



SPECTRUM
ASSET MANAGEMENT, INC.



Achieving
Financial
Independence
on Your Terms



Intro

When it comes to portfolio construction, there is no right or wrong answer, and there certainly is no one-size-fits-all.

The most important consideration is creating a financial roadmap based entirely on your goals and your personal values.

Following is the brief story of two different couples who came to Spectrum with similar portfolios but a completely different set of goals, values and life situations.

Consequently, we created two very different financial roadmaps for them. In both cases, we were able to help them achieve the financial independence they desired. As you'll also see, drastically increasing portfolio diversification for one of the couples helped avert a financial disaster and protect their hard-earned nest egg.

All names have been changed for privacy purposes.

Don and Linda: Achieving High Growth Ahead of Retirement

Don and Linda are a married couple who both worked for the same Fortune 150 consumer brand firm. When they came to Spectrum, over 75% of their net worth was tied up in company stock. This is a very common situation for executives at publicly traded companies, who often don't realize how much of their net worth is concentrated in employee stock options.

Concentration in itself is not necessarily bad. The important thing is to understand the implications of having such a concentrated position. In short, as we tell our clients, concentrate to grow your wealth, diversify to keep it.

Don and Linda's Financial Plan

In our initial meeting, we got to know Don and Linda and learned about their goals and values. They wanted to retire in five and seven years, respectively. In the near term, they were interested in pursuing fairly aggressive growth in order to achieve financial independence on their desired timeline.

We reviewed the financial records for the firm where Don and Linda worked, and found that it was a very strong, publicly traded company with a solid balance sheet and steady earnings growth. This made us more comfortable with the idea of maintaining a higher portfolio concentration in company stock to allow for more aggressive growth in the near term.

Outcome

Initially, we helped Don and Linda get their exposure to company stock into the 50% - 60% range. This allowed for strong and steady portfolio growth with a little more downside protection than they previously had.

As they approached retirement, we systematically reduced that percentage year by year. Today, in retirement, they maintain just under 10% of their net worth in their former firm's stock. This plan enabled Don and Linda to retire on their ideal timeline and achieve the financial independence that allows them to live the life they envisioned in retirement.



Greg and Mary: Protecting the Nest Egg Through Diversification

Greg and Mary's story is quite different. Greg served as General Counsel at a Fortune 500 firm, where he had worked for many years. When he came to Spectrum, he was already planning to retire within the next six months.

His wife Mary was a homemaker, so protecting Greg's retirement nest egg was of extreme importance to the couple. However, over 80% of the couple's net worth was tied up in Greg's company stock - an extremely high level of concentration.

Greg and Mary's Financial Plan

After reviewing the financial reports of Greg's employer, we had the strong opinion that there was substantial downside risk to the firm's stock price. For this reason, we strongly recommended that the couple dramatically reduce their exposure to the firm's stock.

The couple agreed, and we worked with Greg to create and execute a plan to sell all of his exposure. We then spread the money across a more diversified portfolio that provided substantially more downside protection.

Outcome

Later that year, the company's stock dropped 65% virtually overnight. Six years later, it was down more than 90% from its peak.

Thankfully, Greg and Mary had agreed to let us implement quick and decisive risk management measures. By eliminating their exposure and diversifying their holdings, they were able to preserve the financial independence they had worked so hard for decades to achieve.

There Are Many Roads to the Promised Land. Which One is Yours?

Wealth management should never be a game of “plug and play.” There are many different pathways to financial independence, but the only one you should follow is the one that closely aligns with the goals and values that you hold most dear.

How do you feel about the financial road you’re on? Is the way ahead clear and well marked? If not, maybe it’s time you talk to someone who can help you get the clarity you and your family deserve.

[Click here to book a 15 minute introductory call to see if working with the team at Spectrum Asset Management is right for you.](#)

About Spectrum Asset Management

Spectrum Asset Management provides comprehensive wealth management services to successful individuals and business owners. Instead of putting you on an assembly line in a financial planning factory, we take the time to understand your personality, your situation, and your ultimate goals. The result is a customized financial plan that helps you build your wealth, transfer your assets across generations, and invest in ways that align with your values.

[Click here to meet the Spectrum team](#)

