



Have a Plan in Place BEFORE the Next Crisis.

- 1. A financial plan that assumes everything goes right is wishful thinking.**
 - Understand the worst case scenario before buying an investment.
 - Avoid investments you do not understand or. (ex. CDOs, “ultrashort” ETFs, etc.)
- 2. In a crisis cash is king.**
 - Maintain at least 12 months of non-discretionary **expenses** on hand (or at least 24 months if in retirement). If you do not know how much you spend on a monthly basis, complete an expense worksheet or track your expenses at www.mint.com.
 - Return on cash is far less important than safety of cash
 - Don’t chase yield. Higher yield = higher risk
- 3. Do not buy a house you cannot afford.**
- 4. Do not raid your IRA or Company Retirement Plan.**
- 5. Maintain diversification in your investments**
 - There are big risks in individual stocks, ex. AIG, Fannie Mae, Lehman Bros, etc.
 - If investing in individual stocks, have an exit strategy.
 - Do not let employer stock represent more than 3 to 5% of your entire net worth. (countless examples of company’s going bankrupt and lifetime employees near retirement losing all of their wealth overnight –Enron, Bear Stearns, etc.)
 - Never make big bets with your dollars – whether it is real estate or stocks, putting your entire net worth in one company, one stock, one sector is risky.
 - Design a portfolio around “asset classes” via index funds. (Asset classes are US/International stocks, Government/Corporate bonds, Real Estate, Oil & Gas Pipelines, Precious Metals)
 - Build a portfolio around your situation. Factor in your time horizon, emotional risk tolerance, goals, objectives, need for income.
- 6. Goal Setting – Focus on achieving financial security, not “beating the market.”**
 - Example goals: Save enough money for a comfortable retirement, buy a home, pay for college, pay down debt over 3 years, etc.
- 7. Be skeptical about what you read and hear in the Media**
 - Instilling fear in you is good for the Media, but not for you.
- 8. Don’t panic.**
 - Do not be emotional with your money. “If you don’t know who you are, Wall Street is an expensive place to find out.”
- 9. Have faith in our history, our financial system.**
 - The government is not going to just sit around and “do nothing.” Crises are periods in which great wealth is created.

If you need to review your portfolio or personal financial situation, please feel free to contact us 1-800-808-7488 x101, visit us at www.aribaasset.com, or read our blog www.2020insight.com.