

Investing for Successful Retirement

UD Osher – OLLI

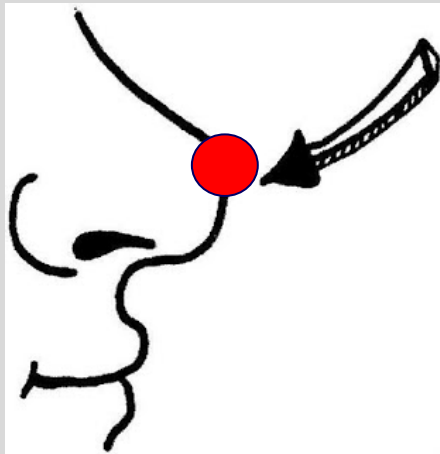
Spring 2025

□ **Rajeev A. Vaidya**

□ **Ron Materniak**

Disclaimer in plain language

Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see mine in this course !!

We are simply sharing our perspective.

This is not investment advice or recommendation.

Ron, and I are not a financial advisors.

This course is for educational purposes only.

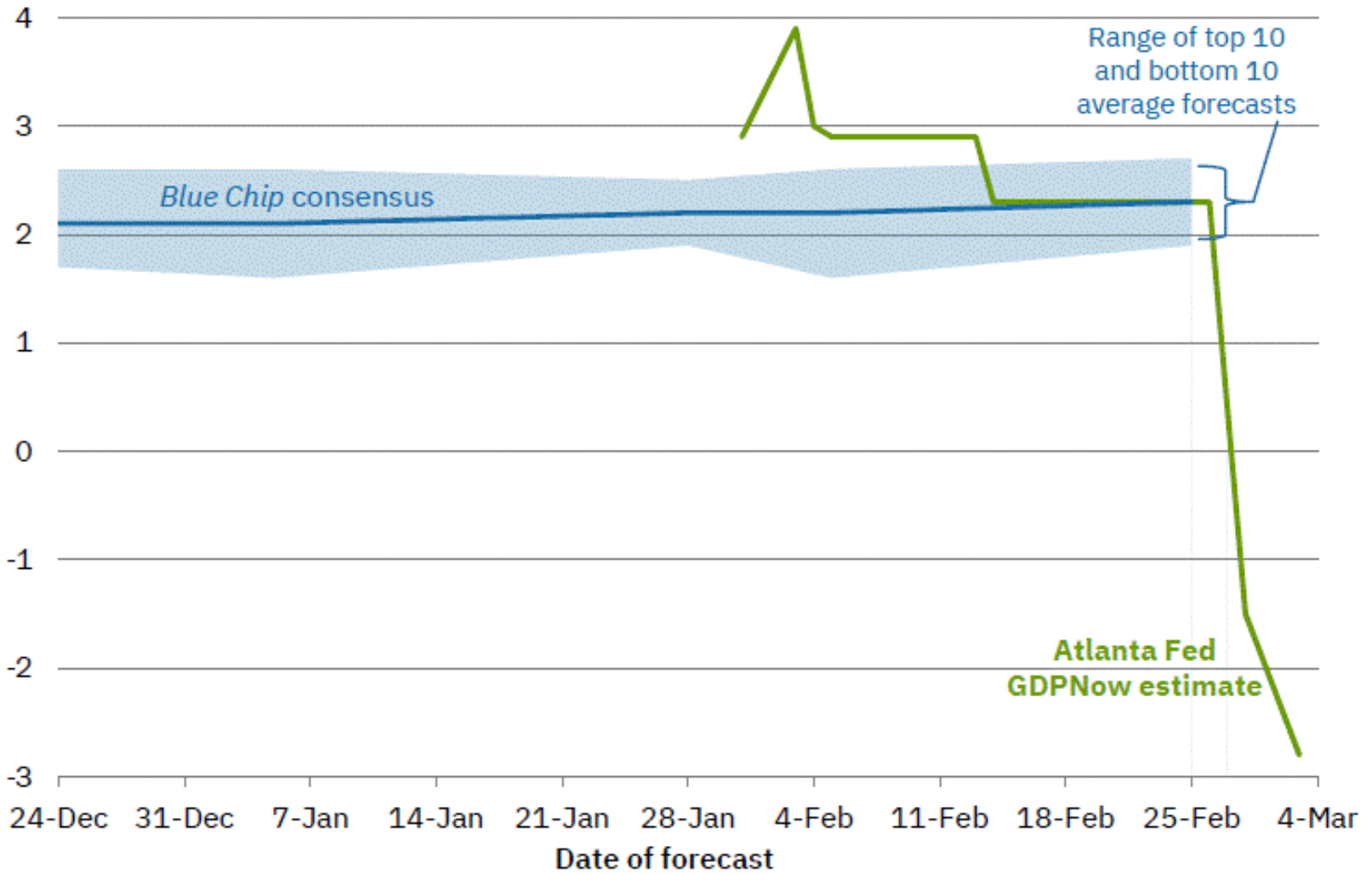
Form your own opinion, make your own investment decisions.

Fifth Class – Mar. 5th

- Market Update
- Bucket Investing
 - The basics
 - Asset allocation
 - Asset Location

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1

Quarterly percent change (SAAR)



Factset(R) - S&P 500 Calendar year earnings forecast

320

https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_022825.pdf

300

Factset Earnings Estimates 2/28/25

- Q424 97% reported, 75% show earnings above estimates
- Q424 S&P 500 EPS 18.2% .. Was 14.6% at start of quarter.
- EPS for 2024 \$241.97, 9.9% rise over 2023, \$0.60 higher than 2/14
- EPS for 2025 - \$271.28, \$0.17 lower than 2/14
- Fwd. looking P/E = 21.2
- Calculated P/E/G would be $21.2/13.9 = 1.52$
- 12-month target for the S&P 500 6938, 16.5% higher than close on 2/28

13.9%

280

Axis Title

260

240

220

200

13-Jan 18-Feb 18-Mar 14-Apr 13-May 10-Jun 8-Jul 5-Aug 23-Sep 21-Oct 18-Nov 6-Jan 3-Feb 3-Mar 31-Mar 28-Apr 26-May 30-Jun 28-Jul 15-Sep 13-Oct 10-Nov 15-Dec 26-Jan 29-Feb 28-Mar 26-Apr 24-May 21-Jun 19-Jul 16-Aug 27-Sep 25-Oct 22-Nov 3-Jan 31-Jan

— 2024 EPS
— 2025 EPS
— 2026 EPS

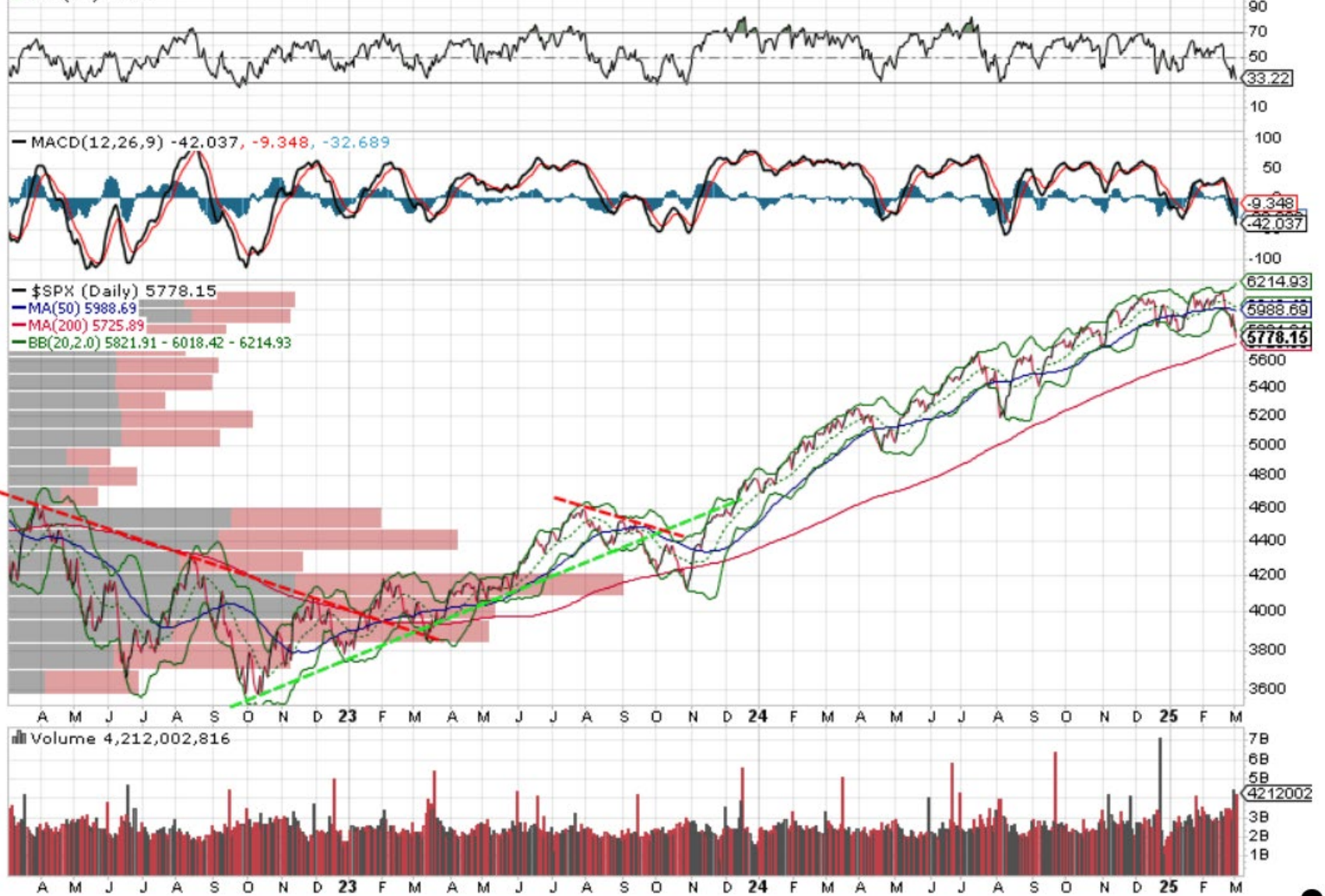
12.1%

- CFRA data on 2/28 - EPS for 2024 \$243.89, EPS for 2025 \$267.61. Calculated Fwd. P/E = 22.2
- CFRA increased 2024 EPS by \$1.01 since 2/14, increased 2025 by 11c.
- Predicted 2025 EPS growth of 9.7% , 2026 EPS growth of 14.5%
- Calculated PEG = 1.8

4-Mar-2025

Open 5811.98 High 5865.08 Low 5732.59 Close 5778.15 Volume 4.2B Chg -71.57 (-1.22%)

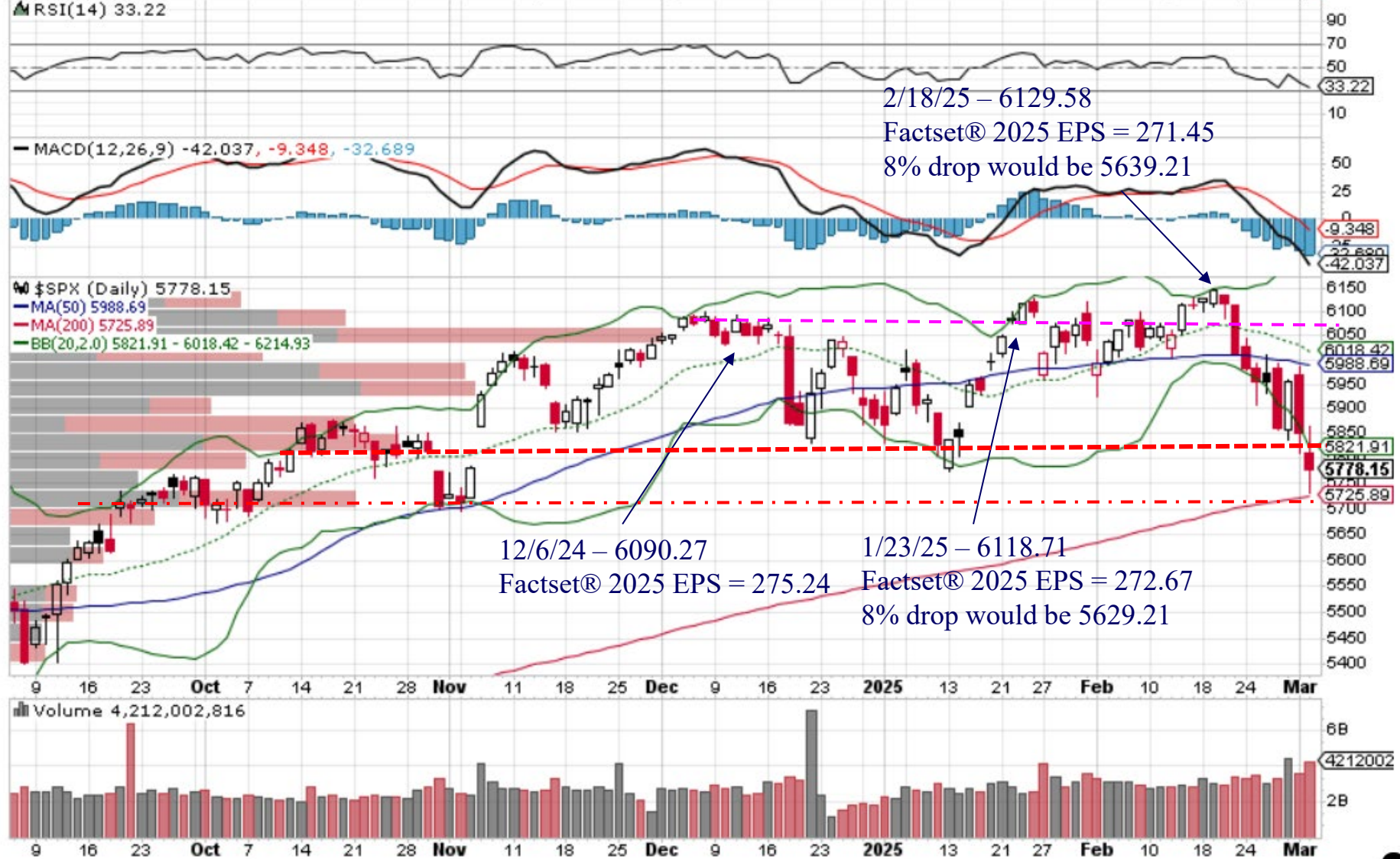
▲ RSI(14) 33.22



\$SPX S&P 500 Large Cap Index INDX

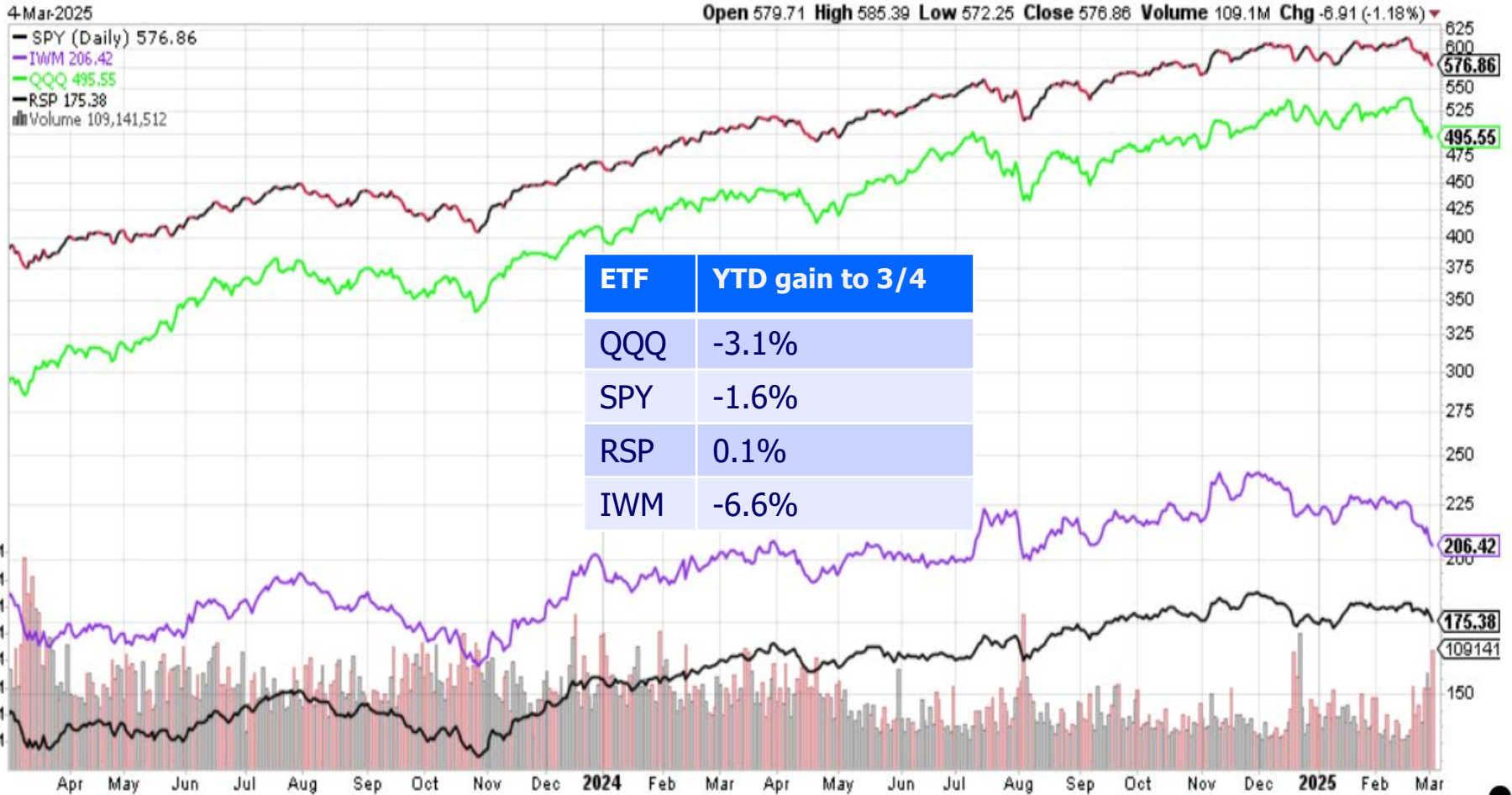
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4-Mar-2025 **Open 5811.98 High 5865.08 Low 5732.59 Close 5778.15 Volume 4.2B Chg -71.57 (-1.22%)**



Market Breadth – another way

SPY SPDR S&P 500 ETF NYSE



\$NYAD NYSE - Advance-Decline Issues INDX

4-Mar-2025

© StockCharts.com

Open 50969.00 High 50969.00 Low 50969.00 Close 50969.00 Chg -1509.00 (-2.88%)







This is NOT investment advice

Weekly market direction

Prof. Guy Werner

Guy.werner@verizon.net

COLUMNS CD&E ARE FROM IBD AND ARE PROVIDED BY DAVE (IN THE NORTH) SMITH

COLUMNS C,D AND E ARE FROM IBD AND PROVIDED BY DAVE (IN THE NORTH) SMITH		DISTRIBUTION DAYS				SINDU AVERAGE					S&P 500 TRIPLE SCREEN					NASDAQ TRIPLE SCREEN					
DATE	MARKET PULSE (IBD)	S&P 500	NASDAQ	8:20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8:20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8:20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE
SAT 02/15/25	FOR THE WEEK													89	1.48%					503	2.58%
SUN 02/16/25	YTD													233	3.96%					716	3.71%
MON 02/17/25	PRESIDENTS DAY (NOT FOR FOTUS)			F	F	F	44,546	0	0.00%	P	P	P	6,114	0	0.00%	P	P	P	20,026	0	0.00%
TUE 02/18/25	CONFIRMED UP (80% -100%)	2	5	F	F	F	44,556	10	0.02%	P	P	P	6,129	15	0.25%	P	P	P	20,041	15	0.07%
WED 02/19/25	CONFIRMED UP (80% -100%)	2	5	F	F	F	44,627	71	0.16%	P	P	P	6,144	15	0.24%	P	P	P	20,056	15	0.07%
THUR 02/20/25	CONFIRMED UP (60% -80%)	3	5	F	F	F	44,176	-451	-1.01%	P	P	P	6,117	-27	-0.44%	P	P	P	19,962	-94	-0.47%
FRI 02/21/25	UPTREND UNDER PRESSURE (40% - 60%)	4	6	F	F	F	43,428	-748	-1.69%	P	F	F	6,013	-104	-1.70%	P	0	F	19,524	-438	-2.19%
SAT 02/22/25	FOR THE WEEK							-1,118	-2.51%					-101	-1.65%					-502	-2.51%
SUN 02/23/25	YTD							884	2.08%					132	2.24%					214	1.11%
MON 02/24/25	UPTREND UNDER PRESSURE (40% - 60%)	5	6	F	F	F	43,461	33	0.08%	P	F	F	5,983	-30	-0.50%	P	0	F	19,286	-238	-1.22%
TUE 02/25/25	UPTREND UNDER PRESSURE (40% - 60%)	6	7	F	F	F	43,621	160	0.37%	F	F	F	5,955	-28	-0.47%	F	F	F	19,026	-260	-1.35%
WED 02/26/25	UPTREND UNDER PRESSURE (40% - 60%)	6	7	F	F	F	43,433	-188	-0.43%	F	F	F	5,956	1	0.02%	F	F	F	19,075	49	0.26%
THUR 02/27/25	MARKET IN CORRECTION (20% -40%)			F	F	F	43,239	-194	-0.45%	F	F	F	5,861	-95	-1.60%	F	F	F	18,544	-531	-2.78%
FRI 02/28/25	MARKET IN CORRECTION (20% -40%)			F	F	F	43,840	601	1.39%	F	F	F	5,954	93	1.59%	F	F	F	18,847	303	1.63%
SAT 03/01/25	FOR THE WEEK							412	0.95%					-59	-0.98%					-677	-3.47%
SUN 03/02/25	YTD							1,296	3.05%					73	1.24%					-463	-2.40%
MON 03/03/25	MARKET IN CORRECTION (0% -20%)			F	F	F	43,191	-649	-1.48%	F	F	F	5,849	-105	-1.76%	F	F	F	18,350	-497	-2.64%
TUE 03/04/25	MARKET IN CORRECTION (0% -20%)			F	F	F	42,520	-671	-1.55%	F	F	F	5,778	-71	-1.21%	F	F	F	18,286	-64	-0.35%

https://drive.google.com/drive/folders/0B6Qc_gipshXMelkzQ245d2R1eTQ?resourcekey=0-5pWglNqaJPJ12L2qYurMWg

TLT – 20+ yr U.S. Treasury ETF

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM
4-Mar-2025

© StockCharts.com

Open 92.44 High 92.79 Low 91.26 Close 91.43 Volume 56.6M Chg -1.14 (-1.23%)

TLT (Daily) 91.43
Volume 56,568,944



U.S. Dollar

\$USD US Dollar - Cash Settle FOREX

5-Mar-2025 1:09am

© StockCharts.com

Open 107.35 High 107.36 Low 105.47 Last 105.62 Chg -1.94 (-1.80%)

\$USD (Weekly) 105.62

MA(40) 104.92

Volume undef



A rising dollar
Negative for Big tech
Positive for reducing
inflation from commodities
Makes US market attractive
to foreign investors

Fifth Class – Mar. 5th

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- Bucket Investing
 - The basics
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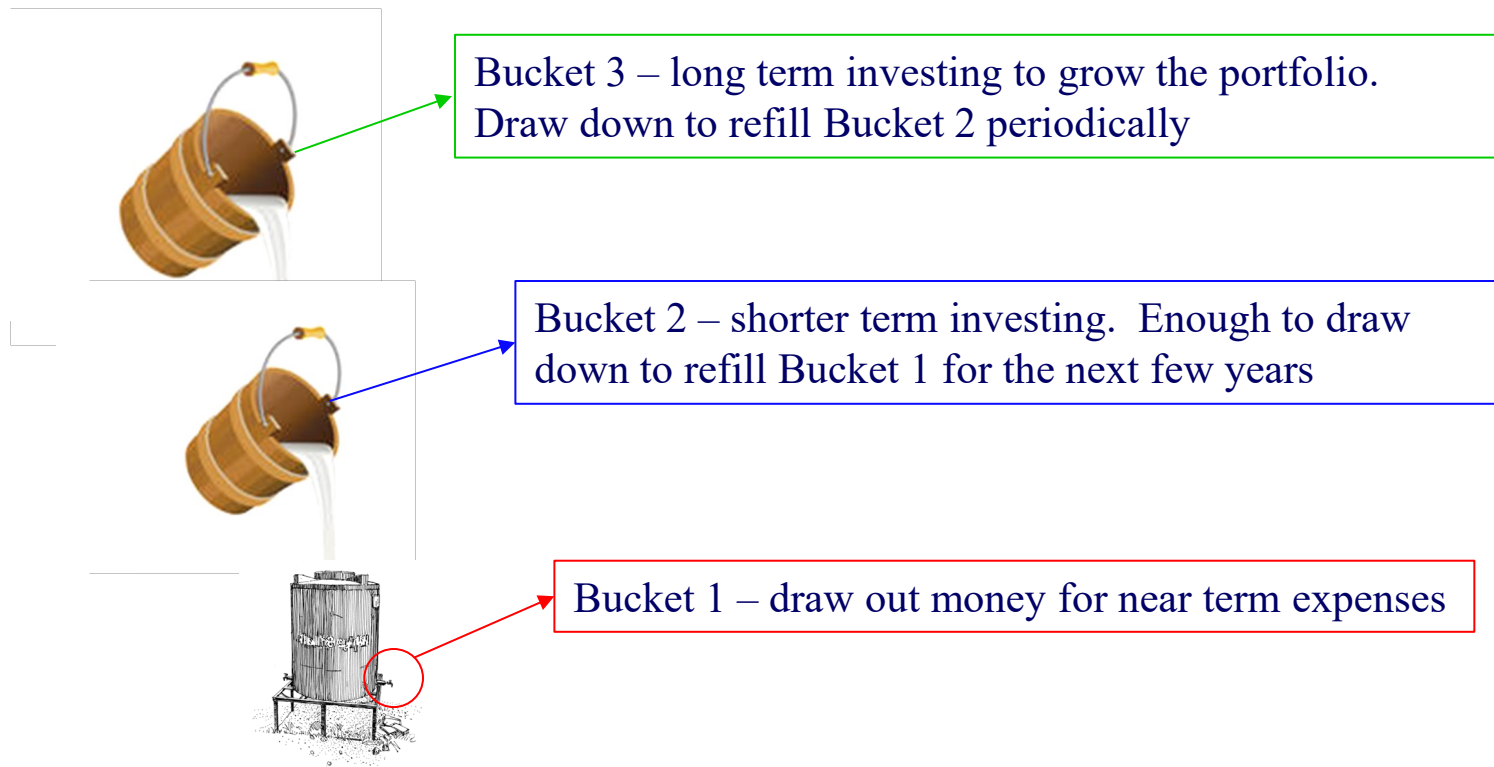
What are buckets ?



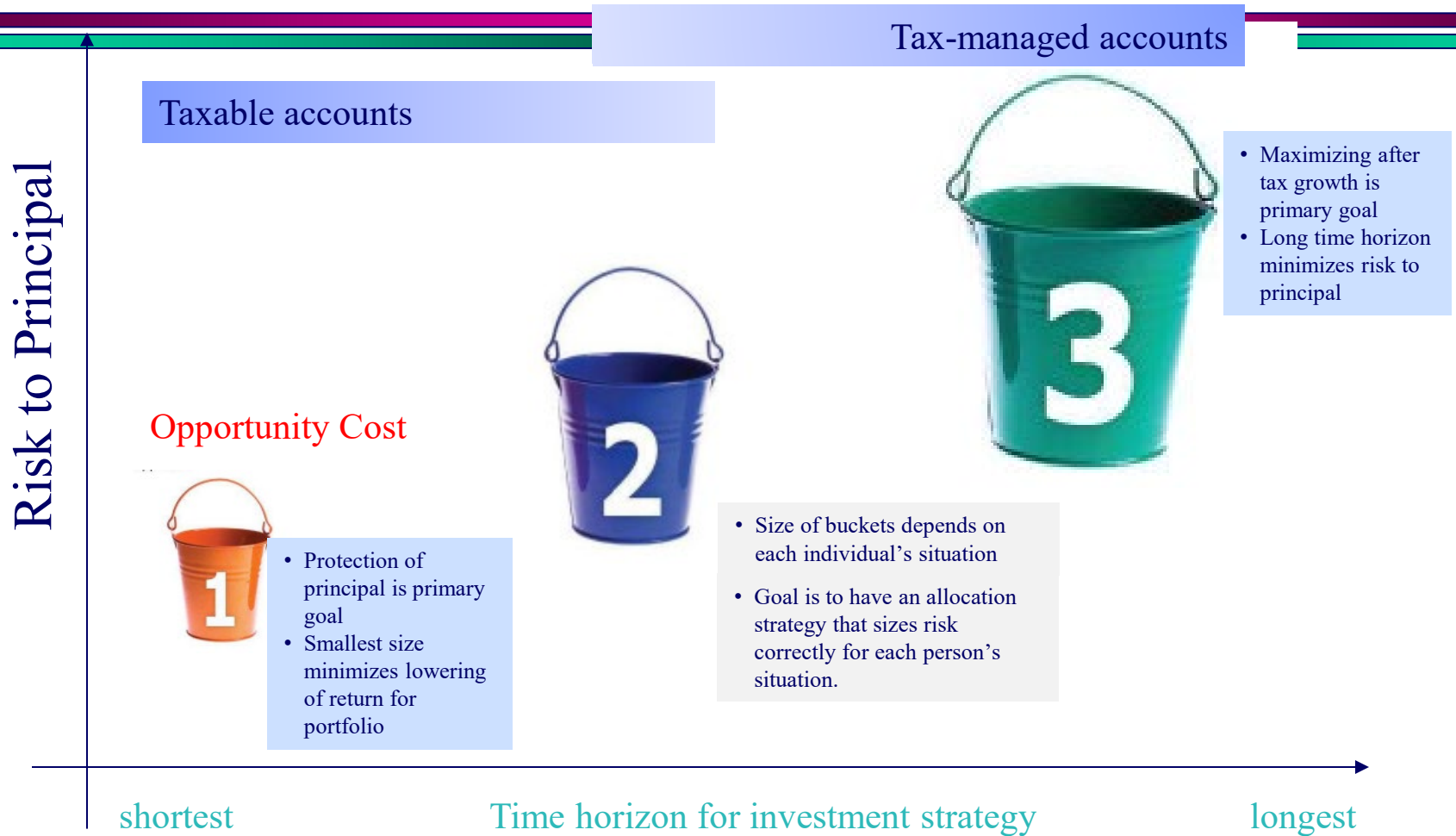
- Portions of your investment portfolio
- Distinct from other portions based on
 - Investment objectives/goals
 - Investment strategy/style

Three bucket approach

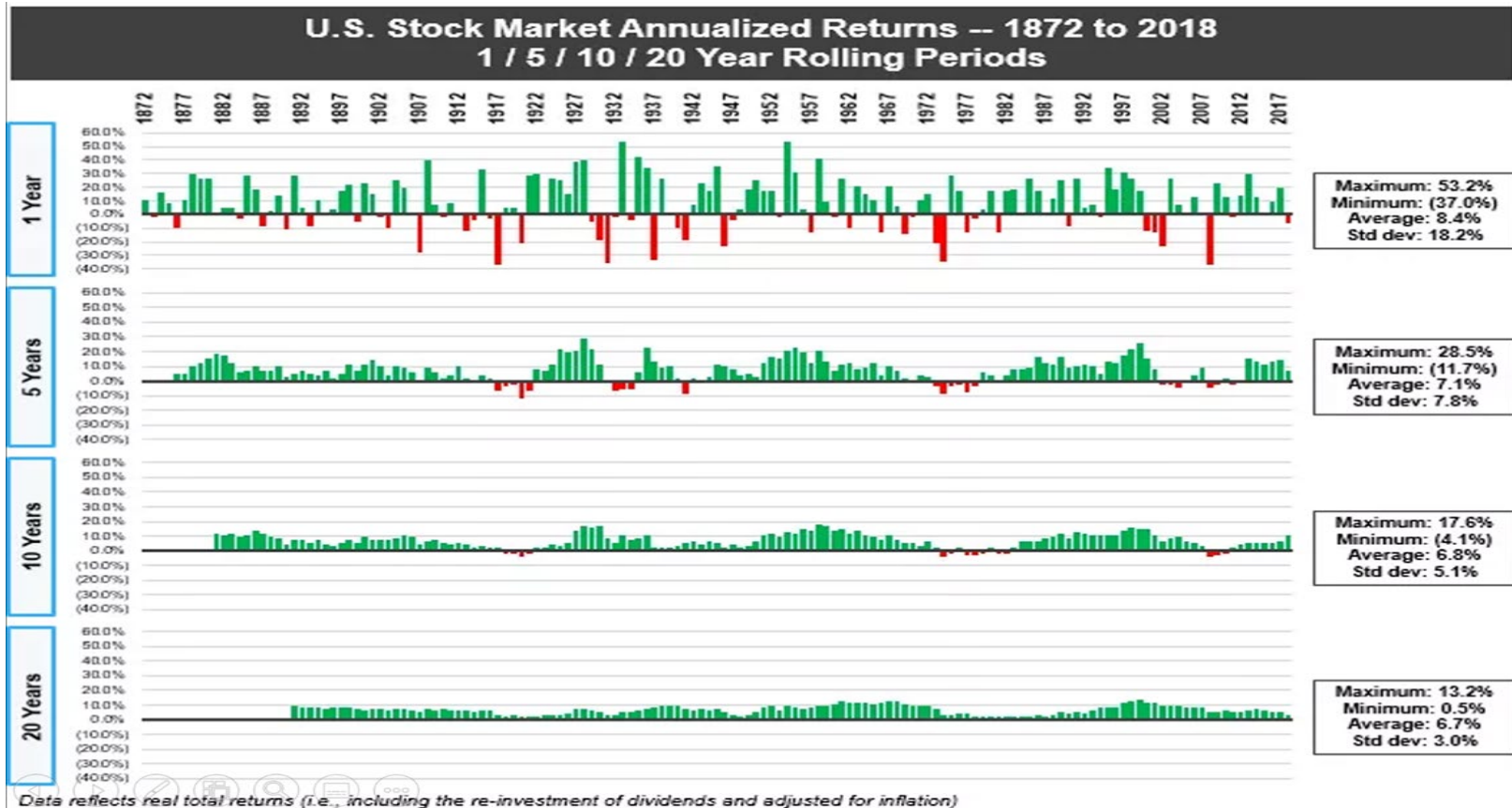
- Pioneer – Harold Evensky, Money manager in Florida.
- Good resource of information - Christine Benz, Morningstar
 - <https://www.morningstar.com/retirement/how-retire-consider-retirement-bucket-portfolio-strategy>



Buckets



Time is your friend



Data from presentation by Dr. Richard Jakotowicz - UD

Benefits of 3 bucket approach

- AAI study – April 2012

<http://www.aaii.com/journal/article/comparing-a-bucket-strategy-and-a-systematic-withdrawal-strategy>

- Alternative to a bucket strategy is one investment portfolio with systematic withdrawals.
- Main benefits of a bucket approach are psychological
 - Security for near term needs – Bucket 1 and 2.
 - Increased tolerance for risk in Bucket 3.
 - Easier to understand - each bucket has a strategy consistent with the investment horizon and goal.
- Main argument against the bucket approach is the opportunity cost of money in Bucket 1

This is NOT investment advice

Bucket 1 – near term needs

- How big?
 - Assess your living expenses for 1 year
 - Subtract out all sources of income – pensions, SS payments, wages from employment, portfolio income etc.
 - Balance, if positive, is base amount needed in Bucket 1 for 1 year.
 - Add in emergency reserve fund – HC needs, home/car repairs etc.

- Bucket 1 is the lowest risk and lowest return portion of your portfolio. Keep this the smallest.

- Potentially use RMDs.

This is NOT investment advice

Bucket 1 - strategies

- Spend less, save more
- Earn more
 - Supplement your income with part time work
- Earn the best return on Bucket 1 money



Yield curve

GTM U.S. 36

Fixed Income

U.S. Treasury yield curve



Date	1 Mo	1.5 Month	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
2/28/2025	4.38	4.37	4.38	4.32	4.32	4.25	4.08	3.99	3.99	4.03	4.14	4.24	4.55	4.51

https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202502

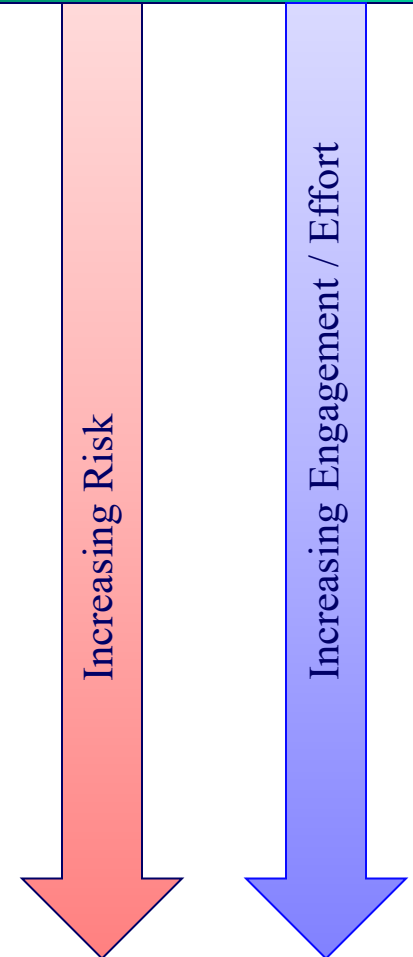


Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury. Guide to the Markets – U.S. Data are as of January 31, 2025.

This is NOT investment advice

Bucket 1 investing strategies

- Cash
- CDs – Bankrate.com – latest rates approx. ~ 4.5%
<https://www.bankrate.com/cd.aspx>
- Money Market Accounts
 - Almost all brokers offer them
- High Yield savings accounts
 - American Express, Goldman Sachs ... many others
 - Limited transactions per month
- Short term US bonds – zero coupon
- Ultrashort term bond funds
 - MINT (3Star, Gold) EMNT(2Star Gold), JPST (3Star, Silver)VFSTX, BSV, ISTB
- Options trading



This is NOT investment advice

Bucket 2

- How big?
 - 3 to 5 years of money needed to refill Bucket 1
 - Subtract our emergency reserve fund from Bucket 1 amount. This does not need to be refilled till it is used.

- Shorter term investment strategies
 - Income production
 - Focus on stability - moderate, managed risk
 - Higher yielding portions of the equities market
 - Dividend Investing, with risk protection

This is NOT investment advice

Bucket 3

- How big?
 - The rest of the portfolio not in Buckets 1 and 2

- Longer term investment strategies
 - Goal is to maximize after tax return
 - Take more measured managed risk than Bucket 2.

Buckets - Investment strategy / style

- Different investment strategies and styles require different engagement rules and plans for success.
- These strategies can be used mainly in Bucket 3 and some in Bucket 2.
- Different ways to participate in the equities market.
 - Passive, **indexed ETF based investing**
 - Investing in individual equities
 - Value investing
 - Growth / Momentum investing
 - Dividend investing
 - Derivatives based investing
 - Options / Futures
- Different ways to participate in the **bond market**.
 - **Bond fund / ETF based investing**
 - **Individual bonds / ladders.**

Bucket approach – articles

- Comparing bucket vs. withdrawal strategies

 - AAIJ study – April 2012

 - <http://www.aaii.com/journal/article/comparing-a-bucket-strategy-and-a-systematic-withdrawal-strategy>

 - Investopedia article – April 2018

 - <https://www.investopedia.com/articles/financial-advisors/060815/comparison-bucket-strategy-vs-systematic-withdrawals.asp>

- AAIJ Article – Christine Benz – details of executing a 3 bucket strategy. – July 2018

 - <https://www.aaii.com/journal/article/for-bucket-portfolios-the-devil-is-in-the-details>

- How well does a bucket strategy work – Sept 2024

 - <https://www.morningstar.com/retirement/how-well-does-bucket-approach-retirement-planning-work-practice>

Sixth Class – Mar. 12th

- Market Update
- Understanding Risk
- 5 Steps of Disciplined buying

Thanks !!

□ Happy Investing !!

□ **My EMail**

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□ **Class website**

□ <http://udel.edu/~diyinvst>