

# Bucketing Strategies

In general, the longer assets remain invested, the more stable their returns become. Furthermore, it is increasingly common for clients to regularly segregate enough assets to meet needs into a conservative holding for a certain period of time, while allowing the remainder of the portfolio to be invested for a longer period of time. This allows you to safely cover your clients' needs while investing the remainder of their assets for growth.

Bucketing retirement assets in this way allows you to demonstrate the concept of shifting these resources into stable vehicles, as well as growing the pool of managed assets over time.

## Modeling a bucketing strategy

1. From the **Retirement** page, click **Liquidation Strategies** and go to the **Bucketing** tab.

Liquidation Strategies...

Liquidation Order
Redemptions
**Bucketing**

Distribution Bucket

Target Balance  
(future \$)

Infl +/- Add'l

Asset Class Weightings

Return Rates

Estimate

\$50,000
☒ +
0.00%
Cash
2.36%

Set Goals – Retirement – Liquidation Strategies – Bucketing

2. Enter the target balance for your clients' retirement account. To determine how much you clients will need, click **Estimate**.
3. The **Distribution Bucket Estimator** calculator determines the target balance for your clients' retirement bucket by multiplying the gap in the first year of retirement by the number of years over which the account should cover retirement needs.

Distribution Bucket Estimator

Estimate Balance

Total Expenses Gap in First Full Year of Retirement	Number of Years	Distribution Bucket Target Balance
\$5,260	x 5	= \$26,301

Set Goals – Retirement – Liquidation Strategies – Bucketing – Distribution Bucket Estimator

4. After determining and entering the **Target Balance** for the distribution bucket you can further qualify the account in the following ways:
  - Model the effects of inflation by selecting the **Infl** option. To add or subtract from this rate, enter either a positive or a negative percentage into the **+/- Add'l** field. The sum of the plan-defined rate of inflation and your

entry into the **+/- Add'l** field comprises the total rate affecting the account.

- Classify the account by asset class weighting. Select one of the defined asset classes from the **Asset Class Weightings** menu. Alternatively, you can select **Manual Classification** to classify the bucket using a mix of several asset classes.
- The bucket's **Return Rate** updates based on the asset class weighting you choose. Click the link to override the default rate of return for an asset class or model an account that is invested across several asset classes.

## Stand-alone reports and bucketing

Use the following stand-alone reports to monitor the status of clients' bucketed investment account:

- Retirement Bucketing Strategy
- Retirement Bucketing Strategy Activity
- Single Asset Summary

## **Retirement Bucketing Strategy**

**(Quick Actions – Reports – Goals – Savings)**

This report shows a graphic representation of growth for your clients' distribution and investment bucket over time.

Use this report to show the overall status of the bucketed retirement accounts (both the distribution and the investment portion) over time.

## **Retirement Bucketing Strategy Activity**

**(Quick Actions – Reports – Goals – Savings)**

This report shows the activity for the bucketed retirement accounts, as well as its starting and final market value over a given year. Use this report to display the status of the bucketed investment account for a single year.

## **Single Asset Summary**

**(Quick Actions – Reports – Net Worth – Assets)**

This report shows the same information as the Retirement Bucketing Strategy Activity report; however, this report displays the data over a number of years. Use this report to show the growth for the bucketed investment account over time.