

For Long-Term Investors, the Focus Should Be on Risk

This week's AAI **Weekly Digest** highlights these “must-read” AAI articles:

Using Reverse Mortgages to Mitigate Periods of Poor Returns



A home equity conversion mortgage (HECM) line of credit, aka a reverse mortgage, provides a tool that can be used to mitigate the impacts of sequence of returns risk (the risk of incurring portfolio losses early in retirement). A coordinated strategy of using reverse mortgages can both support higher withdrawal rates and allow for a smaller allocation to cash.

Missing the Market's Worst and Best Months

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The market's best and worst months have been clustered together. Investors could bypass the large price fluctuations by missing both the best and worst days or months in the market. These investors would realize similar returns as buy-and-hold investors, but with much less grief in the form of volatility and drawdowns. This article outlines a trend-following strategy that could help investors avoid extreme volatility.



For Long-Term Investors, the Focus Should Be on Risk

There is a common notion that stocks, at least if held for a long time, usually outperform other assets, so that stocks should be the cornerstone of any long-term portfolio. However, the thoughtful investor must also wonder: “But what if stocks don’t do well? What happens then to my retirement?” When determining the optimal allocation for your portfolio, it’s best to focus first on how much you are able and willing to lose.

Liquidity: How Much Do You Need?



How much of a liquid balance should investment portfolios contain? The first part of the question, of course, is: “What is liquidity?” The second part of the question, concerning how much liquidity, isn’t quite as simple to answer. This blog post tackles both issues to help you decide.

Our [Member Question](#) for this week is:

Are you retired?

[Vote Now »](#)

Vote to answer this week's Special Question: *Whether you are working or retired, what is your biggest financial worry for retirement?*

Last Week's Results:

When measuring the value of working with a financial adviser, which of the following is most important to you?



Poll results are as of 9 a.m. (Central) on Monday. 1,379 respondents.



[AAll Survey: The Benefits of a Financial Adviser](#)

Are you a self-directed, do-it-yourself investor or do you work with a financial adviser? We asked our readers what the biggest values of working with a financial adviser are and the advantages that working with an adviser have over going it alone.

[AAII e-book: Portfolio Building](#)



“Easier said than done” is a common saying that applies well to developing an overall strategy for your investment portfolio. The basic concepts are relatively easy, but they become more complex and less clear-cut when it comes to applying them to real-world situations. This e-book, available exclusively to AAI members, is designed to bridge the gap between theory and practice.

The AAI Weekly Digest is one of the many **benefits** of AAI membership. To learn more, consider a **30-day Trial AAI Membership** to start becoming an effective manager of your own assets.