

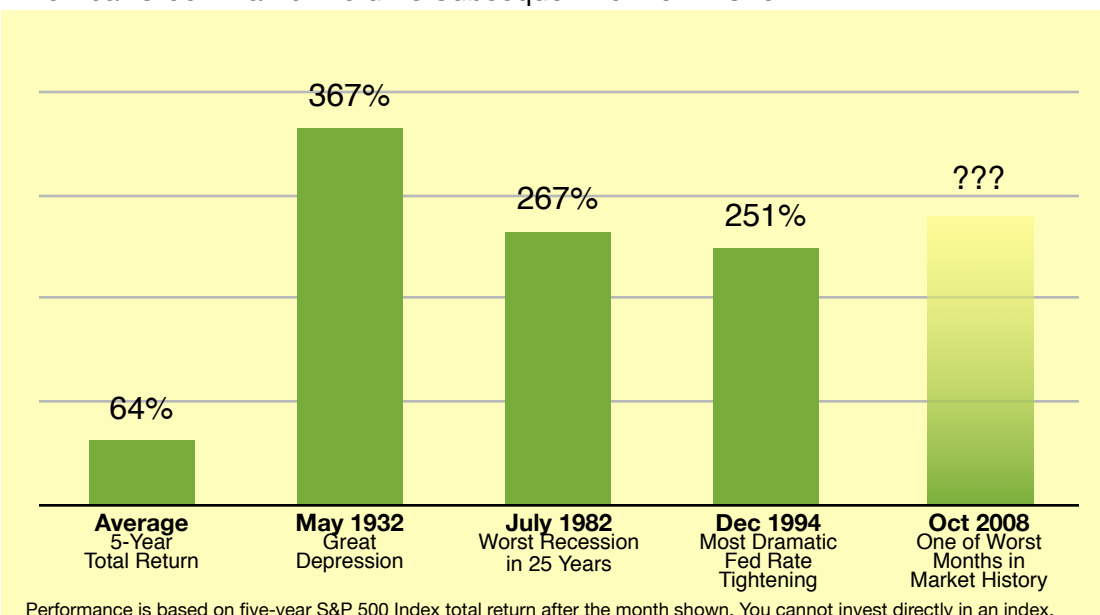
THE RETIREMENT INCOME COMPASS

BECAUSE THERE ARE BIG RISKS ON THE ROAD AHEAD

Realize Your Retirement Income Dreams—The Challenge

Managing Emotions During Market Declines The Case for Staying Invested

Five-Year Stock Market Returns Subsequent to Month Shown



October's drop of 17% is the 8th worst month in U.S. stock market history. Who among us hasn't felt the call from our gut to sell our stock positions and get to 'safe' harbor for the duration?

At the same time we understand the case for stock market investing in the first place—the portfolio withdrawal ratios:

- 10% of withdrawals during retirement comes from your savings while working,
- 30% of withdrawals during retirement comes from growth on savings while working, and
- 60% of withdrawals during retirement comes from growth during retirement.

90% of portfolio withdrawals during retirement comes from growth! Your retirement income portfolio needs 'real' growth, especially during retirement. Because of inflation and taxes so-called 'safe' investments historically have not provided 'real' growth—only stock investments have.

Is there a way to reconcile our gut and stock market investing?

Navigating Advantage

As investment advisors, one of our most important missions is to help clients navigate periods of stormy stock market weather. Our tools are the charts of long-term stock market history. The bars in the chart above reflect:

- The average five-year total return of 64%,
- A 367% five-year total return after May 1932 in the midst of the Great Depression,
- A 267% five-year total return after July 1982 in the midst of one of the worst recessions,
- A total return of 251% after the most dramatic interest rate tightening by the Federal Reserve,
- The future five-year period after October 2008.

Investors might use these lessons from history to remember that staying fully invested can give them an opportunity to fully participate in the market's long-term upward trend. Waiting until it feels 'safe' to invest in stocks has historically not been a good strategy. Many of the best periods to invest in stocks have been those environments that were among the most unnerving.

Key Takeaways

- Stocks typically have been more volatile than other asset classes, but historically long-term investors have been rewarded with higher returns to compensate for assuming this added risk.
- Although unnerving at the time many of the most challenging backdrops in history ended up being among the best periods to remain invested in stocks.
- A trusted fiduciary advisor with charts of market history can help you navigate your retirement income portfolio through stock market storms.

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What to know...
and how to go

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