



# Guide to Goal-Based Investing

*Warren Buffet once remarked that “The stock market is a device to transfer money from the impatient to the patient.” That’s why we believe it’s so critically important to have a strategy when it comes to investing. One such strategy is goal-based investing. A personalized approach that aligns your investments with your unique aspirations, goal-based investing can help you set clear objectives for selecting assets, whether that’s retiring at 55 or providing for your grandchildren’s college education. Here’s our concise guide to getting started with goal-based investing.*

Goal-based investing tailors financial plans to help you achieve your most important life goals.

## What Is Goal-Based Investing?

While conventional wisdom tells us emotions have no place in investing, it doesn’t mean investing can’t be emotionally fulfilling. Goal-based investing involves setting clear objectives, such as saving for retirement, buying a second home, or establishing generational wealth, and then building a diversified portfolio that supports those goals.

## Benefits of Goal-Based Investing

We believe goal-based investing can help you achieve your financial objectives by aligning your investments with your desired outcomes, guided by your financial advisor. Here’s how goal-based investment management can potentially help you get where you want to go faster:

### Risk Management

We believe goal-based investing can help you mitigate risk by tailoring your investment strategy to your specific financial goals. You and your advisor can adjust your investment risk based

on specific outcomes you want to achieve and help your portfolio weather market volatility by not having increased exposure to any particular asset class.

### Accurately Fulfill Financial Goals

If you know what you want to achieve with your investments, whether that’s the opportunity to travel the world during your retirement or to provide for your heirs after your death, goal-based investing can provide a road map for meeting your financial goals. Not only will focusing on your goals help you stay motivated to stick to your investment strategy, but you’ll start to achieve milestones in your investments, like contributing to your grandchild’s college tuition, which will inspire you to keep working toward fulfilling those long-term objectives.

### Financial Discipline

Goal-based investment management may also help you develop financial discipline. You’ll foster a habit of routinely

contributing to your investments and prioritizing saving and investing instead of spending. In addition, we believe financial discipline can help you stay the course with your investment strategy even when there are market fluctuations.

## Steps To Goal-Based Investing

Here are some suggestions we believe will be helpful for launching and maintaining your goal-based investment strategy:

1. **Assess your risk tolerance** to determine the appropriate asset allocation for your portfolio.
2. **Create a comprehensive financial plan**, outlining your investment strategy, time horizon, and desired returns.
3. **Diversify your portfolio**, spreading your investments across various asset classes to manage risk and enhance potential returns.
4. **Regularly monitor and rebalance your portfolio** to

ensure it aligns with your evolving goals and market conditions.

5. **Seek professional advice** for personalized guidance and support.

## Example of Goal-Based Investing

So, what does goal-based investing look like? Let's say you're approaching retirement, and your goals are to preserve wealth and generate income to fund your retirement. Your goal-based investment strategy might focus on **tax efficiency** and asset protection with a portfolio that contains a mix of stocks, bonds, real estate, and alternative investments. As your financial goals evolve, your advisor might suggest adjustments to the portfolio, such as shifting to more conservative investments as you get closer to retirement. In our experience, this personalized approach may ensure that your investments are aligned with your lifestyle and long-term objectives.

## Create a Plan with a KAR Advisor

Ready to start exploring goal-based investing and how it could help you fulfill your dreams and aspirations more quickly? **Contact a KAR wealth advisor** today to discuss what your goals are and how you can align your investment strategy to reach them.

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