U.S. STRATEGY REPORT

GET BACK ON TRACK: DEVELOP YOUR FINANCIAL RECOVERY PLAN

Today's economic environment may be one of the most challenging some investors will ever face. However, you can take control of your financial situation – and the sooner you act, the better. Talk with your financial advisor today about steps that can help prepare you for a potential recovery and keep your financial future on track.

ASSESS YOUR CURRENT SITUATION AND GOALS

It's important to have a complete understanding of what you've saved and what you owe before you make any financial decisions. Gather all of your financial paperwork related to your savings, investments and spending. It's also helpful to review any insurance policies you may have.

Bringing in all your financial documents helps provide a complete picture, which is essential in evaluating your financial goals. We typically suggest you review your goals once a year or when life changes – if you switch jobs, retire, marry or have children, etc. But sometimes the market changes, which also causes you to reassess your situation. After the decline we've experienced, it's likely you need to make some adjustments. Let's talk about all of your goals, including retirement, sending children to college and estate considerations.

Review your comfort level with investment risk.
Before the market declined, many people may have thought they were more comfortable with risk than they actually were. Are you comfortable with your investment mix? What's worried you the most this past year? Let's work together to answer these questions. If it turns out that you would rather take less risk, we can rebalance your portfolio to realign it with your desired portfolio objective.

DETERMINE IF YOU'RE STILL ON TRACK

After you review your current situation and goals, we'll work together to determine if you're still in a position to reach those goals within your time frame. Can you still retire when you planned? How about paying for college? Do you need more income? Do you need an emergency fund of six months or longer? Use the following checkpoints to help answer your questions.

Review Your Savings and Spending

- ❑ **Determine if adjustments are needed.** Whether you're saving for retirement or already retired, we strongly recommend reviewing your current spending. Some people may need to reduce spending and withdraw less from their portfolio. If you're still working, you may need to save more in your 401(k) and IRA to get back on track. You also may need to consider disability and life insurance to protect against the potential for lost income.

Evaluate Your Overall Investment Strategy

- ❑ **Own investments in an appropriate way.** Consider how you currently own your investments. If you want to step back from day-to-day decision making, you may benefit from Edward Jones Advisory Solutions™, our mutual fund and exchange-traded fund (ETF) advisory program, or Edward Jones Trust Company, where a portfolio manager builds a portfolio based on your unique needs.

- ❑ **Review your portfolio objective.** Your portfolio's asset allocation – how much you have in cash, stocks and bonds – is based primarily on your comfort level with risk and your life stage. Do your current investments align with your stated portfolio objective?

- ❑ **Evaluate the number of stocks you own.** To achieve proper diversification, we recommend that you strive to own at least 25 stocks (or 15 if you also own mutual funds). You should own stocks from all major industry sectors, and no individual stock should represent more than 5% of your overall portfolio. If this isn't practical for you, consider selling your stocks and reinvesting into mutual funds (unless stocks represent a very small portion of your portfolio).

- ❑ **Ladder and diversify fixed-income securities.** Strive to own 10 to 20 fixed-income securities from a number of corporate, government and municipal sectors with varying maturities. No individual bond should be more than 5% of your overall portfolio, and make sure you have no more than 5% invested in aggressive income. If you instead choose to own bond funds and need income, consider taking withdrawals at a rate lower than the fund's current dividend yield. Also, consider how fixed annuities may play a role in your fixed-income portfolio.

Edward Jones®
MAKING SENSE OF INVESTING™

Take Advantage of Tax Savings*

The market we've experienced has certainly been painful, but there are ways you can potentially offset its effects. In addition to contributing to tax-advantaged accounts including your 401(k) and IRA, consider the following:

- ❑ **Rebalance to take advantage of a tax loss.** Investments in taxable accounts that are down in value could be sold to create a tax loss. You can deduct up to $3,000 in losses each year after you offset gains, so you'll have money to reinvest and rebalance your portfolio as well as possibly a tax benefit for several years. Remember that as you buy different investments, you may pay a commission.

- ❑ **Consider converting to a Roth IRA.** If your income is within certain limits, you may be eligible to convert all or part of your traditional IRA to a Roth IRA. This allows money to grow tax free, and you can withdraw it tax free in retirement. The cost is based on the value of investments held in your IRA when you convert.

Consider Your Estate*

- ❑ **Review documents.** With your attorney, create or review your existing will and/or trust documents. We can help ensure your account beneficiaries are listed as you wish.

- ❑ **Consider additional life insurance.** With recent market performance, the assets you intend to leave to your heirs may have declined in value, and you may want to consider purchasing more life insurance to leave the amount you wish. We can help you evaluate this.

MAKE NECESSARY CHANGES

Now that you've evaluated your investment strategy and financial goals, you should be in a position to make some decisions. For example, if you need to reduce spending, review your finances and make some choices. If you need to rebalance or make changes to your portfolio, decide whether you'll invest more money, sell and reinvest the proceeds, or both. Don't wait to make necessary changes.

Spend Less, Save More

If you're retired, you may need to trim your spending to reduce the amount you withdraw from your portfolio. Ladder CDs to mature periodically over the next three to five years so you have cash readily available if and when you need it.

If you're working, consider saving more in your retirement accounts or working a little longer to help get back on track.

TAKE ACTION TODAY

Whether your strategy is still on track or you're making some changes, commit to follow through. No one can predict the curves that life or the markets may bring, so you and your strategy should be flexible. With market values down and the potential to recognize capital losses, now may be the best opportunity in years to better diversify your portfolio. Don't forget to review your spending and saving, and think about the most appropriate way to own your investments.

It's critical that you meet with your financial advisor at least once a year, or when you've experienced a major life event, to re-evaluate your situation. Together, you can determine the course of action to help ensure your goals are addressed and met.

Edward Jones is a dually registered broker-dealer and investment adviser. Edward Jones Advisory Solutions™ is a mutual fund and ETF advisory program that provides model and customized portfolios.

Mutual Funds, including those investments in Advisory Solutions, are offered by prospectus. You should consider the investment objective, risks, and charges and expenses carefully before investing. The prospectus contains this and other information. Your Edward Jones financial advisor can provide a prospectus, which you should read carefully before investing.

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