

**WEALTH OPTIMIZATION**

# How to Properly Prepare for Retirement

A Definitive Guide to Ideal Wealth  
Accumulation Targets for Retirement and  
the Best Ways to Reach and Exceed Them



“A definitive guide to ideal wealth accumulation targets for retirement... and the best ways to

# How Much is Enough? How Will You Reach this Target?

If your goal is to retire in style, don't despair. Ignore the doomsayers. Dismiss statistics that suggest you won't be able to save or accumulate enough. A comfortable retirement is within reach. You can do it! But to build enough wealth to fund your lifestyle after you stop working requires financial discipline – and a game plan. This definitive guide lays out a roadmap showing you how to optimize your finances to achieve a high level of financial freedom you can enjoy your entire lifetime, before and after retirement.

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1 | The Stages of Financial Freedom®

The road to a secure retirement is a long one, with longevity on the rise and ups and downs for the economy and markets along the way. You can't control market fluctuations. But you can control your own financial path. It's vital to know where you're at during each stage of your life – and where you want to go.

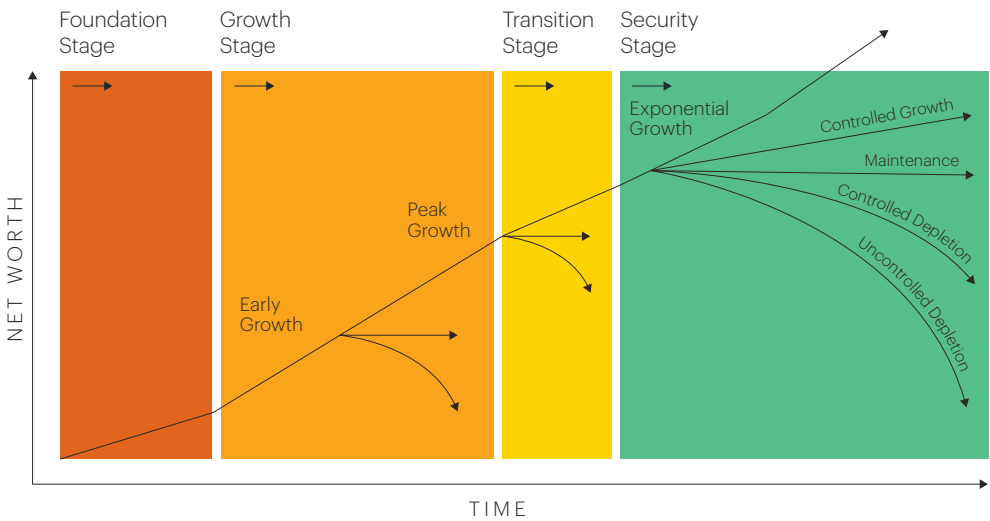
To stay on track, you must master the “Stages of Financial Freedom” roadmap. The goal: to keep your finances vibrant and on track to enjoy great strength, vitality and endurance – and avoid long stretches of “financial stagnation” or “depletion.” Success at each stage allows you to graduate to the next level in a position of strength.

The “**Foundation Stage**” was likely traversed by you years ago when you began working, established a basic standard of living and built some basic financial reserves. Since then, you’ve likely advanced to the “Early Growth Stage” or even the “Peak Growth Stage” with some healthy saving and financial wins. Notice how it is possible, if you are not careful, to stagnate or deplete wealth at any stage.

Now that you’re in a prime time of your life (**Early Growth or Peak Growth Stage**) to create and accumulate wealth, you want to make the most of it. You want to be able to advance forward to enjoy more financial freedom, with measurable results and the ability to enjoy some luxuries now, as well as one day, sooner or later, to have the ability to successfully transition into retirement with style.

The “**Transition Stage**” is the three-year period before and after your full or partial transition to retirement. This may be in your future 30, 20, 10 or even 5 years out.

The “**Security Stage**” is when you will live off the benefits you have earned and the assets you have accumulated. There are five potential directions your finances can go at this point. Your assets can continue to grow (the typical desired outcome) as you live off them. Or, at the very least, maintain their value (the typical worst-case acceptable outcome), as you live off them. Or, your assets can be on the path of controlled or uncontrolled depletion (the outcome to be avoided at all costs).



2 | Lifestyle Protection Analysis™

So how do you know if your finances are in a position of strength—or a vulnerable state? To better predict how your portfolio will hold up under different economic and market scenarios, Janiczek Wealth Management Wealth™ advises you to subject your finances to a “Lifestyle Protection Analysis” (LPA). Just as the Federal Reserve runs simulations—or “stress tests”—to gauge if the U.S. banking system can survive a variety of financial stresses and economic scenarios, you should do a similar type of analysis. The “Lifestyle Protection Analysis” tests your overall portfolio allocation and spending level against every 40-year period since 1900.

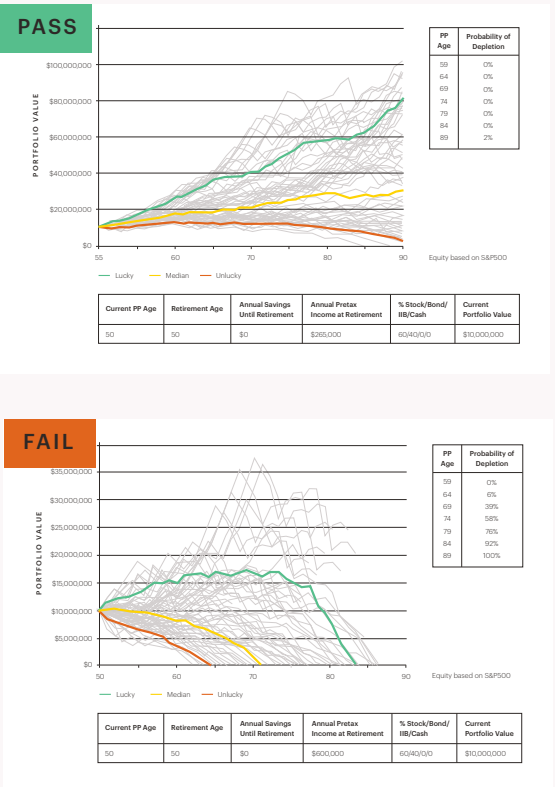
The LPA stress tests your financial plan, considering things like your balance sheet, cash flow, liquid savings, brokerage and retirement account balances, portfolio risk levels, and social security and pension benefits. All data is analyzed against various market outcomes to reveal strengths and weaknesses in Top 10%, Median and Bottom 10% scenarios.

The goal: zero probability of depletion of your assets even when back-tested to Bottom 10% conditions, such as the Great Depression (1929-1939) and Great Recession (2007-2009) and other challenging periods in history. You need your finances to have such strength and endurance characteristics before and throughout retirement.

If your finances are too fragile to withstand worst-case scenarios, the Lifestyle Protection Analysis” will help identify the weak links that need to be reinforced to ensure that your financial plan is solid. This is an important way to properly prepare for retirement.

Once your base scenario is tested in such a way, alternate scenarios are analyzed to determine other financial possibilities. This extra analysis factors in things like an earlier or later retirement, changes in your balance sheet, portfolio and spending rate, as well as scenarios simulating desirable goals (purchase of second home, funding extra-fun family trips and adventures, etc.).

Scenarios simulating extraordinary events (long-term care, untimely death, etc.) are also run. The goal: to help you truly know your boundaries and zero in on an all-weather plan that has the strength, agility, flexibility and endurance (SAFE) characteristics needed for the marathon-like life period called retirement. You want to PASS such tests with flying colors and avoid FAIL scenarios.



### 3 | Winning the Profit Game...

To amass enough working assets to be able to maintain your desired standard of living with no dependence on earned income means you must play to win the “Profit Game.”

Not only must you habitually save and prudently invest a good portion of your earned income into investment and retirement accounts, you must also invest in your own career and capabilities to maximize your earning power. After all, the higher your earned income, the easier it can be to reach your retirement savings goals.

You must also invest intelligently in the financial markets to ensure your assets, such as a diversified mix of stocks, bonds and investment properties, are growing and compounding at a healthy return rate over time. The old saying, “It’s not what you earn, it’s what you keep,” is a key concept when constructing a balance sheet that’s built to last.

The game plan for winning the “Profit Game” means always living below your means. It means saving automatically first and controlling spending to consistently have money left over to fund your future. We have, for 30-years, advised clients with wonderful standard-of-livings. This said, the one consistent characteristic of those with the highest strength ratings is living under their means.

So, how much of your earned income do you need to save to win the profit game? Our planning and analysis services will zero into this figure for you. Absent a windfall event (selling a highly appreciated asset or receiving a substantial inheritance, etc.) you may need to regularly save 18% to 30% of your annual earned income. If you are fortunate to have experienced a windfall event (or likely will experience one in the future) we can help you figure out where you stand and look at how additional saving will further impact your financial strength, agility, flexibility and endurance. You want to make certain you are on the right track, with plenty of room to spare.

“Make certain you are on the right track, with plenty of room to spare.”



4 | ...To Reach or Exceed Ideal Targets

The key is to reach—or exceed—key accumulation targets. That’s why knowing these targets is so necessary.

Your targets should be broken down into three asset buckets:

- 1) “Safety Assets” are highly liquid holdings like bank accounts, CDs, money market accounts and/ or U.S. Treasuries.
- 2) “Market Assets” are globally diversified investment portfolio holdings like stocks and bonds (or mutual funds and ETFs that own them) in taxable or tax-deferred retirement accounts.
- 3) “Aspirational Assets” are concentrated, leveraged and oftentimes illiquid holdings like real estate, businesses or stocks in an executive stock option plan.

Adequately funding the “Safety,” “Market,” and “Aspirational” buckets are a must, as those assets will be relied on if and when you partially or fully retire.

Here are our recommended wealth-accumulation targets, to be reached before retiring, for each asset type:

Your “Safety Assets” should be 1x to 5x your annual spending target, grossed up 25% or more for taxes. (Thus, if your goal is to spend \$100,000 a year above social security and pension benefits, your “Safety Assets” ideally need to amount to \$125,000 to \$625,000 by retirement).

Your “Market Assets” should amount to 25x to 40x your grossed up targeted spending amount (\$3.125 million to \$5 million for every \$100k of annual spending targeted above pensions and social security benefits).

Your “Aspirational Assets,” which are sometimes sold (liquidated) and moved into Safety and Market buckets before retirement for greater financial control and stability, can be anywhere from 0x to 40x your grossed-up spending level. These assets, during retirement, are “icing on the cake,” so long as Safety and Market asset targets are reached or exceeded.

5 | Seven Key Traits



The Flourish! Model™  
● Strength ● Emerging ● Vulnerability

We’ve pinpointed seven traits, called Flourish! Activators™, which represent the short list of advantages we seek to help our clients gain in order to flourish at the highest state. To flourish is to grow or develop in a healthy or vigorous way, especially as a result of a particularly favorable environment\*. Your journey to properly prepare for retirement is to make each of these seven traits a strength, on your own or with the help of our services.

Presently, as you review your current situation in this unique format, each of the seven categories are either a strength (green), emerging as you diligently work to make a strength (yellow) or a nagging unaddressed vulnerability (red).

Here’s a brief description of each to help you begin to assess what underlying currents are working for you and against you:

- 1) Well Informed. You continually become well informed, supporting important financial and life decisions with “perspective advantages.” There are perspective advantages available that can enable you to operate at a completely higher state of function and performance. Perspective advantages that can bypass chaos and complexity. Perspective advantages that can enable you to make confident decisions in a fraction of the time normally required. The “Stages of Financial Freedom,” the “Lifestyle Protection Analysis,” The Flourish! Model and the Wealth Optimization Dashboard are four perspective advantages we are showcasing in this guide. Utilize them to begin benefiting by this “Well Informed” advantage. There are many others we can help you attain.
- 2) Well Focused. You continually identify, stay focused and execute well on the most important priorities to improve your finances and life. Janiczek® Wealth Management developed a powerful “Clarity Session” agenda that can help you gain and maintain a clarity, focus and execution advantage. If you suffer from any form or degree of stagnation, procrastination, confusion or are ever vague and reactive (the root cause of many mistakes), instead of specific and proactive, this routine will help free you from these impediments. Go to Janiczek.com to learn more about our Clarity Session agenda and consider hiring us as your advisor to gain this “Well Focused” advantage via our portfolio management, wealth management and retirement planning services.

\* Source: The Oxford Dictionary



“It’s not just about the financial ability to retire – it’s really about the freedom of time, money relationship and purpose.”

3) Well Compensated. You continually apply your talents, interests and resources where they are most useful, valued and rewarded and your ever-increasing compensation, in many valuable forms, is proof. We believe there are six critical things to get right to maximize your compensation. It all begins with a “givers get” mentality. That is, the more you focus on making a greater contribution, the greater the compensation you will deserve. Then, it’s just a matter of positioning yourself properly for this outcome. Read Flourish! (published in late 2020) to begin to learn more about how we strategically coach clients to gain or optimize this “Well Compensated” advantage.

4) Well Accumulated. You continually win the “Profit Game” and your accumulated working assets, worth more than 30x your annual spending, is proof. See items 3 and 4 (prior two pages) within this guide to learn more about key accumulation targets. When you’re ready, talk to us about how we can help you gain this “Well Accumulated” advantage (also see items 6, 7, 8 and 9 later in this guide).

5) Well Optimized. You continually measure and win the “management game” and your superior financial strength, working assets performance and endurance ratings are proof. Being “Well Optimized” is one of the most critical of the seven Flourish! Activators to get right—especially when you’ve hit the seven-figure and beyond working asset figure. This is where many people hit a wall and stagnate.

Unfortunately, so many do-it-yourself or even service “solutions” offered in the marketplace DO NOT pass muster (they actually aggravate the situation). It’s all about having the right system, structure, support and disciplines in place to build and maintain superior financial strength, working asset performance and endurance ratings. See items 6, 7, 8 and 9, within this guide, for direction on ways we can help you gain these advantages.

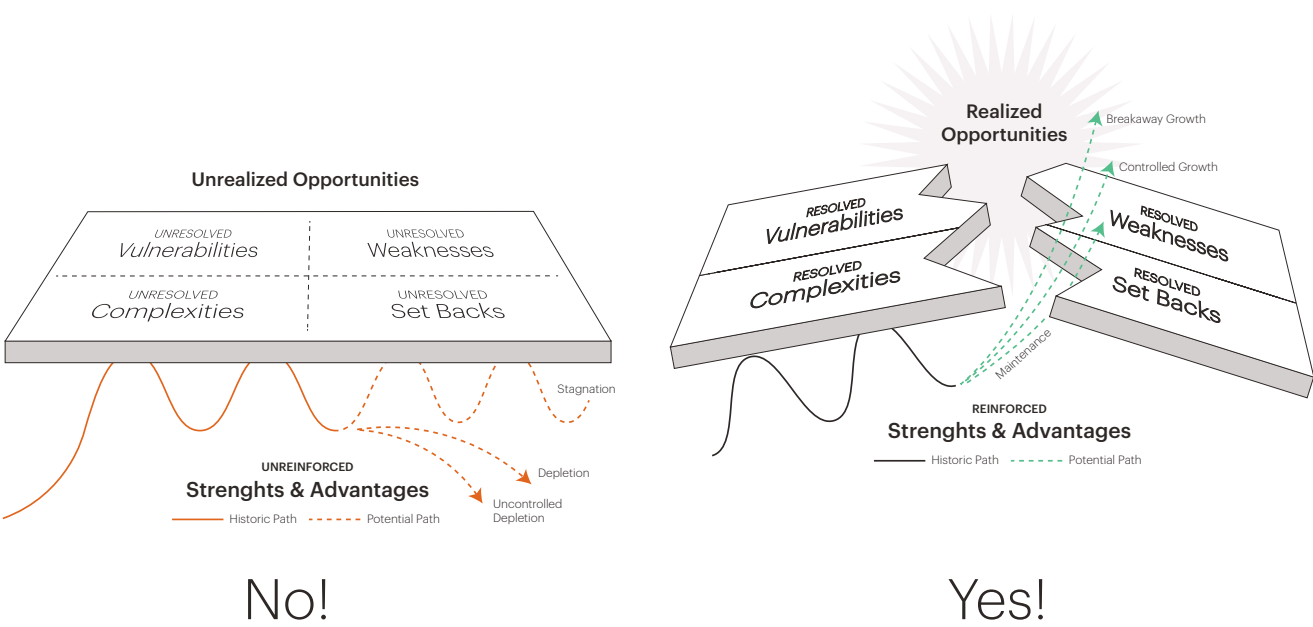
6) Well Liberated. You continually identify and overcome financial and life attachments, complexities and worries—and your liberated, organized and simplified state is proof. Being well liberated is about getting beyond the mechanics and practical dimensions of effective portfolio management, wealth management and retirement planning and into the realm elegant simplicity. It’s not just about the financial ability to retire - it’s really about the freedom of time, money, relationship and purpose to do what makes your heart sing - enjoying life to the fullest before and after retirement. We can help you make this leap. Ultimately, it’s all about liberating yourself from worries, attachments and complexities.

7) Well Transformed. You continually master and harness your wealth and life to the fullest, enjoying ever-increasing freedom of time, money, relationship and purpose. The underlying reason most of us want to enjoy a high level of financial freedom and independence, is the freedom of time, money, relationship and purpose. Our aim is to help you achieve this outcome to the best of your ability...no less, no more. Properly preparing for retirement is really all about enjoying such a high state of sustainable freedom that your life is well transformed.

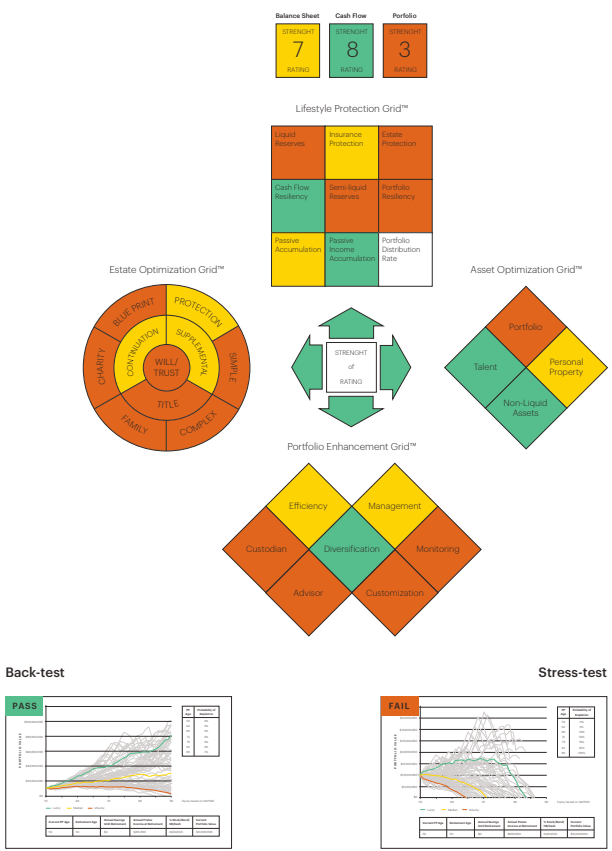
“Elastic Limit” is an engineering term that is a measurement of the amount of stress something can withstand before being irreparably damaged. The “Elastic Limit” of your wealth is of utmost importance to measure and optimize as you properly prepare for retirement. It’s a comprehensive indicator of how able you are to maintain a desirable standard of living with no earned income and how protected you are from financial ruin. It’s the essence of being prepared for retirement.

Here at Janiczek® Wealth Management, we actually pioneered the art and science of Strength Based Wealth Management® to help clients enjoy intuitive clarity about their Elastic Limit Threshold. On one page, consisting of “35 Essential Strengths®”, are, we believe, the most important measurements of strength, agility, flexibility and endurance (SAFE). We provide a color-coded green (strength), yellow (issue) and red (vulnerability) dashboard designed to instill confidence (where you are green) and action (where you are red and yellow).

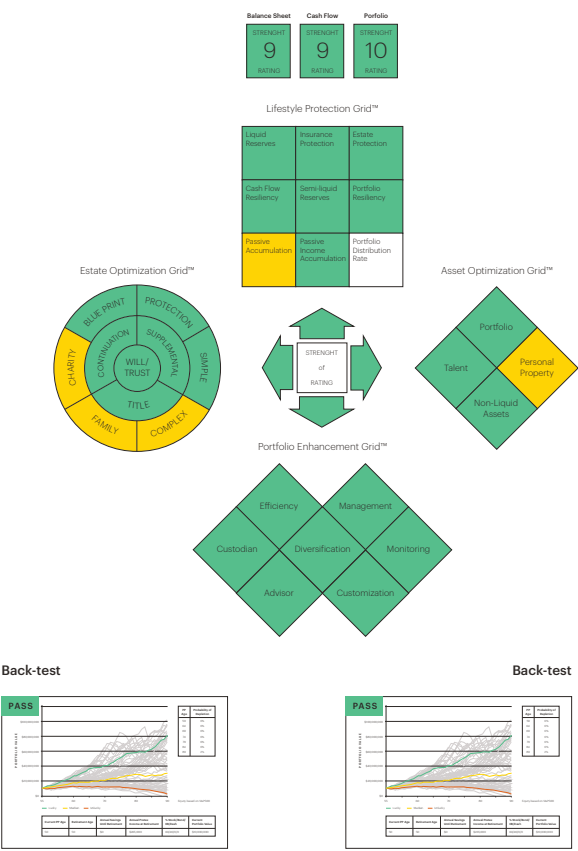
In order to properly prepare for retirement, you will want to make at least 30 of the 35 Essential Strengths green (strong) by your desired retirement date. For more details on Strength Based Wealth Management®, the 35 Essential Strengths® and our proprietary Wealth Optimization Dashboard, go to Janiczek.com. This approach is all about breaking through any ceilings holding you back.



Vulnerable Investor



Strong Investor



## 7 | Smart Sophisticated & Tailored Portfolio Management

The final step to properly prepare for retirement is to make sure your accumulated assets are prudently managed, through thick and thin. Here at Janiczeck® Wealth Management, we believe there are ten standards of excellence at the heart of successful portfolio management:

### 01 Aligned



#### **It's All About YOU Center Stage.**

Your investment portfolio needs to be aligned with your objectives, needs, time horizon, risk temperament and circumstances first and foremost. Follow a rigorous process, with the right portfolio manager, to align your portfolio to you.

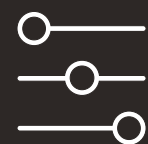
### 02 Intelligent



#### **It's All About You Escaping the Chaos and Complexity.**

Emotions, noise, hype and crowd behavior dynamics can adversely impact sound judgement. Seek out a portfolio manager who utilizes intelligent, common sense investment approaches that can help you escape noise, hype and complexity.

### 03 Disciplined



#### **Let Markets Work for You and Reward You.**

Instead of playing a difficult-to-win game, investors can be better off selecting a seasoned portfolio manager that stays disciplined to sound long-term approaches and avoids short-term approaches based upon emotions or hunches.

### 04 Evidence Driven



#### **Rigorous. Academic. Evidence-Driven is what you want.**

Seek to put the probability of success in your favor by selecting a portfolio manager who applies strategies and approaches based upon sound research and data.

### 05 Tax Sensitive



#### **Tax-Sensitive Strategies can add great Value.**

Utilize a portfolio manager who seeks to maximize the after-tax return of your portfolio utilizing a variety of tax-sensitive strategies.

### 06 Tailored



#### **Not Too Much. Not Too Little. Just Right Tailoring.**

Whether you have concentrated holdings, unique circumstances or other conditions you want and need your portfolio tailored around, be sure to engage a portfolio manager capable of such tailoring and customization.

### 07 Lean



#### **Cost Conscious Investing.**

Be certain to utilize a portfolio manager who seeks to maximize the net, after-cost performance of your portfolio by scrutinizing the expense ratios associated with underlying holdings and trading.

### 08 Risk Aversion



#### **Being Risk Conscious.**

It's important to be aware of risks and factor them into decisions. The more you can invest from a position of strength, the better. Utilize a portfolio manager aligned with this philosophy.

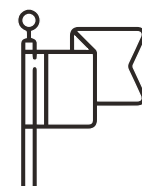
### 09 Integrated



#### **Your Wealth is Like a Symphony. Direct It and Seek Harmonization.**

Your balance sheet and portfolio are full of instruments. Those instruments need to be finely tuned and put together to play a role that harmonizes with your life and the world. Work with a portfolio manager who practices integrated wealth management.

### 10 Independent



#### **100% Fiduciary. 100% of the Time.**

Only work with an advisor who has your best interest in mind all the time. Avoid salespeople (brokers/agents) who only give "advice" incidental to selling products. 100% fiduciary, 100% fee-only is the standard to follow.

To learn how Janiczeck® Wealth Management has built these ten standards of excellence into our approach, go to [Janiczeck.com](http://Janiczeck.com).

8 | Facts About Janiczeck® Wealth Management

- 1 Founded in 1990, now celebrating 30-years of illustrious service to high (\$1 to \$20 million) and ultra-high (\$20 to \$200 million) net worth individuals and families.
- 2 Named among the top, best and most exclusive wealth advisors in the nation multiple times.\*
- 3 100% Fiduciary. Legally bound to do what is in your best interest 100% of the time.
- 4 Fee-Only. Strictly no commissions earned or products sold. We are pioneers in the fee-only movement that began transforming the financial services industry, for the benefit of investors, about three decades ago.
- 5 Robust investment management, trading and monitoring system enables us to measure, act and tailor portfolios in a precise and sophisticated way.
- 6 Evidence based investing (EBI) discipline what enables us to pursue lean, smart and advantageous exposures aligned with you and aligned with quality academic, economic and investment research.
- 7 Proprietary Strength Based Wealth Management discipline featuring intuitive to understand dashboards and analysis.
- 8 Proprietary Flourish! Model designed to help you continue to grow and develop in a vigorous way via seven Flourish! Activators.
- 9 Proven Clarity Session agenda and routine designed to keep you informed, confident and proactively acting to make improvements and tweaks tailored to your circumstances and to changing external conditions.
- 10 Highly capable team of experienced professionals working on your behalf, continually taking care of details.

\* See important disclosures on back cover of this guide and at [www.janiczeck.com](http://www.janiczeck.com)

9 | Whenever you are ready... here are three ways we can help you gain clarity and act with more confidence and direction:

- 1 **Want a free Investment Review?\***  
Our investment team will look at key indicators related to your portfolio and provide comments on observed portfolio strengths, weaknesses and opportunities for improvement.
- 2 **Want a free Retirement Review?\***  
Our retirement specialists will examine your path on the Stages of Financial Freedom and provide useful comments and observations based upon their findings.
- 3 **Ready to meet with us to pinpoint exact ways to upgrade your support and results?\***  
We are happy to arrange a Discovery Session designed to uncover needs and opportunities across all financial, investment, wealth and retirement disciplines.

Just email our Director of New Client Engagements, Cathy Wegner at **[cathy@janiczeck.com](mailto:cathy@janiczeck.com)** with **“Let’s Talk”** in subject line or call her directly at **303-339-4480** to begin the conversation.

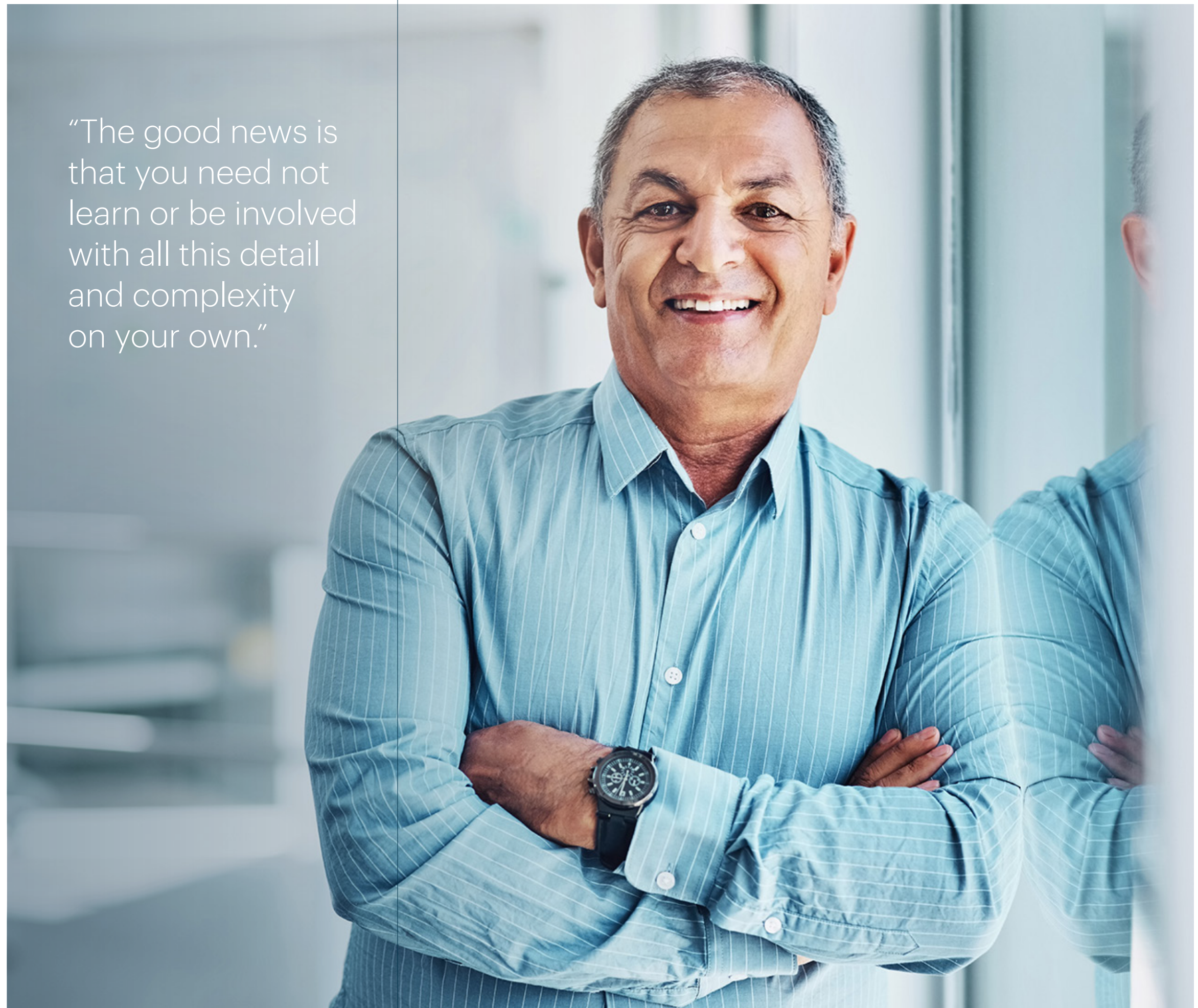
\* This offer/invitation is limited to prospective clients who are currently qualified for our services (over \$1 million investable assets) or will be qualified for our services, in the next 5 years, via an expected/planned liquidity event (business/property/asset sale, retirement, etc.).

## 10 | There is a Simpler Way

We agree, properly preparing for retirement involves quite a bit of expertise and diligence. The good news is that you need not learn or be involved with all this detail and complexity on your own. Rather, you can select to work with a highly reputable wealth management firm that specializes in such matters. **You can work with Janiczeck® Wealth Management as your trusted advisor.**

Call us at 303-721-7000 to learn just how simple we can make portfolio management, wealth management and retirement planning for you.

“The good news is that you need not learn or be involved with all this detail and complexity on your own.”



## Janiczek® Wealth Management

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Sources: Barron's March 2020, 2019, 2018, 2017, 2016, 2015, 2014; Financial Times June 2017, 2015; AdvisoryHQ March 2018, 2017, 2016; Mutual Funds magazine January 2001; Worth magazine July 2002, January 2004, October 2004, October 2008. Please Note: Rankings and/or recognition by unaffiliated rating services and/or publications should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if Janiczek is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of Janiczek by any of its clients. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser. Rankings are generally limited to participating advisers.

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