

STRATEGIC GUIDE · GROWTH

# Investment Strategy for Life Stages

Navigate investment decisions through every phase of life with this strategic planning framework.

Investing · Asset Allocation · Planning

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# Foundation: Understanding Risk and Return

Every investment decision involves balancing potential returns against risk. Understanding your risk tolerance, time horizon, and financial goals is essential before selecting specific investments. This chapter covers the fundamentals of modern portfolio theory and asset allocation.

## Early Career (20s–30s): Building Wealth

Your greatest asset is time. With decades until retirement, you can afford to take more risk and benefit from compound growth. Focus on maximizing contributions to tax-advantaged accounts, establishing automatic investments, and maintaining a growth-oriented allocation.

## Mid-Career (40s–50s): Optimization Phase

As earnings peak and retirement approaches, shift focus to portfolio optimization. Balance growth with increasing stability, maximize catch-up contributions, and begin detailed retirement income planning. This is the time to fine-tune your asset allocation.

## Pre-Retirement (55–65): Transition Planning

The sequence of returns risk becomes critical as you approach retirement. Begin shifting to more conservative allocations, establish your retirement income strategy, and coordinate Social Security timing with your overall plan.

## Retirement: Income Generation

Transform your portfolio from accumulation to distribution mode. Implement sustainable withdrawal strategies, manage required minimum distributions, and maintain appropriate growth exposure to combat inflation over a potentially 30+ year retirement.

## Portfolio Construction Strategies

Learn about index investing, factor tilts, international diversification, and rebalancing strategies. We cover the three-fund portfolio, target-date funds, and more sophisticated approaches for different investor profiles.

## Key takeaways

- Align your investment strategy with your life stage and time horizon
- Maximize tax-advantaged accounts before taxable investing
- Maintain appropriate diversification across asset classes
- Rebalance regularly to maintain your target allocation
- Plan the transition from accumulation to distribution phase