



A RADIUS WEALTH MANAGEMENT GUIDE

Investment Management

A plain-English guide to building, owning and maintaining a portfolio you can stay with, for individuals and families planning for retirement.

WELCOME

Why This Guide

Most people who build wealth never set out to become investors. They save through a 401(k), add to an IRA, perhaps inherit an account or sell a home, and over the years a collection of accounts takes shape. Somewhere along the way the question changes from "How do I save?" to "How should all of this be invested, and for how long?"

That is the question investment management answers. Done well, it is less about picking the next winner and more about a handful of durable decisions: how much risk is appropriate, how the portfolio is spread across different kinds of investments, what it costs, how it is taxed, and how it is looked after over time.

This guide walks through those decisions in the order we usually discuss them with clients. It is meant to help you ask better questions, whether you manage your own investments, work with Radius, or work with someone else.

HOW TO USE THIS GUIDE

Read it start to finish once. Then go back to the checklist on the last page and mark the items you could answer today. The ones you can't are a good agenda for your next conversation with an advisor.

INSIDE

- Start with the plan, not the portfolio
- Asset allocation and diversification
- The risks that matter (and the one most people forget)
- Costs, taxes and where assets are held
- Rebalancing and ongoing oversight
- Investing through retirement
- Staying the course
- Questions to ask any investment advisor

Start With the Plan, Not the Portfolio

A portfolio is a tool for reaching goals. Before choosing a single investment, it helps to be able to answer a few questions in writing:

- **What is this money for?** Retirement income, a home purchase, a child's education, a legacy for family or charity. Different goals can call for different investments.
- **When will you need it?** Money needed in two years should be invested very differently from money you will not touch for twenty.
- **How much do you expect to need, and from where?** Social Security, pensions, part-time work and portfolio withdrawals all play a role.
- **How much volatility can you live with?** Not what you think you can tolerate in a calm market, but how you would actually react to a decline of a quarter or more in your account.

Think in time buckets

Many investors find it helpful to divide money by when it will be used:

TIME HORIZON	TYPICAL PURPOSE	GENERAL APPROACH
Now to about 2 years	Emergency reserve, near-term spending	Cash and high-quality, short-term holdings. Stability over growth.
About 3 to 10 years	Income needs in early retirement, planned purchases	A blend of bonds and diversified stocks. Some growth, with a cushion.
10+ years	Later-life spending, inflation protection, legacy	Greater emphasis on diversified stock investments, which have historically carried more risk and more growth potential.

Illustrative only. Appropriate allocations depend on your individual circumstances.

WHY IT MATTERS

An investment plan tied to specific goals and dates is easier to stick with, because a market decline becomes a question about timing ("Do I need this money soon?") rather than a reason for alarm.

Asset Allocation and Diversification

Asset allocation is how your portfolio is divided among broad categories, mainly stocks, bonds and cash. Research over several decades has consistently found that this decision, rather than the selection of individual securities, explains most of the difference in how portfolios behave over time.

The building blocks

- **Stocks (equities)** represent ownership in companies. They have historically offered higher long-term growth potential, along with larger and more frequent price swings.
- **Bonds (fixed income)** are loans to governments or companies that pay interest. They tend to be steadier than stocks, but they carry their own risks, including interest-rate risk and credit risk.
- **Cash and equivalents** offer stability and liquidity, but may not keep pace with inflation over long periods.
- **Other investments** such as real estate or alternatives can broaden a portfolio, but often come with added complexity, higher costs or reduced liquidity. They deserve extra scrutiny.

Diversification: more than owning many things

Owning twenty funds that all hold the same large U.S. companies is not diversification. Real diversification means spreading across different sources of return: company size, U.S. and international markets, different industries, and different types and maturities of bonds, so that a problem in one area does not define the whole portfolio.

A COMMON BLIND SPOT: CONCENTRATION

Employer stock, a single inherited holding, or a large position that has grown over the years can quietly become the biggest risk in a portfolio. If a single holding represents a large share of your investable assets, it deserves a deliberate plan, including how it will be reduced and what the tax cost of doing so may be.

Funds, ETFs and individual securities

Mutual funds and exchange-traded funds (ETFs) hold many securities at once and can offer broad diversification at a modest cost. Individual stocks and bonds allow more customization, including managing tax outcomes holding by holding. Neither approach is right for everyone. What matters is that each piece of the portfolio has a clear job.

Diversification and asset allocation do not ensure a profit or protect against loss in declining markets.

The Risks That Matter

"Risk" is often reduced to one word: volatility. In practice, investors face several different risks, and reducing one can increase another.

RISK	WHAT IT MEANS
Market risk	Investments can decline in value, sometimes sharply and sometimes for an extended period.
Inflation risk	Rising prices reduce what your money can buy. Being too conservative can be a risk in itself over a retirement that may last 30 years or more.
Interest-rate and credit risk	Bond prices generally fall when interest rates rise, and issuers can fail to make payments.
Concentration risk	Too much in one company, industry, or type of investment.
Liquidity risk	Not being able to sell an investment quickly, or without a significant loss, when you need the money.
Behavioral risk	Making emotional decisions at the wrong moment, such as selling after a decline or chasing what has recently performed well.

The risk many retirees overlook: sequence of returns

When you are saving, a market decline can be an opportunity, because new contributions buy at lower prices. When you are withdrawing, the same decline early in retirement can do lasting damage, because you may be selling investments at low prices to fund spending, leaving fewer shares to recover. Two retirees with identical average returns can have very different outcomes depending on when the good and bad years occur.

This is one reason many retirees hold a reserve of near-term spending money separate from long-term growth investments, so they are not forced to sell stocks in a downturn.

Costs, Taxes and Where Assets Are Held

Costs compound too

Investment costs are charged year after year, and they reduce what you keep every year. Unlike market returns, costs are one of the few parts of investing you can see in advance. Ask for a complete picture, which may include:

- **Fund expenses** (expense ratios) charged inside mutual funds and ETFs
- **Advisory fees** for management or planning services, and how they are calculated
- **Trading and transaction costs**
- **Plan and administrative fees** inside employer retirement plans such as a 401(k)
- **Insurance and annuity charges**, where applicable

Lower cost is not automatically better, and higher cost is not automatically worse. The question is whether you understand what you are paying and what you receive for it.

Taxes: it's what you keep that counts

- **Asset location.** Different account types are taxed differently (taxable, tax-deferred such as traditional IRAs and 401(k)s, and tax-free such as Roth accounts). Which investments you hold in which account can affect your after-tax result.
- **Tax-loss harvesting.** Selling investments at a loss to offset gains elsewhere, where appropriate and permitted, within the limits of the tax rules.
- **Managing gains.** Holding period, which lots are sold, and charitable gifting of appreciated securities can all influence the tax bill.
- **Roth conversions and withdrawal order.** Decisions about when and from which account to draw can have meaningful tax effects over a lifetime.

COORDINATE WITH YOUR TAX PROFESSIONAL

Investment decisions and tax decisions are linked. Radius does not provide tax or legal advice, and we encourage clients to coordinate with their CPA or attorney on any strategy that has tax consequences.

Rebalancing and Ongoing Oversight

Markets move, so a portfolio drifts. A mix that started at a comfortable level of risk can, after a long period of strong stock returns, end up far more aggressive than intended, and the reverse after a downturn.

Rebalancing means periodically bringing the portfolio back toward its target mix. It is a way of controlling risk, not of forecasting markets, and it tends to impose a discipline many investors find difficult on their own: trimming what has grown the most and adding to what has lagged.

Common approaches

- **Calendar-based:** review on a set schedule, such as quarterly or annually.
- **Threshold-based:** act when an allocation drifts a set amount from its target.
- **Cash-flow-based:** use new contributions or withdrawals to move toward the target without selling.

In taxable accounts, rebalancing can trigger taxable gains, so it is worth being thoughtful about how and where it is done.

What good ongoing oversight looks like

- A written investment policy or plan that explains why you own what you own
- Regular reviews of performance against appropriate benchmarks, and against your plan
- A fresh look when your life changes: retirement, a sale of a business, an inheritance, a change in health, a new grandchild
- Clear, timely reporting you can understand

Investing Through Retirement

The shift from saving to spending changes the job of the portfolio. Instead of asking "How much can this grow?", the question becomes "How can this reliably support the life I want, for as long as I need it?"

Questions to work through

- **How much of your spending is essential** (housing, food, insurance, taxes) versus flexible (travel, gifts)? Essential spending is often best matched with reliable income sources, such as Social Security or a pension.
- **Where will withdrawals come from, and in what order?** The sequence across taxable, tax-deferred and tax-free accounts can affect how long your assets last.
- **What happens when required minimum distributions begin?** They are taxable, and can push income into higher brackets if not planned for.
- **How will you handle a bad market early on?** A plan for flexibility, such as reducing discretionary spending temporarily, can improve resilience.
- **How will inflation, healthcare costs and longevity be addressed?** A retirement can last three decades or longer.

RULES OF THUMB ARE STARTING POINTS

You may have heard simple rules for how much can be withdrawn each year. They are useful for a first look, but they cannot account for your specific taxes, spending pattern, market conditions or lifespan. A plan built around your circumstances is more reliable than any single rule.

Investment management and financial planning work best together. The investments should be built to support the plan, and the plan should be tested against realistic market conditions, including poor ones.

Staying the Course

Many of the largest investment mistakes are not analytical. They are emotional, and they tend to happen at the same moments: after a sharp decline, when selling feels like relief, and after a long rise, when taking more risk feels safe.

Habits that help

- **Decide in advance.** Write down how you will respond to a significant market decline, before it happens.
- **Match risk to the need, not to the news.** If the money is not needed for years, short-term headlines matter much less than they feel.
- **Check less often.** Looking at your account daily tends to increase anxiety without improving results.
- **Be wary of certainty.** No one can reliably predict short-term market moves. Be skeptical of anyone who claims otherwise, or who promises returns.
- **Have someone to call.** A trusted advisor or a spouse can provide perspective when it is hardest to find.

A reasonable portfolio you can hold through difficult periods will usually serve you better than an ideal-looking portfolio you abandon.

Questions to Ask Any Investment Advisor

If you decide to work with a professional, these questions apply to Radius and to everyone else you may speak with.

1. **Are you a fiduciary at all times, for all of the services you provide to me?** Ask for it in writing.
2. **How are you paid?** Ask about every source of compensation, including advisory fees, commissions, insurance or product revenue, and referral arrangements.
3. **What is my total, all-in cost?** Include advisory fees, fund expenses and any other charges.
4. **Who holds my assets?** Ideally an independent, well-known custodian, with statements sent to you directly.
5. **What conflicts of interest exist, and how are they managed?**
6. **What is your investment process?** How are portfolios built, monitored and rebalanced?
7. **Who will I work with day to day?** How often will we meet?
8. **What are your credentials and disciplinary history?** You can look up any adviser for free at adviserinfo.sec.gov.
9. **How do you coordinate with my CPA and estate attorney?**
10. **What will you do if I want to leave?**

FREE RESOURCE

The SEC's [Investor.gov](https://investor.gov) and FINRA's [BrokerCheck](https://brokercheck.finra.org) both provide free tools for researching professionals and firms.

Your Investment Management Checklist

Mark what you can answer confidently today. Anything left blank is a useful topic for your next review.

	ITEM
☐	I can describe, in a sentence, what each pool of money is for and when I will need it.
☐	I know my current mix of stocks, bonds and cash, and I know whether it matches my plan.
☐	I know whether any single holding is a large share of my investable assets.
☐	I have set aside near-term spending money separate from long-term investments.
☐	I know my total annual investment costs, including fund expenses and advisory fees.
☐	I know which of my accounts are taxable, tax-deferred and tax-free, and how that shapes what I own in each.
☐	I have a rebalancing approach, and I know when it was last applied.
☐	I have a written plan for how I would respond to a significant market decline.
☐	My investments, my retirement plan and my tax strategy have been reviewed together in the last 12 months.
☐	I understand how my advisor is paid, and I have it in writing.

NEXT STEP

If you would like to talk through your own situation, we offer a complimentary introductory conversation, with no obligation. Schedule at radiuswealth.com/get-started or call **(617) 765-2200**.

Radius Wealth Management, Inc. · 1 Marina Park Drive, Boston, MA 02210 · team@radiuswealth.com

Important disclosures. This guide is provided for general educational purposes only and is not personalized investment, tax, accounting or legal advice, nor an offer or solicitation to buy or sell any security. Investing involves risk, including the possible loss of principal. Diversification and asset allocation do not ensure a profit or protect against loss. Past performance does not guarantee future results. Strategies described may not be suitable for everyone. Radius Wealth Management, Inc. is a Registered Investment Adviser; registration does not imply a certain level of skill or training. Information is believed to be accurate as of October 2026 and is subject to change without notice. Please consult your tax and legal advisors regarding your own situation. Additional information is available in our Form ADV Part 2A and Form CRS at radiuswealth.com/disclosures.