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Note: All investing involves risk, including the potential loss of principal, and there is no assurance that any investment strategy will be successful.

The role of change

An investor's risk tolerance may not be static (although authorities argue about this). Personal and outside factors may influence your risk tolerance at any given time or over a period of time. Thus, you might expect changes in your feelings about risk when there are increases or decreases in your family obligations, major shifts in the economy, or other such circumstances. It is wise to be prepared to modify your investment plan should such changes occur.

How is risk tolerance measured?

Not an exact science

There are tests that measure risk tolerance to assess how an investor reacts to different types of risk. These tests aren't foolproof, of course, since we are talking about psychological behaviors that can vary under different conditions. However, these tests are designed to give you a general sense of how much investment risk you can accept, and the results are generally considered reliable. Generally, risk tolerance tests fall into two categories: investment preference tests and psychological tests.

Investment preference tests

Typically, an investment preference test is a questionnaire that addresses preferences for selected investment vehicles. It asks questions

about your current financial situation, goals, and past investment experience. This type of test is easy to construct and relatively simple. The disadvantage, though, is that it does not accurately gauge risk-taking propensity because it does not deal with emotional reactions to risk.

Psychological tests

A psychological test is a more elaborate questionnaire that attempts to gauge an investor's attitude toward risk. This type of test generally includes questions about your feelings or behavior, or it may ask you to respond to hypothetical situations. This method of testing is easy to administer and can actually be fun to take. The disadvantage is that people often like to consider themselves risk-takers and may not respond as accurately as they should, only to find out during their first market downturn that they are more risk-averse than they had thought.

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A Message From Christine & Royal:

Never Let a Good Crisis go to Waste



Christine Rondeau, CFP®
Royal Rondeau

We surely did not know how true these words would come to be for us this summer. Our CEO of IPI, Dave Koshinski, delivered these words at our National Conference in June, attributing them as ones once shared by Rahm Emanuel. They were the first words I took down in my notebook and have revisited them many times since. Dave shared these words as a way to look at not only the turmoil that happens in our personal life, such as a health scare, but also as a way to look at how our very industry is changing. Are we going to look at the regulations of the DOL as a crisis, or an opportunity to educate and change? Then, later in the month, these words turned personal. Royal and I found our own opportunity not to waste a good crisis, but instead, turn it into something we can learn and grow from.

On June 25th, we had a kitchen fire, one that thankfully only did property damage and all family and pets got out safely. We saw the quick response of our police and fire departments. We saw the generosity of our neighbors who came outside to support us. We felt the love of friends as they supplied meals while we are unable to use our kitchen, and we learned firsthand the importance of escape plans, and of smoke detectors (yes, ours worked wonderfully). Our crisis gave us the opportunity to be so very thankful for others, to be proud of our children for their quick thinking while we were not home, and to look at the silver lining that a kitchen remodel, long put off, must now be tackled. We of course are all fine and will be made whole by insurance and will get back to normal life in a month or so. But, the lessons we learned from this will last a lifetime.

We will not waste this crisis but will spread the word to change the batteries in your smoke detectors regularly, know where to go in case of a fire, always take care of your neighbors, and of course, give thanks. (*Oh, and...don't keep a wicker basket full of spices, too close to the stove!*) We will also be able to apply these rules of life to our business. Take care of others as you wish others to care for you. Put others needs first, which we strive to do every day, for you, our clients. Be thankful for the opportunity to work with great people, whom you can learn from. And finally, don't let things like change scare you, but instead, embrace it and find a way to make it work for you. Whatever the DOL, the market, the industry or life throws at us, we won't let it be a crisis, but an opportunity.

Office Notes:

WWW.IPISTRATEGIES.COM

Working From Home: As we work through the insurance and rebuilding process, we may physically be away from the office a bit more this summer, but we will always be reachable by cellphone and email. So, please be sure and call ahead, before stopping by the office. You can reach Christine on her cellphone at (920) 358-4566

Review Appointments Available: If you haven't come to see us, now you have two more reasons: Our spring and summer weather has brought us much rain and we have the perfect umbrella for you. You can also pick up one of our "wine cards" to share with a friend.

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Financial Corner: *How to Measure Your Risk Tolerance.*



In general... How do you feel about taking risks? Take this short quiz:

1. Do you put on the car brake when the traffic light turns yellow, or do you step on the gas? If you put on the brake, give yourself one point. If you step on the gas, give yourself three points.
2. Do you fill the gas tank when the needle reaches halfway, or do you run a few miles on empty? If you fill the tank halfway, give yourself one point. If you run on empty, give yourself three points.
3. Do you take the long way because it's the way you know, or will you take a shortcut you've never taken before? If you take the long way, give yourself one point. If you'll take the shortcut, give yourself three points.
4. Do you take the train long distances, or do you prefer to fly? If you take the train, give yourself one point. If you fly, give yourself three points.

Now, add up your points. The maximum score is 12 points, and the minimum is 4. Most people will fall somewhere in between. Your score reflects your attitude toward risk and indicates your ability to accept or tolerate risk. Those of you with a higher score can accept a relatively great amount of risk and are referred to as risk tolerant. On the other end of the spectrum, those of you who scored low can accept very little risk and are referred to as risk averse. Many people fall in between the two ends of the spectrum.

Note: This quiz is not scientifically based--it's being used only to illustrate a point. Quantifying risk tolerance is not an exact science. See below for more on this.

Risk tolerance in the investment world

In the investment world, there are two aspects of risk tolerance: (1) an investor's capacity for risk, or ability to absorb losses, and (2) how comfortable an investor is with risk.

An investor's capacity for risk is looked at purely from a financial point of view. In other words, the simple question is asked: How much money can the investor afford to lose? An investor who depends on his or her investments to pay daily expenses and for whom a loss would represent a serious problem has less risk tolerance than someone for whom an investment loss might merely be an inconvenience or disappointment.

How comfortable an investor is with risk, from an emotional standpoint, depends on many factors, including his or her objectives and goals, life stage, personality, knowledge of investing, and investment experience. Some investors will hang on to an investment during downturns in the market, while others will bail out at the first sign of trouble. You should only invest as much as you are comfortable with. If you find yourself losing sleep worrying about your investments, you may have invested too much or too aggressively.

Investors typically fall into three categories of risk tolerance: ag-

gressive (those who are risk tolerant), conservative (those who are risk averse), or moderate (those who are somewhere in between).

How risk tolerant you are is important, because it is one of the basic factors in determining the best investment strategy for you. Your risk tolerance can affect both the types of investments you make and the way you choose to diversify your portfolio.

What is investment risk?

In the investment world, risk means uncertainty, and refers to the possibility that you will lose your investment or that an investment will yield less than its anticipated return. That uncertainty about the outcome of an investment means that investment risk also refers to the way the price of an investment fluctuates or changes in value from time to time--its price volatility. The more the fluctuation--in frequency and in amount--the higher the volatility. Generally, the higher the volatility, the greater the uncertainty about the outcome of your investment, and the greater the potential risk involved.

There are three factors that are key to understanding risk: (1) the risk-return tradeoff, (2) the investment planning time horizon, and (3) the different types of risks that exist. You should have a solid understanding of each of these issues in order to select investments that maximize potential returns within your acceptable risk levels. Here is a brief discussion of each.

As risk increases, the potential for return increases. This is known as the risk-return tradeoff. Historically, investments with greater risk have tended to provide higher returns, though past results are no guarantee of future returns. The more aggressive you are as an investor, the more risk you take, and the greater chance you may have to earn a potentially higher return (assuming any return is earned at all). Conversely, the more conservative you are as an investor, the less risk you take, and the less potential you have to earn a high return (though you're also less likely to lose your investment).

The length of time you plan to stay invested in a particular vehicle is referred to as your investment planning time horizon. Generally speaking, the longer your time horizon, the more you may be able to afford to invest more aggressively, in higher-risk investments. This is because the longer you can remain invested, the more time you'll have to ride out fluctuations in the hope of getting a greater reward in the future.

Finally, many types of risk can affect an investment. Each investment is subject to all of the general risks associated with that type of investment. Risk also arises from factors and circumstances specific to a particular company, industry, or class of investments.

Please see article continuations & reprint disclosure on the back page.



Christine & Royal Rondeau

Retirement Rocks: *Where are your Passwords?*



Another great inspiration from our conference came from our Keynote speaker, Amy Florian. Among Amy's many titles and degrees is that she is a Fellow in Thanatology (the highest level of certification in the field of grief studies). She was there to help us better understand grief and how to help our loved ones as well as those with whom we work, handle some of the toughest time in their lives.

One of the greatest gifts we can give to our loved ones is preparedness. Be prepared for the end of life and help others get their things in order. (*An echoing thought from our message in last quarter's newsletter. Believe me, I wrote down much information to share with my husband's family.*) She reminds us that regardless of what happens to us, our families need to keep on living, so we need to take the burden off of them, through planning. And, we certainly don't only mean insurance. That is big part of it, but what about your final wishes? Do you have a Living Will? If so, where is it? It should NOT be in your safe. It needs to be in the hands of those who can ensure it is followed. Do you have a Health Care Power of Attorney? Do you have a Power of Attorney for Finance? Again, where are these documents and who knows about them?

What about your passwords? So much of our lives are now digital. Most everything we do is on the computer. We have passwords for bank accounts, for Facebook pages, for bill payments, etc. If something happens to

you, who can access your accounts and get into your computer? I have to admit, this one had gotten by me. That was an "ah-ha" moment for me. I had not thought about my passwords. I have far too many just "memorized" and those that I do have written down, I have not shared with my POA. Please, take the time to write down your passwords and keep them in a safe place, but let your family know that is something you have cataloged and put aside for them.

In the coming months, I will continue to share more of Amy's ideas. She shared valuable resources and websites. One of the most poignant take-aways was when she reminded us to, "pass on your life lessons." She said that so much wisdom dies each day in this country. Have conversations with your kids, with your parents and aunts and uncles. Tell your stories and ask them to share theirs, so they can continue on and be part of the fabric of your families life.

Additional Office Note:

Our normal business hours are Monday-Friday, 8:30am to 4:30pm. Additional hours are always available, by appointment, because we understand that flexible hours are important!



Did You Know?

- Did you know we will be at the Neenah Farmer's Market this summer? We will be there on Saturday, August 5th, reminding the good people of Neenah that we are right here, in Downtown, ready to help them with their financial planning needs.
- Did you know that we are still collecting used eyeglasses here at IPI? We share them with our dear client and friend who takes mission trips to places like Cambodia, Thailand and Honduras, working with a doctor to fit people in need with much appreciated eyewear, while also sharing the word of God. If you find you have old glasses lying around, please consider bringing them here for us to pass on.
- Did you know Fire Prevention week is Oct. 8-14, 2017?

- Did you know that baking soda is one of the most effective ways to put out a grease or stove fire?

Fun Facts about Independence Day:

- Did you know that only John Hancock signed the Declaration of Independence on July 4th, 1776? All others signed later.
- The only two signers of the Declaration of Independence who later served as President of the United States were John Adams and Thomas Jefferson.

