

## NEWS

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## **Start the Year Right - Strike Balance in Your Retirement Planning Accounts**

### *Local Financial Advisor Explains Why a Balanced (and Rebalanced) 401(k) is the Key to Financial Stability*

WICHITA, KS (January 23, 2007) – As 2007 marches on, Americans are still working on New Year’s resolutions, many of which deal with financial issues. According to John Barton, a Wichita-based CERTIFIED FINANCIAL PLANNER™ professional, the beginning of the year is a prime opportunity to refocus on retirement planning and examine 401(k) accounts.

According to the February 2006 Federal Reserve Bulletin, nearly 35 percent of U.S. households indicate that saving for retirement is their most important savings goal. A 2005 study by the Investment Company Institute found an estimated 47 million people participate in a 401(k) plan as a means for retirement planning. “The good news,” Barton says, “is that people are taking retirement planning seriously. The not-so-good news is people often fail to maintain balance in their portfolios. According to a separate Investment Company Institute survey, only 25 percent of investors made any changes to their retirement plans after first enrolling in the plan.”

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## **RETIREMENT MONEY IS SACRED**

While many people have adopted the policy that once a retirement plan is started, it should not be touched, Barton says that resolution might be misunderstood. “People planning for retirement should not take money out of their retirement plans, that’s true. Retirement plan money should be considered untouchable in the regard that it should not be spent. Think of it as sacred money that will shore up your future. It could even create a legacy for those you love. But while people should *not* withdraw the money in their retirement accounts, they *should* rebalance their portfolio to match their risk tolerance and time horizon,” Barton says.

A balanced portfolio is one that includes a mix of stocks, bonds and money market securities. According to Barton, due to changing market conditions and fluctuating asset values, a retirement account has to periodically be rebalanced to maintain the desired asset allocation. “What many people fail to realize is that just because your portfolio is balanced today doesn’t mean that it will be balanced in a year,” says Barton.

The rebalancing process ensures that you retain the desired asset allocation in your portfolio. “I recommend that a retirement portfolio be monitored on a quarterly basis and rebalanced, if necessary. That will help ensure that investors are paying attention to their retirement accounts and seeking guidance from a financial professional to not only maintain healthy diversification and growth, but also to help ensure that the current allocation is working toward meeting retirement goals,” Barton says.

## **ASSET ALLOCATION IS KEY**

Proper asset allocation is the centerpiece of any well-performing 401(k) account. Nobel prize-winning economist Harry Markowitz was the first to prove that overall risk could be reduced by diversifying investments across a strategic combination of asset classes.

Asset allocation seeks to optimize the performance of a portfolio using diversification to help manage risk. However, using an asset allocation methodology does not guarantee greater or more consistent returns or prevent a loss in declining markets.

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There are certain asset classes that react to market conditions in different ways, explains Barton. “As an example, when stocks decline, bonds often rally. When small-cap value stocks zig, large-cap growth stocks can zag. Only by combining an educated mix of asset classes can an investor create a strong, balanced portfolio.”

**About John Barton, MSW, CFP®**

John Barton is an independent, fee-based financial planner and investment advisor representative who specializes in investment management, retirement planning and estate conservation. He has been serving clients in Wichita, Kansas for over 20 years. He is a member of the Financial Planning Association and received his CFP® mark of distinction from the CFP Board of Standards in 1990. He completed the required financial practitioner coursework through the College for Financial Planning in Denver, CO. Barton graduated from Wichita State University with a BA in psychology and received his Masters in Social Work from the University of Kansas. He has also completed several hours towards a masters degree in business administration.

Barton is a former member of the board of directors for Prairie Homestead Retirement Community and the Mental Health Association of South Central Kansas. He recently co-authored an article for Research magazine, a leading trade journal, on a variety of ways advisors can help their clients create predictable retirement income streams.

Visit [www.johnbarton.sarep.com](http://www.johnbarton.sarep.com) for more information about Mr. Barton and his company.

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