



A Bucket Approach to Investing

by Mary Wood, wealth advisor, RCB Bank Trust



*Investing is a tool
for building wealth.*

Legendary investor Warren Buffett defines investing as "... the process of laying out money now to receive more money in the future."

The key to successful investing is setting clear-cut goals. Know what you want, the cost to get it and how long you have to save.

We all have different comfort levels when it comes to investing our money. We call this risk tolerance. The concept of risk tolerance refers not only to your level of comfort in taking a risk, but also your financial ability to endure the consequences of loss.

Therefore, when it comes to investing, there is no one-size-fits-all strategy. When I talk about investing with my clients, I like to use a bucket visualization. Imagine investing as three buckets.

Everyone needs to begin with a foundation - bucket one. This is your readily available cash, including your savings, emergency fund and short-term investments.

Once you have bucket one filled, you are ready to toss money into buckets two and three, your mid-term and long-term goals. The amount you invest in each bucket varies by your time horizon and risk tolerance. Bucket two consists of low-risk investments while bucket three is long-term, higher growth risk investments.

As with any plan, it is important to monitor your portfolio to ensure you stay on track with your goals.

If you plan to work with a financial advisor, make sure they are working for you with your best interest in mind. It's important that you have an open line of communication with your advisor.

I am here to help answer questions you may have about investing even if you are not an RCB Bank customer. Feel free to call me at 918.342.7100 or email mwood@bankrcb.net.

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*Short-term goals
0-3 years*

Checking Account
Savings Account
Emergency Fund
Short Term CDs
Fixed Annuities
Treasury Bills



*Mid-term goals
4-7 years*

CDs
Fixed Annuities
Fixed Indexed Annuities
Bonds



*Long-term goals
7+ years*

Stocks/Equities
Equity Mutual Funds
Equity ETFs

The bucket concept was originally created by planning guru Harold Evensky. It is one of many approaches to investing. Opinions expressed above are the personal opinions of the author and meant for generic illustration purposes only. Investment products are Not insured by the FDIC or any government agency, Not a deposit, Not a bank guarantee, subject to risks and may lose value.