



Investing for retirement income

Melda Mergen, Head of Equities



Your success. Our priority.

What we know is, we are not saving enough for retirement.

My name is Melda Mergen, managing director, head of equities at Columbia Threadneedle.

For the investors getting ready for retirement, it's very important for them to invest in equities, with some opportunity to not only generate income, but also grow their assets, so they can afford their current lifestyle during their retirement.

A lot of times, when we talk to our investors, we find that they think high-yield equals high-income. That's not always true. Actually, seeking high yield sometimes creates risk in your portfolio that can totally change the outcome that you want to achieve.

I think the best suited strategies for the investors who are looking for income in their retirement are the equity strategies with growth in yields. That way, you can maximize your income by growing your asset base and receive reliable distribution and even re-invest that to your asset base and then get ready for your retirement.

A lot of times, we see income-oriented strategies in equities are significantly concentrated in certain sectors, like utilities, telecom. If you really want to have a consistent income throughout your retirement, it's very important to have a diversified approach to an income strategy. You can still find a lot of dividend in different sectors. So there's no need to box yourself to certain sectors

If you're in retirement, there are a couple of things you need to keep in mind. First of all, people are living longer, and the cost of healthcare and other needs during retirement is actually growing at a steady pace. So even if you need the income, you also need to grow your assets during that time period. That's why we still think equity income strategies are appropriate for people who are in retirement. With that, you need to be very careful in terms of being in the strategies. You need to have good downside protection because equity is a volatile market. It needs to be different than the market, and you need to be in strategies that are distributing consistent and growing yield during that time.

The views expressed are as of April 2016, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be suitable for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate.

Investing involves risk including the risk of loss of principal.

In general, **equity** securities tend to have greater price volatility than **debt** securities. The market value of securities may fall, fail to rise or fluctuate, sometimes rapidly and unpredictably. **Market** risk may affect a single issuer, sector of the economy, industry or the market as a whole. Investments in issuers within a particular **sector** may be negatively affected by market, economic or other conditions, making the investment more vulnerable to unfavorable developments in the sector.

Dividend payments are not guaranteed and the amount, if any, can vary over time.

Diversification does not assure a profit or protect against loss.

Investment products are not federally or FDIC-insured, deposits or obligations of or guaranteed by any financial institution and involve risks, including possible loss of principal and fluctuation in value.

Securities products offered through Columbia Management Investment Distributors, Inc., member FINRA. Advisory services provided by Columbia Management Investment Advisers, LLC.

Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

©2016 Columbia Management Investment Advisers, LLC. All rights reserved.

1467007