



## Ray Lucia's Bucket Strategy™ Retirement Solution



Created by Raymond J. Lucia, Sr. CFP®, the Bucket Strategy™ is an asset allocation philosophy for individuals approaching retirement or those who have already retired. For more than two decades, retirees have used the Bucket Strategy™ to manage their retirement portfolios and reach their financial goals.

The Bucket Strategy™ segments a client's retirement portfolio into three general Buckets: Income, Safety and Growth. These Buckets are further classified into five categories: Lifetime Income, Fixed Income, Relative Safety, Growth & Income and Long-term Growth. At the strategy's core is the concept of matching assets to liabilities. Short-term liabilities or income needs are

matched against short-term fixed income assets. Longer term liabilities or income needs later in retirement are matched against long-term growth focused investments. This framework provides for an interactive process between our clients and advisors to design a unique portfolio for each client. Time horizon, risk tolerance, total return assumptions, and number of "buckets" vary client by client based on their unique situation.

A properly designed Bucket Strategy™ uses safe, stable and sometimes guaranteed investments to draw income, when needed, in order to allow time for more risky investments in the portfolio to potentially grow. When implementing investment solutions, we recommend that our clients avoid taking any more risk than their Bucket Strategy™ suggests is appropriate.

## Wealth Management

Ray Lucia's Bucket Strategy™  
Retirement Solution

Financial Planning



### Bucket #1 - Income

#### Lifetime Income

This Bucket Category potentially provides investors a guaranteed income for life and is suitable for conservative investors who believe they have a long life expectancy.

Potential investment solutions, include:

- Life Annuities
- Variable Annuities with Guaranteed Withdrawal/ Income Benefit features.

#### Fixed Income

This Bucket Category is designed to spend down over 5 to 7 years thus



### Bucket #2 - Safety

#### Relative Safety

This Bucket Category is a bridge between the Income Bucket and Growth Bucket. This bucket is designed to replenish the Fixed Income Bucket resulting in additional time for your long-term investments to potentially grow. Potential investment solutions, include:

- Laddered Bonds
- Balanced Portfolios
- Fixed and Indexed Annuities
- Structured Products
- UITs
- Closed-End Funds.



### Bucket #3 - Growth

#### Growth & Income

This Bucket Category is designed to provide both Growth & Income for the portfolio over the long-term. Income generated from this Bucket may be used to supplement income required from Bucket 1. Potential investment solutions, include:

- Non-Traded Real Estate
- Investment Trusts
- Alternative investments

#### Long-Term Growth

This Bucket Category is designed for 15-25 years of growth. Since the other

"buying time" for Bucket 2 to potentially grow. This category is usually invested in Safe, sometimes guaranteed, investments. Potential investment solutions, include:

- Money Markets
- Certificates of Deposit
- Short-term Debt Securities
- Fixed Annuities.

Buckets have provided time, this Bucket is designed to grow untouched for near term income. Potential investment solutions, include:

- Domestic and international stocks
- Commodities
- Currencies
- Alternative investments

*Diversification may help reduce, but cannot eliminate, risk of investment losses. Historical performance relative to risk and return points to, but does not guarantee, the same relationship for future performance. There is no assurance that by assuming more risk, you are guaranteed to achieve better results. There is no guarantee that the Bucket Strategy™ will meet its stated objectives.*

*Variable Annuities are long-term investments designed for retirement subject to possible surrender charges and 10% IRS early withdrawals penalty prior to age 59 ½. Guaranteed Income Withdrawal Benefit Riders may be available for additional cost. Guarantees provided through these riders are based on the claims paying ability of the issuer subject to their terms and conditions.*

***Prior to investing in a variable annuity, investors should carefully consider the investment objectives, risks, charges and expenses. The contract prospectus and the underlying fund prospectus contain this and other important information. Investors should read the prospectus carefully before investing. For a copy of the prospectus contact your financial advisor.***

*Investments in Non-exchange traded REITs involve risks. These risks include, but are not limited to the following: the absence of a public market for these securities; the possibility of substantial delay in making distributions; payment of significant fees to affiliated sponsors, advisors and general partners; and uncertainty as to whether the stated objectives will be met. Special risks associated with investing in real estate such as the possibility of declining real estate values; the possible lack of availability of mortgage funds; changes in interest rates; the possibility of declining economic conditions; overbuilding and extended vacancies of properties.*

***Please contact your financial advisor to receive a prospectus, which includes information on charges, expenses, and other important facts. Investors should consider their investment objectives and risks, along with an offering's charges and expenses before investing. Please read the prospectus carefully before investing or sending money.***

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There is no guarantee that the Bucket Strategy<sup>TM</sup> will meet its stated objectives. All investments carry risk including loss of principal.

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