

Personal circumstances should guide portfolio mix

Q:

I'm 67 years old and planning to retire in 1 to 2 years. What would be a reasonable proportion of my investments to have in equities?

A:

The percentage of your investments that should be in equities is a function of several variables. First, I'd want to know how much of your retirement income will be coming from portfolio withdrawals. Next, I'd want to know what your annual lifestyle expenses are likely to be in retirement.

Third, I'd want to know your life expectancy and the expectancies of your dependents who need income from the portfolio. Note that a couple reaching their 60s and in average health have at least a 25% chance of one spouse living into the 90s. Finally, I'd want to know your views about leaving an inheritance to your descendants.

Once I have the above information, I'd tell you that you can assume that a diversified portfolio consisting of roughly 60% to 70% equities and 30% to 40% bonds will allow a 4% withdrawal rate (adjusted for inflation) over several decades without running out of money. This is a generalization that should be adjusted for market conditions, but it's a reasonable starting premise. Thus, a \$2 million portfolio so invested would allow an initial \$80,000 in annual withdrawals. If this amount is sufficient in combination with other sources of retirement income (such as Social Security and other pensions) then you should be fine.

If your portfolio does not look like it will supply the desired income at a 4% rate of withdrawal, you could invest in some immediate annuities over time. Conversely, if you are fortunate enough to have more money than you need for a comfortable retirement, then you could choose to invest a legacy amount in a higher percentage of equities (assuming a longer time horizon for the money) or reduce your exposure to equities.



cash flow

party reimbursements
ize we need to cut costs in our



s opportunities. Although
practices focusing on only this
slash fixed costs. These
enefits packages, excessive
locked supply inventories,
ce facility that is too large—to
ked costs may not be set in
visers and taking a careful look
e able to identify ways to lower
ow, despite a continual decline

Medical Economics online

Learn how one general internist adopted a hybrid concierge model for his practice and boosted his income without losing patients at

CONCIERGE PRACTICE CONSIDERATIONS

Q: *I'm hearing more and more about the concept of "concierge care," and I find it intriguing. How can I determine whether it is right for my practice?*

A: Concierge care physicians decrease the size of their practices by serving only a select number of patients, providing them with premium services and amenities in exchange for a fixed annual

fee. Services may include same-day or weekend appointments, extended hours, 24-hour physician access via cell phone or pager, well-appointed offices, house calls, email consultations and spa-like amenities. Ask yourself this: Would your patients want concierge care from you? Would enough of them want to have it to make it worth your while? And do you have the vision required to convert your traditional practice to this kind of business model? Not all physicians are a good fit. Additionally, not all cities can support a concierge model, so be sure to study the market in your target area before making the decision to start this kind of practice. Survey your current practice to determine whether the volume of patients exists to support the model.