



Investment Planning



www.FelicianoFinancial.com

Feliciano Financial Group
1828 East Southeast Loop 323, Suite 200
Tyler, Texas 75701
(903) 533-8585

Feliciano Financial does not offer legal or tax advice. Please consult the appropriate professional regarding your individual circumstance.

Securities offered through Lion Street Financial, LLC, Member FINRA & SIPC. Investment advisory services offered through Lion Street Advisors, LLC. Feliciano Financial and Lion Street Financial are not affiliated.



Investment Planning

Are you paying more than you should?

How smart tax strategies can affect your portfolio.

Because of today's highly progressive Federal income tax structure, tax planning can be a meaningful way to increase your discretionary income.

Many of our expenses are fixed (i.e. food costs, mortgage or rent payments, insurance premiums, utilities, etc.) and can be adjusted only slightly.

On the other hand, the amount of tax you pay is very flexible and can often be reduced. Tax saving techniques can be broken down into four major groups:

- Tax elimination
- Tax reduction
- Tax deferral
- Tax shifting

Techniques that result in lowered taxable income, or in economic benefits that are not taxable, are perhaps the most desirable because they avoid taxes altogether.

In addition to the tax reducing incentives some investments produce, investments should also be analyzed from the standpoint of hedging inflation through conservation and appreciation of capital.

There are, of course, many investment vehicles ranging from high risk tax shelters to low risk bonds. The suggestions and recommendations in this section of a financial plan are normally tailored to fit your particular situation taking into account what best suits your needs, emotions, and risk tolerance.

Developing an Investment Portfolio

One of the most difficult tasks that individuals, and the financial advisors who advise them, face is choosing investments with characteristics that will help the individual meet his or her near and long term goals. While there are many courses that teach portfolio design, none can teach instinct and common sense. These two elements are frequently important factors in developing an investment strategy.

It is generally felt that there are five basic asset categories in an investment portfolio. These are:

- Liquid Assets (Cash and Equivalents)
- Fixed Income (Bonds)
- Equities (Stocks)
- Real Estate (residential and investment property)
- Precious Metals and other tangible investments

Before allocating funds to each of these investment categories, it will be necessary to look first at the balance of the existing portfolio. Then, the actual percentage allocated to each category will depend on the person and his or her circumstances.

In assessing an individual's circumstances, it is necessary to keep in mind certain asset characteristics. Assets are generally held for one of two reasons: personal use or production of current or future income. Since assets held for personal use are a matter of individual discretion, the focus is on those assets held for the production of current income or for potential appreciation.

The asset characteristics to remember are:

- Taxability upon deposit, on income and at withdrawal
- Level of Risk
- Growth and inflation protection
- Yield
- Liquidity

Each of the asset categories listed earlier can be evaluated according to these characteristics in order to decide what role each should play in the final investment portfolio.

Because there is no single investment that possesses all of the above characteristics, a balanced investment portfolio will include a number of investment vehicles that together will contribute the needed characteristics. By spreading capital over many investments, an investor may be able to reduce the overall risk of the portfolio. Investment capital should be spread proportionally over several different investments and among several vehicles within an asset category. The result will hopefully be a portfolio that produces the sought-after investment results and helps the individual to achieve his or her goals and objectives.

A related decision that must be made is how a particular asset will be held. Stocks for example can be held individually or by investing in a mutual fund. Individually held stocks can be managed by the investor or by a professional portfolio manager. Real estate can be in the form of a limited partnership or individual properties. Many of these decisions depend on the degree of management and control the investor wishes to have.

Similar options are available for bonds, commodities and precious metals. Sometimes the choice of investment vehicle will depend on the amount of funds available.

Coordination with Retirement Plans

Many investors have over time developed substantial amounts of retirement assets. In developing an investment portfolio, these assets must be an integral part of the overall design. Current assets and retirement assets need to be considered together.

Sometimes assets that are considered suitable for the overall portfolio are better if held in a retirement vehicle.

When considering real estate limited partnerships, many investors object to their long term, illiquid nature. Given the long term nature of retirement plans, however, holding the asset in an IRA might overcome the illiquidity hurdle. An individual with 10 or more years to retirement could afford to hold the partnership for the period necessary to get the full economic benefits.

Investing involves risk, includes the loss of principal. No investment strategy can guarantee a profit or protect against loss. Any fixed income security sold or redeemed prior to maturity may be subject

to a substantial gain or loss. An issuer may default on payment of the principal or interest of a bond. Bonds are also subject to other types of risks such as call, credit, liquidity, interest rate, and general market risks.

Pursuant to requirements imposed by the Internal Revenue Service, any tax advice contained in this communication (including any attachments) is not intended to be used, and cannot be used, for purposes of avoiding penalties imposed under the United States Internal Revenue Code or promoting, marketing or recommending to another person any tax-related matter. Please contact us if you wish to have formal written advice on this matter.

Asset Allocation does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.

The Feliciano Financial Group has been in business since 1983 serving individuals, families, businesses and professionals throughout Texas. Our open and process-driven, client-centered approach, has helped make us one of the fastest growing and established financial services firms in Texas.

Our Commitment to You

- To conduct our business according to high standards of equity, honesty and fairness.
- To provide competent, prompt, client focused service which, in the same circumstances, we would expect for ourselves.
- To treat all clients with fairness and equity, to assure the best value possible.
- To remain your life-long financial partner to take care of your ever-changing needs.
- To help you reach your life's financial goals by understanding what is important to you.



Jose Feliciano, CFP, CLU, CHFC
Founder and President

Copyright © Feliciano Financial Group | All rights reserved.

Securities offered through Lion Street Financial, LLC., member FINRA/SIPC. Investment advisory services offered through Lion Street Advisors, LLC. Fixed and traditional insurance offered through Feliciano Financial Group (FFG). Medicaid planning and consulting offered through Geriatric Care Solutions (GCS). FFG and GCS are not affiliated with Lion Street Financial, LLC.