

SAMPLE INVESTMENT POLICY STATEMENT

Introduction: The focus of the Investment Policy Statement (IPS) is to ensure the long-term adherence to my investment program. It incorporates information about my present and future financial circumstances and covers the policies, procedures and practices for managing my investment assets in a way that meets my individual needs.

Goals:

Goals five years or less:

- Cash flow needs from portfolio over the next five years are approximately \$4,000 per month adjusted for inflation yearly
- I will need a new roof in about three years and this will cost approximately \$15,000
- I plan to purchase a new car in about five years for approximately \$30,000.

Longer term goals:

- As long as I remain healthy, cash flow needs should continue to be about \$4,000 per month adjusted for inflation yearly.
- I plan to purchase a new car approximately every 10 years for about \$30,000 inflation adjusted. My last car will be purchased at age 88.
- I need money set aside for potential long term care. It is estimated this will cost approximately \$200,000.
- The remainder of my assets are intended to be passed to my children upon my death.

Planning Horizon: I am 63 years old. My planning life expectancy is age 100.

Risk Tolerance: My financial adviser and I have determined that I should have enough assets to last my lifetime based on the above goals by investing in a moderately conservative portfolio. Taking additional risk is not in my best interest and could potentially deplete my portfolio in the event of poor performance of risky assets.

Invested Assets: \$1,200,000

Asset Allocation:

Equities	20 - 40 percent
Fixed Income	55 - 80 percent
Alternative Assets	0 - 15 percent

Portfolio Composition:

Equities: This category should include mutual funds and exchange-traded funds focused on passive management strategies. The equity holdings will include a combination of growth, value and hybrid investment approaches, with a general bias toward value. The equity allocation will be allocated evenly between domestic and foreign equities, with part of the foreign holdings dedicated to emerging markets.

Fixed Income: Since I plan to manage my portfolio for the time being, I will use diversified fixed income bond funds and exchange traded funds in addition to money market accounts and certificates of deposit if these are attractive compared to other fixed income options. If at some point a financial adviser is involved in the management of my holdings, I am open to the use of individual bonds if appropriate diversification can be achieved and my cash flow needs are appropriately met.

Alternative Assets: This category may include commodity mutual funds and exchange-traded funds and real estate funds. All funds used will be investments registered with the U.S. Securities and Exchange Commission (SEC). I will not use non-registered investments or hedge funds.

Rebalancing Policy:

Assets will be reviewed quarterly to determine if rebalancing is in order. To achieve tax efficiency, allocations may be allowed to deviate from target by up to 20 percent depending on market conditions. Rebalancing will not be automatic and aspects such as cash flow, trading costs and tax efficiency will factor into the rebalancing decision.

Revisions:

The Investment Policy Statement (IPS) is a working document that should be changed and updated any time there are fundamental changes to my personal situation. I will review this yearly, and request that any future financial surrogates do the same. If any changes need to occur, please consult a financial advisor to make certain the revisions and any investment changes are consistent with my goal.

Client Signature: _____

Date: _____