoned investor need to follow:

1. Clarify your goals:

How long until retirement?

Will you need to pay for college for your children in the next few years?

2. Create a Detailed Plan:

How are you going to get to where you want or need to be?

3. Allocations:

Allocate investments according to goals and needs.

Don't tie up all your funds in a 20 year bond if you need to use the money within 5 years time.

Will the Blue Chip stocks give you the short term results you need?

4. Diversification:

Not only should you be diversified in your individual account but you should make sure you are diversified with all of your assets.

5. Understand your risk tolerance:

How much could you afford to lose, not happily, but without it affecting your standard of living?

Would you be more comfortable in Stocks, Mutual Funds or Money Market?

You must be able to sleep at night whatever your investment choice. If you can't because of the anxiety of what might happen to your portfolio, get out! Go to cash.

For more than one hundred years people have been investing in the market. Through thick and thin the market has never disappeared nor is it likely to in the near future. There will always be new opportunities to be had. Stay alert and focused. Become educated. Stay dedicated to your ultimate goals and you may just make it.

Jerry Klein

Now some questions to ask yourself

Source: The Coalition on Investor Education

- Do you need help developing strategies to reach your financial goals or do you simply want suggestions on appropriate investment products to implement your goals? _____
- Do you want assistance with a few targeted areas, or do you need a comprehensive plan for your finances? _____
- Do you already have a portfolio of investments you would like help managing? _____
- How involved do you want to be in decisions about your specific investments? _____
- Do you prefer paying for investment services through a fee, commissions, a percentage of assets in your account, or a combination of these? _____
- Do you prefer working with someone who is primarily considered a salesperson, an adviser, or a combination of the two? _____
- How important is it to you that your provider have a legal obligation to act in your best interests and disclose potential conflicts of interest? _____

Questions to Ask Your Investment Services Provider

- What services do you offer? _____
- What qualifications do you have to offer those services? _____
- How do you charge for those services? Do you receive compensation from other sources if you recommend that I buy a particular stock, mutual fund, or bond? _____
- Would my account be an advisory account or a brokerage account? _____

- Are you required by law to always act in my best interests? Will you put that commitment in writing? _____
- What potential conflicts of interest do you have when recommending investment products to me, and will you disclose those conflicts? _____
- Will you provide me with a written record of any disciplinary history for you and your firm? _____
- Will you give me your Form ADV (the registration form that must be filed by investment advisers) and/or your Form U4 (the registration form used by persons who work with brokers)? _____

Questions to Answer for Steve

Here are questions that will be asked during your portfolio check up with Steve. The answers to these questions are important (and many are required by the SEC) for a financial services provider to know in order to perform services responsibly. Even though, in the long run, the market has proven to be a reliable source of profit for investors, there is always risk, regardless of the precautions taken to control it.

Providing the answers to these questions is also quick way for the investor to see a current snapshot of their financial situation. Also, it's important to bring documents and current account statements.

- Your age? _____
- Are you Self Employed, Employed by someone else, Retired or Unemployed? _____
- When do you plan to retire? _____
- Do you have a pension? _____
- Do you have a 401k, an IRA- Roth, Traditional or Both? Approximate value? _____
- How much do you contribute annually to your retirement accounts? _____
- Do you have health insurance? _____
- Do you have life insurance? Amount? _____
- Do you own your home? _____
- If you have a mortgage, is it a fixed rate or variable? What is the balance? _____
- Are you married? _____
- How many dependents do you have? What are their ages? _____
- Do you have debt other than a mortgage? Auto, Student Loans, Home Equity Line of Credit? _____
- What are your total monthly expenses? _____
- What is your total monthly income? _____
- How many months of cash do you have in reserve to cover your monthly expenses in case you become unemployed or disabled? _____

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- Risk Tolerance - How much money can you lose before it would keep you up at night?

If you have any questions about this form, the portfolio checkup session or any of the KPP Financial services, please don't hesitate to ask. You can call us directly at 800-557-5461, or send Steve an email directly: speasley@Investtalk.com.