Perspective

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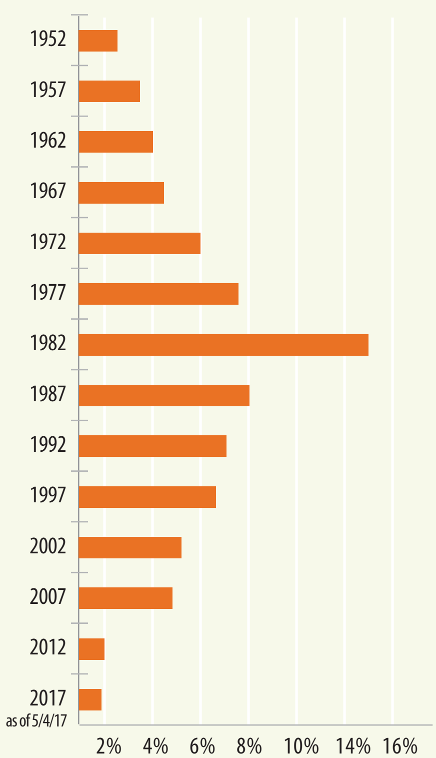
The Risk Profile For Bonds Isn't What It Used To Be

Before 1981, many investors who bought 10-year Treasuries saw the value of their savings fall as interest rates rose. Since 1982, many investors who purchased 10-year Treasuries have seen the value of their savings rise as interest rates dropped.

10-year Treasury bond yields



Treasury bonds (T-bonds) are long-term debt instruments with maturities of ten years or longer issued in minimum denominations of $1,000. The bond market is volatile and carries interest rate, inflation, liquidity and call risks. As interest rates rise, bond prices usually fall, and vice versa. Change in credit quality of the issuer may lead to default or lower security prices. Any bond sold or redeemed prior to maturity may be subject to loss.

Chart source: www.multpl.com/10-year-treasury-rate/table/by-year

Investing 101: It's in the Details

Have you ever been asked to provide instructions for doing something? It may seem like a straightforward task, but in practice, it requires attention to detail.

Investing is similar. It seems straightforward:

- **Identify goals:** Saving for college? Retirement? A business start-up?
- **Determine timeframes:** Short-term goals often require investments with little to no risk, like savings accounts, CDs and money market funds, while longer-term goals allow for investments that may fluctuate in value, such as stocks and bonds.
- **Understand risk tolerance:** If you're concerned about the return *of* your money, not the return *on* your money, you may prefer a portfolio with less risk. If return *on* your money is important, you may prefer a portfolio with more risk.

In practice, goals, timeframes and risk tolerance are moving targets. They change with life events and age. Your goals at 28 are likely to be far different from your goals at 58. Likewise, the amount of risk you're willing to take may be higher or lower.

Right now, stocks have offered the highest risk and potential reward, and bonds have offered less risk and lower potential rewards. This may not be true in the years ahead. We've enjoyed a 30-plus year bull market in bonds. During that time, interest rates have moved lower and the value of bonds has increased. Today, interest rates are lower and they may move higher, which would cause bonds to lose value.

Financial planning and investing are complex tasks that require significant knowledge of investments and markets. Working with a financial professional can help ensure your current portfolio reflects your goals, time horizons and risk tolerance. ■

There can be no guarantee that any particular yield or return will be achieved from any investment. Please note that volatility including fluctuating prices and the uncertainty of rates of return inherent in investing in stocks and bonds over extended periods of time will affect the actual return received. Past performance is not indicative of future results.

How Long Should You Keep Financial Records?

If you've ever watched a show about hoarding, you know that keeping everything forever is a bad idea. Unfortunately, when it comes to financial records, it's another story. Here is insight about what to keep and how long to keep it.

One year or less[1]

- Junk mail, including pre-approved credit card offers should be shredded as quickly as possible.
- ATM and store receipts should be kept until reconciled with monthly bank and credit card statements.
- Monthly credit card statements should be checked for accuracy and shredded or deleted, unless they include tax-related transactions.
- Monthly and quarterly bank, investment and retirement plan statements should be kept for one year, until you receive the annual statement.

At least seven years[1]

- Tax returns and supporting documents should be kept for seven years. The IRS can audit tax returns for up to three years if it suspects good-faith errors or a longer period if it suspects deliberate errors.

Indefinitely[1,2]

- Annual investment and retirement plan statements should be kept for as long as you own the investments, plus seven years for tax reasons.
- Home improvement and other real estate records should be kept until you sell the home or property.
- Key documents, such as birth and death certificates, marriage and divorce decrees, Social Security cards, military discharge papers, wills, life insurance policies, etc. should be kept indefinitely.

One of the easiest ways to manage financial documents is to organize a digital or paper filing system and maintain it. ■

1 Crouch, Michelle. *'What records to keep and how long to keep them.'* January 28, 2016. CreditCards.com.
2 Walker, Mandy. *'How Long to Keep Tax Records and Other Documents.'* March 21, 2016. ConsumerReports.org.

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