

Chapter 3

**Summit's Core Strategies
for Peak Performance**

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Scott Caskey, CFP® is a Wealth Advisor and Partner at Summit Investment Advisors.

Since 2011 Scott has assisted clients by providing the value of partnership and helping them make fully informed decisions leading to a stress-free retirement.



Before becoming a partner, Scott worked his way up at Summit in client service. He graduated from the Eli Broad Summit College of Business at Michigan State University with a bachelor's degree in Finance.

Core Strategy 1: The Bucket Strategy

We begin our conversation with prospective client by using our 30-point questionnaire. Once we know your goals (needs, wants, and wishes), we can begin to allocate your financial resources into the right types of investments, and what we refer to as “Buckets of Money”. The bucket will determine our investment strategy.

SUMMIT TO RETIREMENT



- Bucket One covers your spending goals for the next three to five years.
- Bucket Two covers the next five to 10 years.
- Bucket Three is longer term.

The first bucket you need early on will be invested more conservatively using bonds and annuities that can help to provide more stability of income. The second bucket has moderate growth for better returns and higher yields. The third bucket can be longer term growth investing into stocks which historically provide higher returns over longer periods of time.

Compartmentalizing the portfolio into buckets helps our clients because they are able to take the emotion out of investing. We have found the worst enemy for an investor is the **“breaking news headline crisis”** which leads to decisions based on emotion (fear, panic, etc.) versus facts. With the bucket strategy, our clients are better positioned to make strategic and tactical decisions when moving their money from bucket to bucket.

Here’s how the strategy works. The income is used from bucket one over the first three to five years. After bucket one is

depleted, we then go to bucket two for our income needs and then eventually to bucket three. Bucket three is also there to be used anytime to refill the other buckets. When the stocks are reaching new heights you cash in to take care of some wish list items. The strategy works great for helping clients ride out market volatility and stay invested for the long term.

**Core Strategy 2: The 3D Investment Strategy:
Diversification, Dividends and Discipline**

Our unique “3D” strategy is customized and designed for each client to help them meet income needs over time, generate growth to outpace inflation, manage risk, and reduce taxes. I’m going to use a farm analogy as we talk about the “D’s”.

Diversification is a thousand-year-old principal, “don’t put all your eggs in one basket.” You want a variety of investments just like a farmer has a variety of crops and livestock.¹

Dividends mean getting paid from your investments, which is so important when investing to produce retirement income. Like that farmer has the yield from his crops. The harvest is where the farmers get paid and that’s their dividend.²

Discipline is realizing the importance of investing over time. Just

¹ There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

² Dividend payments are not guaranteed and may be reduced or eliminated at any time by the company.

like the farmer's land value goes up and down over time, so do stocks. But farmers don't sell their land when they have a poor crop. They are in it for the long term, just like stock investors are rewarded over time.

Core Strategy 3: Team Management for Performance Strategy

We like to tell our clients to think of themselves as the owner of a sports team, and we're their coach. Whatever the sport, a winning team doesn't just have the best players. It has the best coaching. The coach always needs to have his best players on the field and have them positioned properly. Bunt coming? Move your infielders in. Left-handed hitter? Slide your outfielders over. Pitcher isn't putting it over the plate? Warm up another in the bullpen.

Investment management is similar in that the economy, tax laws, and investment trends are constantly changing. When you choose the right financial advisor, you're hiring a good coach to help you manage your players, so you don't have to go to every single game. You can be confident your team is in good hands and performing at its best.

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