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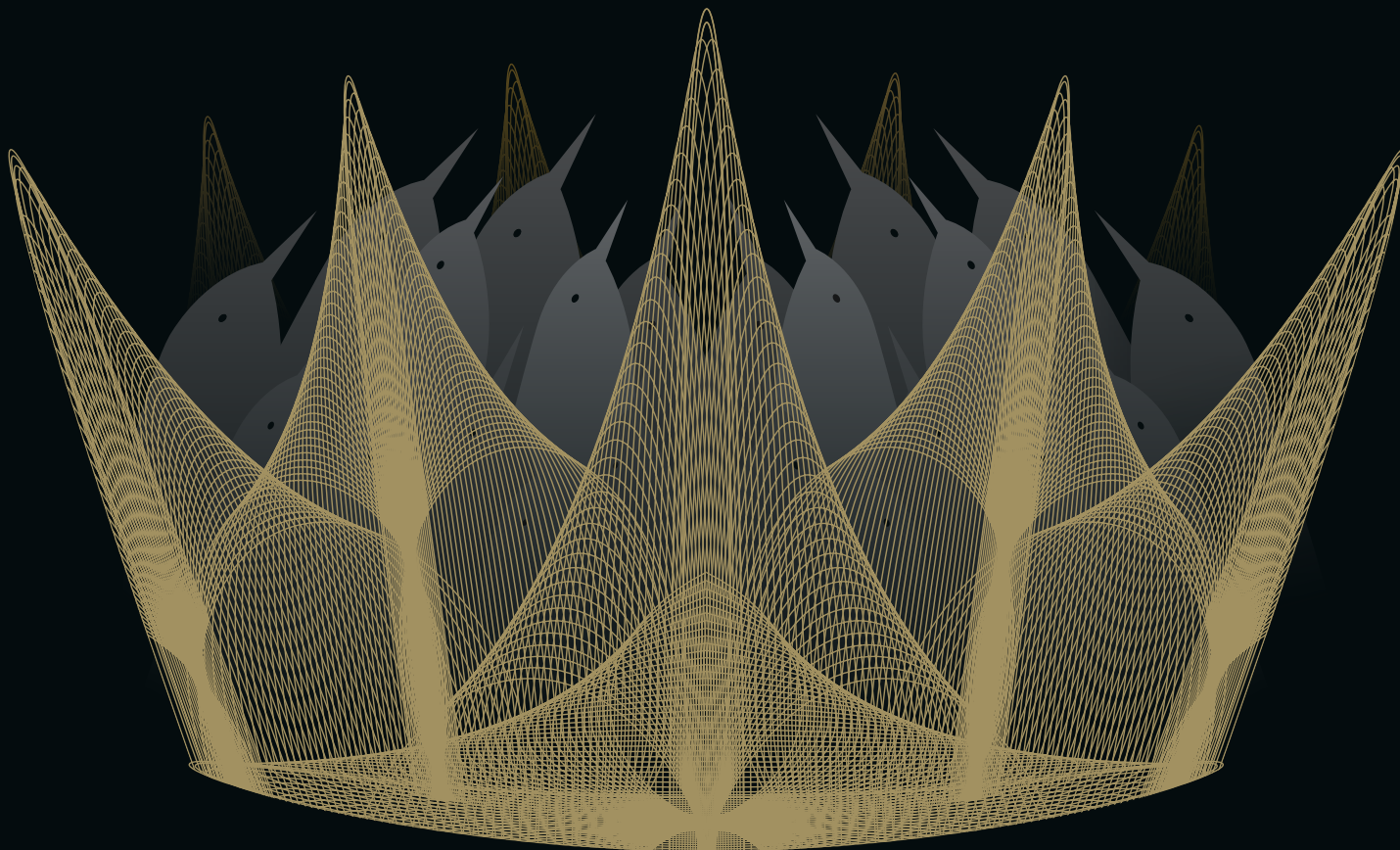
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Dallas—Austin, TX | **Leading Wealth Advisor**

**Richard P. Slaughter Associates Inc.**

Brooks Slaughter, CFP®, MBA, President and CEO

# “How much money will I need to protect my **standard of living**?”

By Brooks Slaughter

**The time has finally arrived. You have spent years building your nest egg and are now ready to fully enjoy retirement.** There is just one problem: You are a bit worried whether your portfolio will support your standard of living over the years, even decades, of your retirement.

It is a common concern, especially for those interested in mitigating risk in their investment returns. But making sure your portfolio is ready to meet your needs is an eminently attainable goal.

The short answer is that there is no one-size-fits-all approach, no magic number or formula to tell you the exact portfolio size or asset blend that will protect your standard of living for the rest of your life. Every investor must have a unique portfolio, constructed with the knowledge of his or her specific income sources and needs, risk tolerance, risk exposures and capital market expectations. Your portfolio also must be nimble enough to adjust to changes in all these factors over time, whether that means long-term strategic positioning or short-term tactical moves.

**Your starting point: defining your standard of living.** This includes both current and future commitments, some of which you might not have considered, such as yet-to-be-born grandchildren or a favorite charity's capital campaign.

You also must be mindful of inflation's impact on these expenses.

Medical costs and college tuition have been rising much faster than the overall rate of inflation.

Future expenses can be more difficult to quantify. Take your residential situation: Will you stay put? Perhaps you will relocate internationally to a locale with a more volatile currency than the U.S. dollar. The uncertainty of future tax rates, health insurance and Medicare also makes planning difficult.

Once you have defined your standard of living, you and your advisor should **analyze the income and assets available to meet these expenses.**

**01 Examine your risk tolerance,** both from an intellectual and emotional viewpoint. Many former business owners exhibit high levels of risk tolerance when running their own companies, but become overly cautious when investing in strategies over which they have no direct control. Other investors overestimate their risk tolerance, especially during rising markets, only to panic and pull out when stocks decline. If you have a secure income stream such as a pension or trust distribution that is uncorrelated with the stock market, your ability to assume risk may be higher than you think.

**02 Maintain an adequate level of liquidity** in your portfolio to meet expected expenses in the next year or two, plus a cushion

for the unexpected. Be careful not to allocate too much to alternative investments, including real estate, that are difficult to sell quickly, might have lengthy lock-up periods or are in sparsely traded secondary markets. Also, do not allocate too much to cash, as that will inhibit your return.

**03 Consider other types of risks** to your standard of living. Your outlook could be threatened by overestimates of returns over time. You could be sued and your personal assets attached. You might spend beyond your original projections because of over-commitments to family members or charities. And many people overlook future tax liabilities, like the invisible tax bill lurking in traditional retirement plans, as well as potentially higher tax rates.

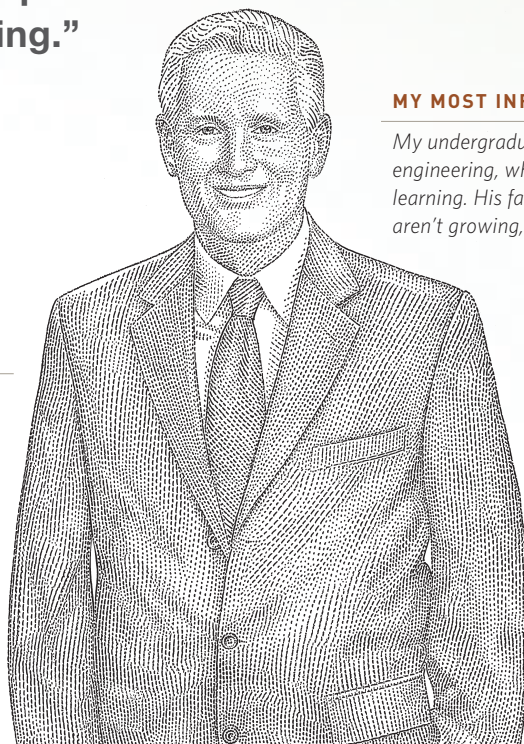
With so many variables and possible outcomes, stress-testing your financial plan with a Monte Carlo simulation lets you see the impact of your decisions and gives a good picture of how your standard of living could be affected. As your goals and risk tolerance change over time, talk to your wealth manager about what portfolio adjustments are necessary to keep your plan on track. 🍷

**“There is no magic number or formula that will tell you the exact portfolio size or asset blend that will protect your standard of living.”**

—Brooks Slaughter

#### How to reach Richard P. Slaughter Associates

You can reach any member of our team at 512.918.0000.  
We look forward to speaking with you.



#### MY FAVORITE SPORTING EVENT OF ALL TIME...

*The 2006 Rose Bowl game between the Texas Longhorns and USC Trojans. The atmosphere and incredible finish combined for a once-in-a-lifetime experience.*

#### MY MOST INFLUENTIAL PROFESSOR...

*My undergraduate professor in electrical engineering, who encouraged a lifetime of learning. His favorite quote was, “If you aren’t growing, you’re dying.”*

### About Richard P. Slaughter Associates

Richard P. Slaughter Associates is a leading wealth management and financial planning firm, which specializes in working with high net worth individuals, families and businesses. Slaughter Associates cultivates a comprehensive financial relationship with its clients by delivering expertise in financial planning and asset management and by coordinating with tax, insurance and estate professionals. The result is a holistic approach, unique in a financial industry that is often segmented and outsourced. By committing to each of these important components, Slaughter Associates charts a path to reach the individual financial goals of its clients. Founded in 1991 in Austin, TX, by Richard P. Slaughter, Slaughter Associates is one of the original fee-based firms in the nation. With offices in both Austin and the Dallas-Fort Worth Metroplex, Slaughter Associates has been recognized by the National Association of Board Certified Advisory Practices as a Premier Advisor and has been given Exemplary status for expertise in personal risk management.

Assets Under Management  
**\$260 million**

Largest Client Net Worth  
**\$20 million**

Minimum Fee for Initial Meeting  
**None required**

Minimum Asset Requirement  
**\$500,000 (investment services)**

Website  
**[www.slaughterinvest.com](http://www.slaughterinvest.com)**

Compensation Method  
**Asset-based and hourly fees**

Professional Services Provided  
**Planning, investment advisory and money management services**

Primary Custodians for Investor Assets  
**Charles Schwab & Co., Pershing and TD Ameritrade**

Association Memberships  
**Financial Planning Association, The National Association of Personal Financial Advisors**

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