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Pensions and investments: what's the plan?

Pensions and investments are more complicated now than they were for previous generations, and helping members to navigate this planning maze is one of the main roles of Veterinary Ireland Financial Services Limited

The role of Veterinary Ireland Financial Services Limited is to assist you to focus on what is in your control to help build and maintain your pensions and investments plan. In this article we will focus on the first part of what is in your control: investments and investment risk.

Below, we outline some of the things we need to think about when working with our clients to help them make a plan for their investments and retirement.

INVESTMENTS AND INVESTMENT RISK

Investment can be a daunting subject to many as it involves your hard-earned savings and there are varying degrees of risk and complexity, depending on your risk tolerance and investment strategy. There are a number of guidelines that can help everyone to make better-informed investment decisions, and we use these principles to monitor and review the advice we give. These principles will assist us when recommending an investment portfolio and they will help us to ensure you stay on the right path.

START WITH THE END IN MIND

Unless you have a goal, how will you know whether you are on track? It is no different with your financial assets. We will help you map out your goals:

- So, what does retirement look like for you?
- Will you continue working in some capacity?
- Will you travel, volunteer, take up a new hobby?
- What do you need to do today to secure the retirement you envision for yourself and your family?

GET THE BIG ROCKS IN PLACE FIRST

Asset allocation

Deciding the amount to invest between different types of assets – such as shares, bonds, property and cash – is as important to your long-term return as which individual shares or funds to invest in. Usually, people only focus on the choice of the individual fund manager and fund selection when, in fact, asset allocation should be given equal consideration. Over time, asset allocation can determine approximately 90 per cent of a portfolio's return, with market timing and fund selection making up the balance.

AVOID THE MADNESS OF CROWDS

Many investors fall into the trap of buying high and selling low. Emotionally, it is difficult to resist the urge to rush to invest after the markets have risen and pull back when they are doing badly. Having a clear long-term plan which

we will review with you regularly will keep you on track for reaching your long-term goals.

DON'T PUT ALL YOUR EGGS IN ONE BASKET

Diversification is a familiar term to most investors. In the most general sense, it can be summed up with this phrase: "don't put all of your eggs in one basket." While that sentiment certainly captures the essence of the issue, it provides little guidance on the practical implications of the role that diversification plays in an investor's portfolio and offers no insight into how a diversified portfolio is actually created.

Taking a closer look at this concept, the idea is to create a portfolio that includes multiple investments in order to reduce risk. Consider, for example, an investment that consists of only one stock issue by a single company. If that company's stock suffers a serious downturn, your portfolio will sustain the full brunt of the decline. We advise holding a good spread of asset classes as one of the best ways to mitigate risk in a portfolio. Not all types of asset classes will move in the same direction at the same time, and this process will help to provide a smoother journey for the investor.

BALANCING ACT

Different markets will grow at different rates over time. This means that the amount you have invested in different asset classes will change, which will make your portfolio drift away from your original long-term investment plan. It makes sense to bring everything back into line occasionally – but not so often that it may incur unnecessary cost. We call this rebalancing.

INFORMATION IS KEY

When you make a decision to buy anything, from a fridge to a car, you generally understand what its purpose is, how much it costs to run and where to go if things go wrong. The same should apply to your pensions and investments.

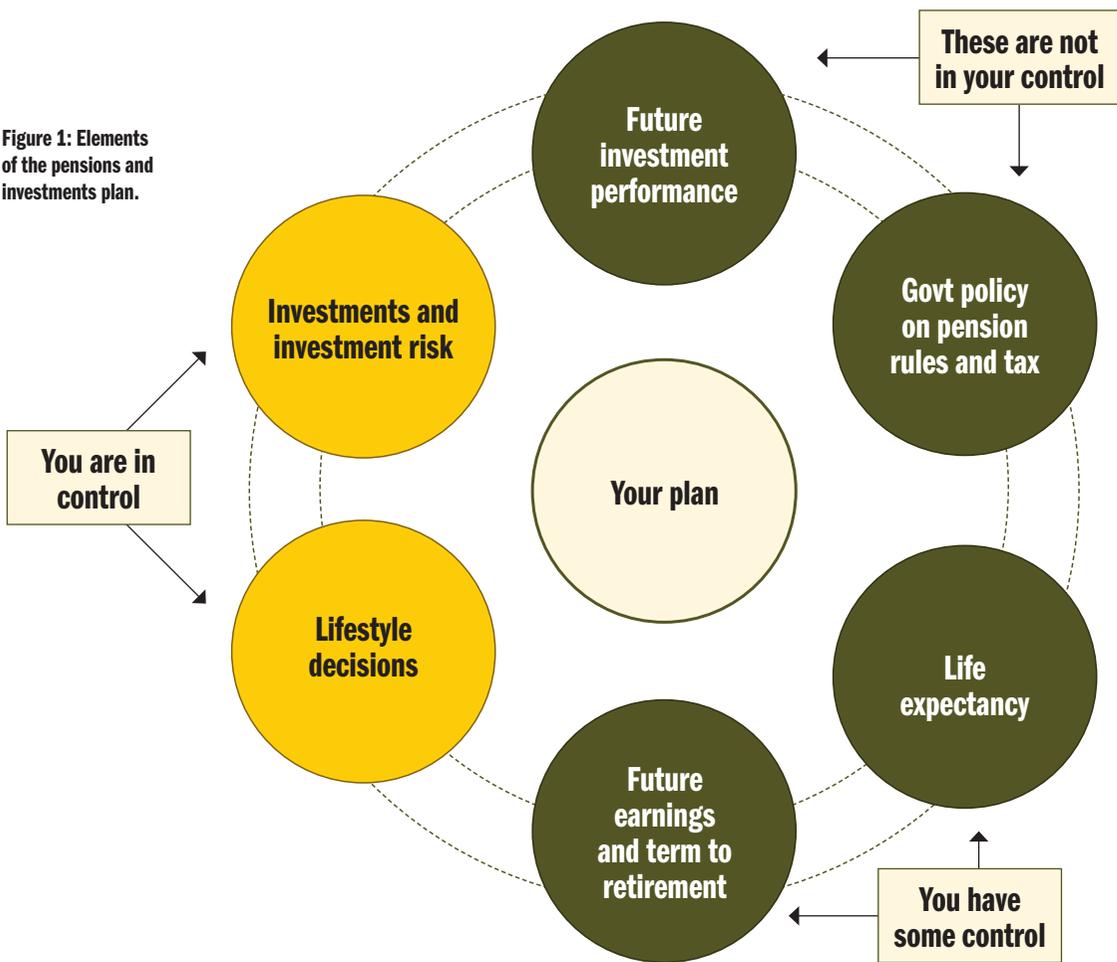
Most people we deal with will have previous experience of getting financial advice, positive and negative – our commitment is to be completely transparent to allow you to make informed, confident decisions about your future.

THE PLAN

Trusting your adviser is crucial before you can commit to a plan of action.

- As the official financial services provider of Veterinary

Figure 1: Elements of the pensions and investments plan.



Ireland, our focus is on helping members to meet their long-term plans and objectives

- Our recent launch of the Veterinary Ireland Pension and Investment Platform allows us to find the most appropriate pension and investment plan and to guide you through this process
- The platform gives us access to global leaders in investment management and the biggest possible range of investment assets under one umbrella, including capital guaranteed products and bank deposits
- The charging structure is completely transparent – there are no entry or exit charges, no bid/offer spreads or policy fees and 100 per cent of your pension and investment contributions are invested
- Having all your pensions and investments in one place gives you control and ease of access to all the information required to manage your plan and, most importantly, to ensure that you stay on course to meet your long-term goal.

Mary Goodman Mehigan and Declan Gahan of Veterinary Ireland Financial Services are happy to meet with you to review your existing pensions and investments and to help you to plan for your future. To arrange a meeting contact finance@vetireland.ie or call 01 457 7987.

Veterinary Ireland Financial Services Limited is regulated by the Central Bank of Ireland.



Veterinary Ireland
Financial
Services Ltd.

The Veterinary Ireland Members Pension & Investment Platform

- Pre & Post Retirement Planning
- Access to global Leaders in Investment Management
- Access to Capital Guaranteed Products
- No Entry or Exit Charges
- Transparent Charging Structure

As the official financial services provider of Veterinary Ireland we are focused on providing best individual advice to members.

Your Pension, Your Investments, Your Platform.

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