SONORAN RETIREMENT ADVISOR

January 2025

Be sure you put your feet in the right place,
then stand firm.

Abraham Lincoln

IN THIS ISSUE

1. Note to my clients.
2. Feature Story Pg. 2-3
3. Clients of the Month Pg. 4
4. Planning Compass Pg. 4-7
5. Upcoming Workshops Pg. 8-9

From Medicare to Retirement Planning. We provide the tools, and expertise to protect your retirement and lifestyle.

Hi,

I passed my Series 65 licensing exam in October. I am now registered as an Investment Advisor Representative and will be able to help with stock investments.

My articles this month will focus on my Registered Investment Adviser (RIA) firm – Sequent Planning. I will also talk about different investment strategies and how we can help protect and preserve your retirement savings.

Stay safe and healthy.

Your Tucson Team

FEATURE STORY

Sequent Planning
Our Approach to Managing Your Money

About Us

Sequent is a brand of Sequent Planning LLC (Sequent), a Registered Investment Adviser (RIA). We are dedicated to designing holistic retirement plans that impact client lives. Headquartered in Omaha, Nebraska, Sequent is registered with the Securities Exchange Commission (SEC) and serves clients across the nation.

Sequent was built to increase the probability of a successful retirement for our clients. To achieve that, we believe that every client should have a retirement plan that includes asset management and insurance products. We call this comprehensive plan a Bl(u)Print for retirement. NOTE: if you would like more information on our Bl(u)Print for retirement please contact Marilyn at mbdeluca@futurityfirstwealthmanagement.com

Because each client has a unique set of circumstances, goals, and expectations, each Bl(u)Print is unique – much like a fingerprint. That's why we emphasize the "u" in Bl(u)Print. While your Bl(u)Print is uniquely your own, every Bl(u)Print addresses the five top financial challenges that a solid plan should: inflation, taxes, market volatility, longevity and health care costs. We take the time to address each challenge and recommend a course of action, tailored to your unique circumstances, goals and expectations. In retirement, focus on downside risk is more important than focus on upside potential. We focus on both, but our first filter is downside risk in your investment portfolio, so that you're as prepared as possible to weather potential downturns.

I will walk you through every step of the process to build a retirement plan so that it is easy for you to understand and follow. I will be your guide and partner to help you achieve the retirement you've always wanted.

Investing is the art of getting paid for the risk you are taking

While this is a simple statement, it's based on a rather complex assumption: that you truly understand the risk you're taking in your investment portfolio. The problem, however, is that many of the models and techniques used to analyze risk are outdated.

The "modern portfolio theory (MPT)" used by so many advisors today was developed in the 1950s – there's nothing modern in this approach. The computing power used in that approach was limited compared to today's, which has been unleashed with cloud computing. We utilize a much more sophisticated, complicated approach to measuring downside risk potential.

The Risk Methodology

Downside Risk Matters in Retirement.
The methodology to calculate inherent risk in investment portfolios has evolved. Our model portfolios are based on the heavy-tail risk methodology.

Value at Risk

Common methods of risk measurement also use Value at Risk (VaR) methodology. This method draws a line at the 95th percentile of downside scenarios. This tells you the point at which you might consider yourself in a rare bear market, but it doesn't tell you how bad the bear market could be.

Estimated Tail Loss

Models that incorporate an estimated tail loss (ETL) method demonstrate the average downside of bad scenarios, rather than simply the edge of what could be considered a bad scenario. This perspective sets more accurate expectations of risk in portfolios, better preparing investors for the inevitable downturns. We use the 99.5% threshold to begin our ETL analysis.

Our Investment Theory

Each investor needs to understand the risk exposure in their investment portfolio. It is impossible for investors to avoid all bad periods.

One pitfall of looking at investment performance over extended periods of time is a tendency to overlook bad times and focus on total return over the holding period. Looking at past performance, investors tend to forget about the distress they felt when markets plummeted, especially when the total return contains periods of impressive gains over the long term.

Understanding an investor's capacity to absorb a big, unrealized loss is one of the starting points in deciding investment strategy. At Sequent, we look at this in terms of the size and frequency of losses a portfolio can be potentially exposed to, given the timeframe the investor is planning on being in the market. For example, a person in their 20s could, in a bad year, probably bear a 40% drawdown in the value of their retirement portfolio, knowing they have 40 years over which to meet their investment goals. If the objective is something more immediate, like providing retirement income in five years, then such a loss is unacceptable. Therefore, an investor needs to consider not only their required future return but also the level of risk they are prepared to take.

Advisors using modern portfolio theory calculate risk by considering only about 95% of historical distributions as normal and 5% as outliers, or statistically insignificant - they ignore the most dangerous 5%. Put simply, this approach to modeling takes the most probable outcomes and calculates your risk.

In the 21st century, countless studies have discredited the portfolio risk analysis methodology that uses only 95% of the data points - a 1950s approach due to lack of computing power. The most substantial risk exposure resides in the 5%, which some advisors call "black swan events." We disagree. The data points are available and should be taken into consideration.

We, through the use of our methodology, however, take nearly all the probable negative outcomes - 99.5% versus 95% - and include those in the calculations, thereby providing a more accurate downside picture.

Clients of the Month

We appreciate your referrals so much ….
We are happy and grateful for each referral. The only things your friends have to lose are high premiums and that sinking feeling that they just lost money when the market dips again. I'm happy to offer a gift card for every referral that leads to an appointment.

Tim W. referred his friend **Steven H.** Thank you so much!

TUSD referred **Sal R.** Thank you so much!

Nancy B. referred **Susie R.** Thank you so much!

Deb L. referred her friends **Jack and Betty R.** Thank you so much!

Betty R. referred her friend **Esther L.** Thank you so much!

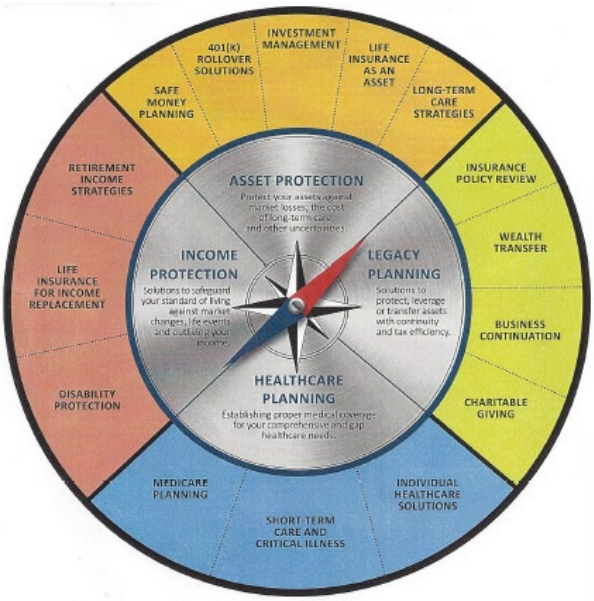
Solange V. referred her friend **Irena U.** Thank you so much!

Laura E. referred her friend **Lon W.** Thank you so much!

Nancy at Bayada referred her client **Rita S.** Thank you so much!

Jeanne D. referred her friend **Yvonne R.** Thank you so much!

The Retirement Planning Compass



Our Approach to Investing
A More Accurate Picture of Your Market Risk

At Sequent, we believe a portfolio based on a risk questionnaire, age or expected returns is not enough. You deserve more from your wealth manager.

Sequent employs an approach to investing that is truly unique from what other wealth managers use. Rather than relying on the typical methodology of risk calculation, we use best-in-class algorithms and massive computing power that give you a better picture of your true risk. Knowing the true risk involved with any potential return helps you avoid behavioral mistakes that uninformed investors typically make. And by avoiding those mistakes, you

significantly improve the probability of your financial plan's success.

This cutting-edge technology and methodology are the foundation to our approach to investing.

This investment approach is just one part of the broader financial planning process when you work with us. Before I recommend any investment, I will evaluate all the key areas of your financial life - such as income, expenses and insurance – to create your customized financial plan, which we call your Bl(u)Print.

The Process for Investment Selection

Establish Downside Risk Management Approach
Before an investment plan can be initiated, we need to form a common ground with our clients. Together, we need to determine the work to be done and what terms, conditions, and limitations there might be. This is an interactive process.

Understand Your Risk Capacity
Before any plan can be created and analyzed, we must gather your data and goals. Each detail of the investment planning process is guided by your goals. In this step, the financial data we gather lays the foundation of your financial plan.

Understand Your Desire for Risk
I will review all of your data and relevant documents. I then use this knowledge, experience and the expertise of other professionals in the areas of tax, estate planning, and insurance to develop strategies and recommendations to help you meet your goals.

Advisor Analysis
Once we've determined your financial goals and objectives, I will conduct a thorough analysis of your information. Using our process and advanced tools and resources, the analysis will show whether your goals and objectives are realistic and can be met under current circumstances.

Monitor and Adjust When Necessary
The portfolio models are monitored at two levels. At the RIA level, we monitor the model portfolios through our investment committee. At the individual level, we monitor your investments along with your overall financial plan to stay aligned with your financial goals.

Why Do Our Model Portfolios Look So Different?

First, we set the downside risk ranges for each of the model portfolios. Next, we create a pool of approved investments for each asset class. Then, we optimize the portfolio holdings for return.

The approved investments are low-cost, exchange-traded funds (ETFs). Inherent in each exchange-traded fund is the fact that the fund holds more than one security, so concentration risk is limited. We start with 10 asset classes ranging from bonds to emerging market equities. The investment committee typically reviews the top three ETFs in each asset class to arrive at the "best in class" ETF. Next, we review each asset class to determine if the asset class should be in the investment model. An asset class can be eliminated because of poor historic risk-to-return ratios. But, the investment committee limited the number of eliminated asset classes to a maximum of four. From

there, the committee reviews hundreds of combinations of the approved investments that fit within the prescribed downside risk range. The results are why our model portfolios look so different. This "optimization" process allows us to identify the allocation that we feel maximizes return for each model portfolio within the downside risk range assigned for each portfolio objective.

Strategy 1: Market Participation

Using a multi-asset approach, our market participation strategies are comprised of a variety of underlying ETFs to provide exposure to stocks, bonds and alternative investments. Built for investors at any life stage, these model portfolios provide broad diversification and downside risk management while still giving the investor an opportunity to participate in upside returns.

Investment Portfolios

1 - Cash Equivalent. A model designed to seek current income consistent with stability of principal and liquidity by investing primarily in a portfolio of high-quality, dollar-denominated, fixed-income securities that: (1) are issued by banks, corporations and the U.S. government; and (2) mature in 397 days or less.

2 - Capital Preservation Plus. A model designed to provide investors with capital preservation and modest market participation to help cover rising expenses, principally through cash, cash equivalents, bond and treasury-based investment vehicles, and nominal amount of equity and alternative investment exposure.

3 - Conservative. A model designed for investors who can withstand modest volatility, this model strives for a balance of capital preservation and modest growth through investments in cash, cash equivalents, bond, treasury, and a modest amount of income-focused equity vehicles and alternative investments such as commodities.

4 - Conservative Growth. A model designed to help risk-averse, long-term investors modestly grow their investments while also providing income. It seeks to achieve these objectives by investing in a mix of cash equivalents, bonds - both short-term and long-term - treasuries, and a modest amount of equities and alternative investments in different combinations and weightings.

5 - Moderate Growth. A model designed to help investors pursue long-term growth of investments primarily through a mix of cash equivalents, bonds, domestic and international fixed income and equities, and alternative investments which, when combined, offer the potential for growth while tempering the impact of volatility.

6 - Growth. A model designed for investors looking for growth while understanding downside risk. Investors should have longer investment time horizons. Our model is designed to navigate the ups and downs in the standard long-term market cycle. This model takes a global approach with its investments in domestic and international equities, fixed income and alternatives with the goal to maximize the capture of gains while limiting the exposure to losses.

7 - Speculative. A model designed for investors who seek aggressive growth over longer time frames and can tolerate wide fluctuations in market values, especially over the short term. These aggressive growth models generally are based on a premise that a particular segment will outperform the general markets.

Strategy 2: Income Generation

Using a multi-asset approach, our income generation strategies are comprised of a variety of underlying ETFs to provide exposure to dividend paying stocks, bonds and alternative investments. To help investors diversify their income sources, we have developed a suite of income-generating models designed to be transparent, cost-effective and seamlessly added to an existing portfolio.

Investment Portfolios

1 - Income Conservative. A model designed to seek current income maintaining a conservative risk profile primarily through a diversified portfolio of quality fixed income securities and dividend-paying equities.

2 - Income Moderate. A model designed to offer investors an intermediate investment option, with greater potential for current income and long-term growth than the Income Conservative model, but less volatility and downside risk relative to the Income Equity Growth model. Investments will primarily consist of equity-income, fixed-income, balanced and some growth-focused products.

3 - Income Equity Growth. A model designed for investors who seek a higher yield while still participating in equity market growth over longer time frames and can tolerate wide fluctuations in market values, especially over the short term. The Income Equity Growth model incorporates sector-specific ETFs to broaden exposures and reduce the sector skews that many equity income models have so that these skews do not detract from the portfolio's performance during the periods of market performance dominated by specific sectors or other growth factors. This sector diversity is especially important during periods where high-yielding strategies are out of favor.

4 - Super Dividend - Speculative. A model designed to offer investors with an above-average level of current income while offering exposure to the stock market. Since the model typically invests in global companies that are dedicated to consistently paying higher dividends, this can also mean that its total return may not be as strong in a significant bull market. This income-focused model may not be appropriate for traditional income investors as it may be concentrated in certain sectors, regions or asset classes in pursuit of high-income yields.

We also have buffered ETF portfolio. A buffered ETF uses options contracts to provide investors with a "buffer" against downside market losses up to a certain percentage, while also capping potential upside gains within a defined "outcome period," essentially offering downside protection while still allowing for market participation up to a specific limit.

UPCOMING MEDICARE WORKSHOPS

For all workshops please email Marilyn at: marilyndeluca@ffig.com or call her at 520-668-9662 to Reserve your free seat.

Tuesday January 7th - 11:00 AM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday January 7th - 6:00 PM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday January 21st - 11:00 AM
MARRIOTT COURTYARD TUCSON AIRPORT:
2505 E Executive Dr, Tucson, AZ 85756

Tuesday January 21st - 6:00 PM
MARRIOTT COURTYARD TUCSON AIRPORT:
2505 E Executive Dr, Tucson, AZ 85756

Tuesday February 4th - 11:00 AM
FUTURITY FIRST – TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday February 4th - 6:00 PM
FUTURITY FIRST – TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday February 18th - 11:00 AM
HILTON EL CONQUISTADOR:
10000 N Oracle Rd, Tucson, AZ 85704

Tuesday February 18th - 6:00 PM
HILTON EL CONQUISTADOR:
10000 N Oracle Rd, Tucson, AZ 85704

Tuesday March 4th - 11:00 AM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday March 4th - 6:00 PM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday April 1st - 11:00 AM
MARRIOTT COURTYARD TUCSON AIRPORT:
2505 E Executive Dr, Tucson, AZ 85756

Tuesday April 1st - 6:00 PM
MARRIOTT COURTYARD TUCSON AIRPORT:
2505 E Executive Dr, Tucson, AZ 85756

Answers to your important questions

- What's really working on Wall Street and how can I avoid what's not?
- What does volatility mean to my portfolio?
- How do I maintain my income no matter what happens in the market?
- How can I avoid the pitfalls of variable annuities?
- What isn't my broker telling me about mutual funds?
- How to insulate your 401(k), 403(b) from devastating market corrections?
- How you can reduce management fees on your portfolio?
- How can I make sure I never run out of money without putting all of my money into an annuity?

Futurity First
4400 E Broadway Blvd, Suite 712
Tucson, AZ 85711
www.Futurityfirstofsoutherneaz.com
520-668-9662

Retirement Income Planning Workshop

A 60-minute educational program preparing you with the financial basics of retirement planning.

Offered at our office for your convenience

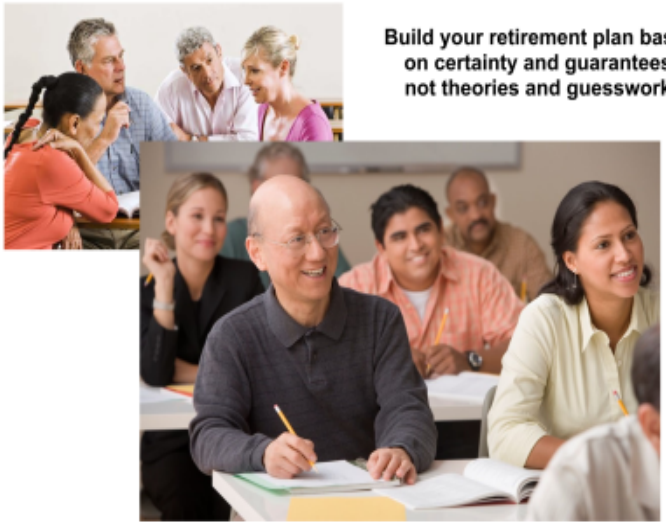
4400 E Broadway Blvd, Suite 712
Tucson, AZ 85711

Tuesday, January 14th
Tuesday, February 11th
Tuesday, March 25th
Tuesday, April 8th
Tuesday, May 20th
Tuesday, June 10th

All workshops begin at either 12:00 pm or 6:00 pm

Seating is limited.
Register today for your free seats!

520-668-9662



Build your retirement plan based on certainty and guarantees, not theories and guesswork.

Finally there is a planning model that is easy to understand and provides low cost, high yield, consistent income. This process avoids losses, reduces fees and puts more money where it belongs... in your pocket. It is so simple that you may say, "Why didn't I think of it myself."

This classroom course is focused on empowering you to make fact-based financial decisions. If you are wondering why the markets do what they do, seemingly without any rhyme or reason, this course is for you. Learn how to recognize the dangers in your financial plan and how to side-step their negative effects on your portfolio. Gain the confidence needed to move past daily market performance concerns and interest rates and enjoy retirement.

Course Outline

Part 1
- Our process
- What concerns retirees the most

Part 2
- Today's retirement landscape
- Key retirement ages and decisions
- Income gap

Part 3
- Risks affecting your portfolio

Part 4
- Sources of guaranteed income

Part 5
- Elements of a retirement income plan
- Make your money last a lifetime *(or two)*
- Inflation fighting tools
- How a simple plan can protect you from losing money or income in any market condition