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Everyone has heard of having emergency funds, but how many have heard of a financial vulnerability cushion (FVC)? Common, old rule of thumb financial rules typically dictate savings rates, but in times like we currently face should we be doing something different? I know, I know times are great. Markets are hitting all-time highs daily, unemployment is better than anything we have seen in 50 years, tax brackets are low, and the list goes on and on. These are just a few of the more common themes and I'm not here to argue any of them. I am here to hopefully provide an ounce of clarity. What happens after some of the best times? What happens when life can't get you down? What happens after some of the worst times? Markets eb and flow and not just financial markets, but job markets as well. **They don't say when it rains it pours for nothing.** We want you to be prepared. I'm not talking about building a bunker, but I am talking about going above and beyond the typical 3-6 months of expenses held in a fully funded emergency fund. In times like these it's difficult to think about putting funds anywhere but in the market. After all, the market has been red hot. I visit with people daily who question their need for additional savings or any money in savings accounts while the market's notching all-time highs weekly. FOMO or 'Fear of missing out' is very real. **Have you ever wondered why Wall Street tells everyone that buy and hold is the only strategy, yet they don't utilize it themselves?** Have you ever wondered how so many people end up in difficult financial positions? Many times, it's because they choose the present over the future in terms of spending or believe the future will improve and things will only get better. I'll get that raise or bonus this year, but unfortunately as many know sometimes things are as good as they get. Don't get me wrong I'm an eternal optimist, but when it comes to things I literally have no control over I know a little better. We'd like for you to start thinking a little differently when it comes to where to put your funds and how much you should have saved that are easily accessible and low risk.



Are your investments ready
for the next bear market?

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Emergency Funds

These funds should be in a savings account and accessible, but not so accessible you can go to the ATM and make a withdrawal. Emergency funds are for real emergencies, your A/C goes out,

the car breaks down, your kid breaks their leg, the list goes on. (I've actually encountered all within the last 12 months) so don't say it can't happen! We like online banks that are still FDIC insured or a brick and mortar that pays a higher interest rate. Don't leave these funds in a bank that pays you very little or next to nothing. The banks are using your funds to make money, so should you. Every little bit helps. A resource to find a credible bank could be www.bankrate.com or www.nerdwallet.com. Just type in High Yield Savings. Recently there have been many more banks popping up in the search que so do your research on each institution or give us a call if you have any questions.

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Financial Vulnerability Cushion or (FVC)-

These are funds that you can think of a little differently, what if I lose my job/have a disability/illness AND the A/C goes out and the car breaks down. Instead of putting funds in your savings account go ahead and structure these a bit different. It's ok to ladder CD's to lock in higher or current rates. If using CD's, you would ladder these in the event rates rise so a portion is always coming due. Example 3 months, 6 months, 9 months, 12 months. This may be difficult to stomach because these rates will be similar to what you will earn in a high yield savings account but will also provide a better rate should rates decrease. Short term bond funds or ETF's could also be suitable for these funds. Safety and liquidity are key here. We currently favor short term, high credit quality bonds or Treasury bond ETF's. Remember, you're not putting these funds here forever and these should be monitored like any other investment. While these are safer investment's they are not cash and carry some risk and loss of principal. While the main purpose of the **Financial Vulnerability Cushion** is to fortify your financial house, these funds can also be utilized for opportunities as well.



Real Investment Show
with Lance Roberts

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How many times have you thought to yourself if only I had the funds to invest or if you only did something differently? Well, congratulations you can now be one of the few investors with additional cash to buy low. This especially makes sense since Wall Street wants you to ride it out and you can't time the markets, but they sure can. Wall Street will also tell you that cash is a terrible investment. Ever wonder why? How does Wall Street get paid on cash? Long term cash can be a terrible investment, but as our Director of Financial Planning Richard Rosso says you can fall on one of two swords in regards to having cash:

1. *The inflation sword or*
2. *The loss of principal sword.*

Our thoughts are this isn't a forever holding. While I do think this strategy could be used indefinitely for all of the reasons above. This is a strategic investment to be used in late stage cycles. This is your chance to pounce when the market is on sale or that business opportunity falls in your lap. After all true financial freedom is earned not given in markets and often times it is taken away just as quickly.

Bet On Yourself.

Bet on yourself to make the right decision, to be prudent, to be wise. When everyone and I mean

everyone is doing one thing does it make sense to be a bit of a contrarian, protect assets and give yourself an opportunity in the future? This is a great time to review your financial plan and take a look at your assets. Where are you making your contributions? What impact will that make when you make withdrawals? What will give you the most opportunity for success. Most success isn't given overnight and neither are investment returns. No one knows what tomorrow brings, but we do know as Roman philosopher Seneca once said "Luck is what happens when preparation meets opportunity." Call your advisor, and ask them about your **Financial Vulnerability Cushion**. Do you have one?