

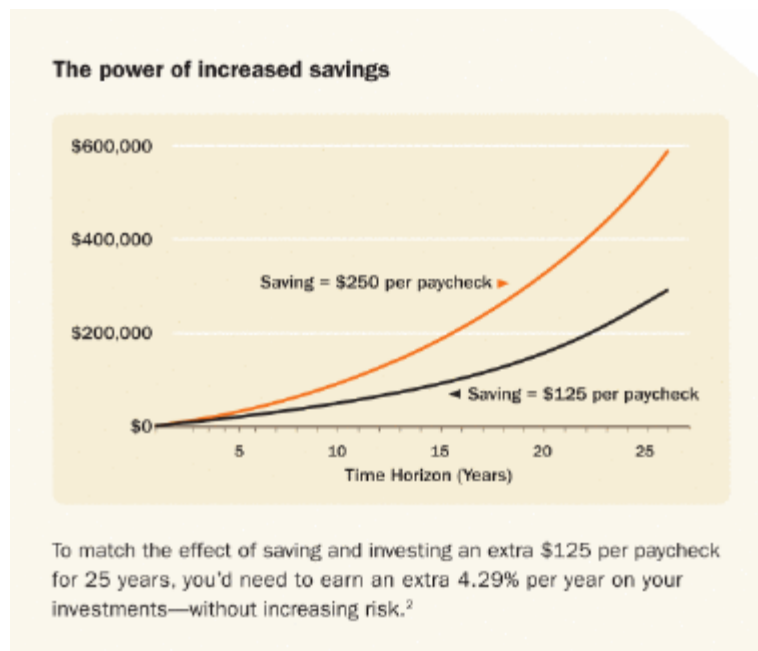
### Overview

There are numerous factors which ultimately determine whether or not we will achieve our financial goals. Some of these factors you can control and others you can not control. Two of the more critical components of an overall investment approach that are directly within your control, and ultimately play an instrumental role in determining your probability of success are:

1. Your personal savings and spending rates, and
2. How you decide to diversify your investment portfolio

### Personal savings and spending rates have the greatest impact on success.

At the end of the day, the amount you save and/or spend is the single most important factor in achieving goals. Investing can't do it all. Taking on more investment risk is unlikely to make up for saving too little or spending too much. Even with a well constructed portfolio, your return is ultimately determined by the markets. While you can't control the markets, you can control how much you save and spend. The diagram below illustrates the impact of increasing your savings from \$125 to \$250 per paycheck would have over several years.



### Diversification is the second most important factor in the reaching goals.

How you diversify your investment portfolio is a key factor to moderating your risk and determining your portfolio's performance. In fact, studies have shown that your asset allocation - the percentage you have allocated to stocks, bonds, and cash in your portfolio – is even more important than the individual securities you choose.

In general, your risk can be managed in the following three ways:

- 1) Diversify across asset classes with a long-term asset allocation that combines small/mid-cap and large-cap US securities, international securities, bonds, and cash.
- 2) Diversify within asset classes to reduce the risk of concentrations of any one market sector, individual company or country.
- 3) Diversify equity styles by holding both value and growth equity securities to reduce the risks associated with strategies that perform better or worse in certain markets.

Visit our website at [www.staibfinancialplanning.com](http://www.staibfinancialplanning.com) for additional details on how to determine and implement a diversified investment portfolio for your specific needs.