



## **Green Money, Red Money**

Here's a question I'd like to ask you: how much of your money is currently in the market? All of it? 50%? 80%? Did you consciously decide to have that percentage exposed to market risk, or did it sort of "just happen?" Why am I asking?

As I've said before, the markets go up, and the markets go down. A critical consideration is how much of your life savings are exposed to market risk. That is why I strongly encourage everyone to think of their money in terms of Red Money and Green Money.

Those terms may sound odd, but they will help us understand a fundamental concept. Let me explain:

"Red Money" is money we are willing to expose to market risk in hopes of a higher return. We accept the possibility of losses, even significant losses, in hopes of greater gains. Red Money is exposed to upside and downside market risk. "Green Money" is about safety and security. With Green Money, we are not willing to accept the risk of significant market losses, so we are willing to take a lower return in exchange. Green Money does not have significant exposure to the downside market risk.

So, if Red Money is exposed to significant upside and downside market risk, and Green Money limits risk while having upside market potential, which one is better? Well, that's probably the wrong question because neither is inherently good or bad. It all depends.

The essential questions we should ask ourselves are these: "What percentage of my money should be in Red Money? What percentage of my money should be in Green Money?"

If you are at or near retirement, you should ask yourself if any of your money should be in Red Money. Can you afford to lose any of your retirement funds? Would you rather take two steps forward and three steps back, or take one step at a time while limiting the chance of falling backward?

Let me tell you what Red Money is good for, the young and the rich. The young have time on their side and can afford to lose money in the hopes that they will make it back in the future. The rich can at least afford to lose some of their money and still live comfortably. By rich, I mean those people who have adequate Green Money to guarantee they will always have the income they need and never outlive it and still have money left over for Red Money.

If you are at or near retirement, you should be in the Green, which is money that limits the loss from market declines. Many people believe that all retirement money should be green money. I think that makes sense.

Over the years, we've learned that having green money provides an enormous benefit; a tremendous sense of comfort and relief for the person making the decision.

Think about it. The potential for money worries to go away. Are you upset or worried when your account value experiences a significant loss? If so, that money should not have been in Red Money!

So, this makes it easy to decide. You ask yourself this question: "If I were to lose some, most, or all of my money, would I be upset?" If the answer is yes, you should consider Green Money options for retirement.

You may ask yourself, "What Green Money options are there, other than cash, a checking or savings account, and bank certificates of deposit?" That's where I get to help you!

I firmly believe that we will face some tough times in the future – war, politics, national debt, tremendous volatility, corruption, turbulent global economies, and many more things to worry about. The more time I spend with clients focusing on Green Money options, the more my clients get to sleep at night with less worry and stress.

If you could convert some current retirement savings into Green Money, which would have limited exposure to market declines but still have the chance to provide you with the retirement money you need, would that make sense? Call me today and let's make sure you never run out of money! Call me any time, 844-619-SAFE.