

# RETIREMENT PLANS THAT “CLEARLY” WORK FOR YOU.



Prizant Group



**YOUR EARS MUST HAVE BEEN  
BURNING:** Used to say that someone  
has the feeling that other people are  
talking about them.



### **Old Roman Saying**

*In the old Roman Empire, there was a saying that if your ears are itching then someone is talking about you in your absence. That is thought to be the root of this superstition. Even in the old Roman scriptures, written by Pliny, there are references to this superstition. Sometimes we get weird gifts from our ancestors, this superstition being one of them.*

*There are two parts of this superstition, and both Pliny and Plautus have stated in their writings that scratching of the two different ears signifies two different things altogether. It has been the belief of man for centuries that the right side is signified by goodness and everything that is positive in the world, while the left side stands for darkness and everything that is evil. There are few places where the ears and thumbs are linked in this superstition, while most believe in the simple one.*

*Even in English Literature, there have been plenty of references to this superstition throughout the ages. Poets like Geoffrey Chaucer, writers like Charles Dickens, who shaped the face of English Literature have placed this superstition in a number of their texts, and that is why this is one of the most famous superstitions in the world and almost every country believes in an iteration of this.*

**Dumbo**



"It's not that we can't, it's just a pain in the neck."

My mother would always use the phrase "**Leopards Don't Change Their Spots**" in response to why a particular person (normally her ex-husband and my father) would continue in their nefarious ways. As I approach my biblical life expectancy in 2023 of "**3 Score and Ten**" (Yes, I really am that damn old!) my tolerance for "**Know It Alls**" and "**Posers**" (a person who acts in an affected manner in order to impress others) is at a all-time low.

I manage my duties these days by the phrase "**I Know What I Know and I Don't Know What I Don't Know.**" My sphere of knowledge is ERISA retirement plans and how they are supposed to operate. I cringe when a prospective client starts reading me "**Chapter and Verse**" (you say that someone gives you chapter and verse on a particular subject, you are emphasizing that they tell you every detail about it) about my area of expertise. People need to "**Stay in Your Lane**" and trust the people your hire to provide the goods/services at a high level. What I have learned is those "**I Know Everything About What You Do**" prospects are best left alone to revel in their own intellectual glory. Numerous times, I have let my quest for new business override my better judgement. Whether it is a relationship relating to personal or business goods/services; dealing with honest, straight-forward, no nonsense, professionals is **ALWAYS** the way to go (even though their cost might be higher than the competition).



Though I am **NOT** in the business of predicting investment returns, one could appropriately use the phrase "**Tough Sledding**" (A period of difficulty within

**some activity)** [Rosebud](#) for the 2022 for the coming 2023 of the Gregorian calendar (For us Jews, 5783 is the correct year as of 9.25.22). [Roman/Jewish](#) In 2022, interest rates soared, housing crashed, stock market went into a "hibernation," tech companies values cratered which fostered significant layoffs, billionaires losing billions (so sad!), gas prices ballooned, constipated supply chains, computer chip shortages, consumer spending cratered, and confidence in the economy hit new lows. [Confidence](#). Even the classic "60/40" portfolio construction was unable to right the ship. [60/40](#)

### **The 60/40 Portfolio Is Dead. Long Live 33/33/33.**

A portfolio of stocks and bonds used to be the gold standard, but it just doesn't cut it anymore. It's time to throw some alternative investments into the mix. I've read countless articles from fellow financial advisers and investment gurus arguing for and against the traditional 60/40 (stock/bond) portfolio allocation. While many advisers have been trained to regard the 60/40 as a benchmark from the early days of their careers, a low interest rate environment means we need to get more creative.

We are living in a new world. The 60/40 was introduced nearly 70 years ago. Times have changed. In case there is any question about where I stand, put me down as firmly on the side of those who are ready to retire that strategy for good.

### **Why is the 60/40 stock and bond portfolio outdated?**

It has been covered broadly in the media that stock valuations have become untenable. Inflation is at its highest level in 30 years and rates are expected to gradually increase in the years ahead. Mix those ingredients together and you'd be hard-pressed to find an analyst predicting the kind of returns we've seen in the public markets over the past decade.

So, what's the fix? This is where illiquid assets (alternative investments) — such as venture capital, real estate, private equity and private debt — need to enter the chat. Alternative asset classes provide the benefit of diversification (which is why many investors remain in fixed income) along with a low correlation to stocks. With everyone looking for an inflation hedge ... you are welcome.

Research in J.P. Morgan Asset Management's "Guide to Alternatives" revealed that allocating just 30% to alternatives in your portfolio can substantially increase your annual returns, while simultaneously strengthening portfolio stability and decreasing risk.

Keep in mind that investment in these assets must be done in conjunction with cash-flow planning. As illiquid assets can't be quickly sold, or liquidated, they may not be for everyone. But for high-net-worth and affluent investors who don't need cash in the short-term and are willing take on some temporary illiquidity,

alternative investments make sense. Private markets are simply more attractive than stocks. Beyond generating returns, these alternatives also provide greater opportunity for building generational wealth.

### Practical examples

Let's take real estate for example. Real estate can serve as a supplement to fixed income as a vehicle to improve yield for investors with a lower risk tolerance, while providing a hard asset that presents an opportunity for real income.

And then there's venture capital and private equity, which may be a better fit for an investor who is comfortable taking on more risk and isn't looking for investment income right away. Allocating a small portion of a portfolio to an early-stage venture capital opportunity makes sense if time is on your side. It may provide a potential for more growth than stocks, especially as companies are staying private for longer and going public at higher valuations.

The new benchmark is 33/33/33; with your assets divided equally between stocks, bonds and alternatives.

Embrace 33/33/33 as the new benchmark. Because Modern Portfolio Theory (opens in new tab) doesn't feel so modern anymore, does it?

[33-33-33](#)

We, at [The Prizant Group](#), are wary of recommending "**Alternatives**" to our plan sponsors at this time. With the prevalence of "job hopping" in today's employment market, terminated employees want instant access to their retirement plan savings. Furthermore, daily valuation of alternatives will be a nightmare for the record keepers. However, considering that, by definition, investing for your retirement is a long-term process (30-50 years long), it makes sense to examine and implement alternative investment strategies. Once alternatives show the "**test of time**," I expect that annuities, private equity/debt/real estate offerings, and venture capital investment pools will soon be part of every ERISA plan in the old U.S. of A. We promise that, as new "ERISA Approved" offerings become available, we will be able to present their pros/cons to our plan sponsors for acceptance or rejection.

***Lest we forget: Merry Christmas, Happy Hanukkah, Joyous Kwanzaa, Happy Diwali (my sincerest apologies if I have forgotten your religious holiday at this time of the year) and a Happy, Healthy, Prosperous New Year! In keeping with the "true" spirit of the holidays, we close with Leonard Cohen's soulful, unforgettable version of "Hallelujah."*** [Hallelujah](#)

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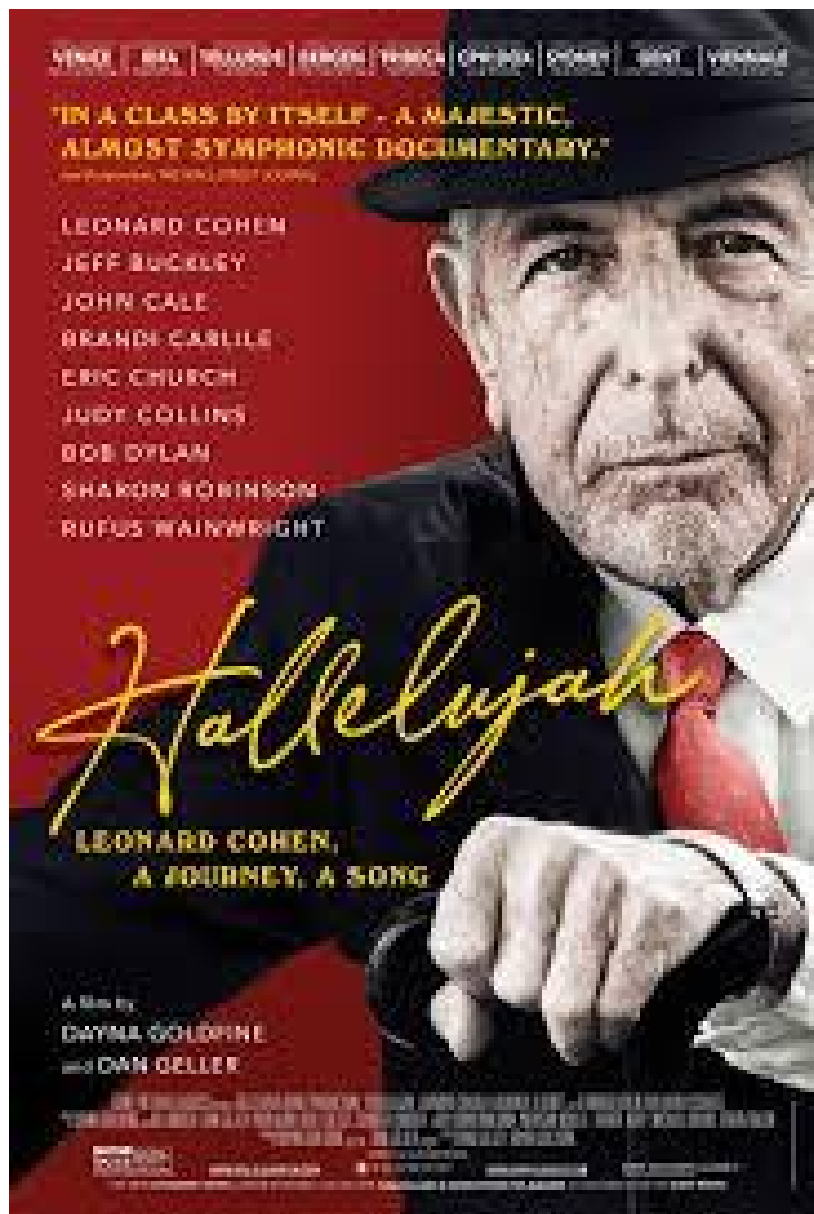
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