

# ASSET ALLOCATION AND DIVERSIFICATION

Asset allocation is the process of deciding what percentage of your money to put into the three different asset classes — stock funds, bond funds and stable value funds. By investing in a mix of the asset classes, you can help balance the risk and return characteristics of each. Asset allocation does not ensure a profit and does not protect against loss in declining markets.

Generally, if your dollars are invested in materially different types of investments and market conditions cause one of your investments to perform poorly, not all of your money will be as adversely affected.

## Determine your risk tolerance

To help determine the mix of investments that may align with your retirement needs, first identify your risk comfort level. Complete the survey below by circling the number that best describes how strongly you agree or disagree with each of the statements.

- I am a knowledgeable investor who understands the trade-off between risk and return. I am willing to accept more risks in exchange for potentially higher returns.

Disagree      1                      2                      3                      4                      5                      Agree

- If one of my investments dropped 20% in value over six months due to a stock market fluctuation, I would keep that investment, expecting it to recover its value.

Disagree      1                      2                      3                      4                      5                      Agree

- I have savings vehicles other than Pathfinder that make me feel comfortable about my financial future.

Disagree      1                      2                      3                      4                      5                      Agree

Now add up the numbers you circled above to get your risk tolerance score: \_\_\_\_\_

## Find your score below to help determine your approach

Investment time horizon	Tolerance score				
0-5 years	3 <input type="checkbox"/>	4 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>	≥9 <input type="checkbox"/>
5-10 years	≤5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>	9 <input checked="" type="radio"/>	≥10 <input type="checkbox"/>
10-15 years	≤6 <input type="checkbox"/>	8 <input checked="" type="radio"/>	9 <input checked="" type="radio"/>	10 <input type="checkbox"/>	≥12 <input type="checkbox"/>
15-20 years	≤8 <input checked="" type="radio"/>	9 <input checked="" type="radio"/>	11 <input type="checkbox"/>	12 <input type="checkbox"/>	≥13 <input type="checkbox"/>
20+ years	≤9 <input checked="" type="radio"/>	11 <input type="checkbox"/>	12 <input type="checkbox"/>	14 <input type="checkbox"/>	15 <input type="checkbox"/>

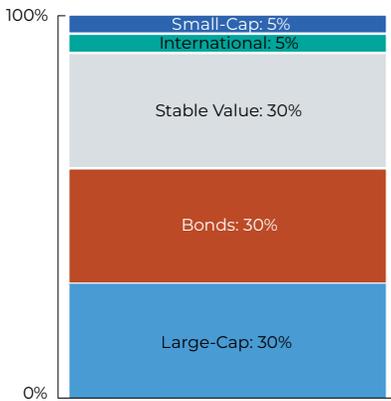
Conservative       Moderate       Aggressive

Not intended as financial planning or investment advice.



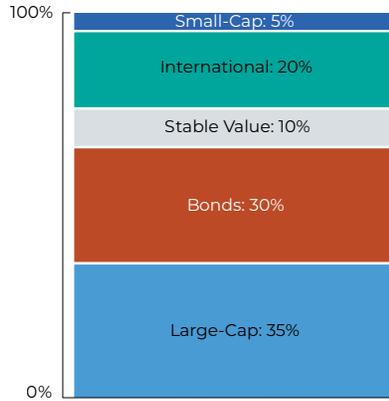
## Asset allocation

Use your risk tolerance score to help determine your investor type, shown here with the corresponding asset allocation example.



### Conservative

You are comfortable with investments that have a lower risk with potentially lower returns. The illustration above is an example of a conservative mix of assets.



### Moderate

You are comfortable with some volatility. This mix is a balance between lower and higher risk investments. The risk and return potential is greater than the conservative mix, but not as great as the aggressive mix. The illustration above is an example of a moderate mix of assets.



### Aggressive

You are comfortable with higher risk for potentially higher returns. The illustration above is an example of an aggressive mix of assets.

FOR ILLUSTRATIVE PURPOSES ONLY. Intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and return. This is not intended as financial planning or investment advice. Allocations were derived using means variance optimization based on historical performance of broad market benchmarks.

## Risk/reward

Measuring the amount of risk you want to take while remaining comfortable with your investments is very important and can vary as your situation changes or as you approach retirement. Investing involves risk, including possible loss of principal.



LOWER risk  
LOWER potential returns

HIGHER risk  
HIGHER potential returns

## Diversifying your investments

All investments have risk, and diversifying your investments does not ensure a profit or protect against loss in declining markets. Your precise mix of investments will depend on your unique situation, such as your retirement savings goals, time horizon and risk tolerance.

Remember to review your investment strategy at least annually to help ensure it is still appropriate for your retirement goals and, if necessary, rebalance your asset allocation and adjust your diversification strategy. You can rebalance investments on your Plan website at [www.okpathfinder.com](http://www.okpathfinder.com).<sup>1</sup>

## Questions? Schedule a free meeting with your dedicated Retirement Plan Counselor

Scan the QR code or [visit our scheduling page](#) to schedule a no-cost, one-on-one meeting with **Chad Guest**, your Pathfinder Retirement Plan Counselor. Chad can answer your questions and help you with your retirement savings strategy.



[okpathfinder.com](http://okpathfinder.com)

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<sup>1</sup> Asset allocation, diversification, dollar-cost averaging or rebalancing does not ensure a profit or protect against loss.

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