



Southward Financial Services, LLC

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Investment Policy for Mr. and Mrs. Client January, 2012

Objective

To manage assets so to provide income of approximately \$2,600 month now and to increase that amount annually at the rate of inflation.

Current Finances

1. Mr. Client has a 401(k) account at Former Employer of approximately \$450,000, and an IRA at Charles Schwab of approximately \$350,000.
2. Mr. Client has also received one year salary as severance pay.
3. Both Mr. and Mrs. Client will be eligible for Social Security in 2013.

Applicable Asset Classes

1. Cash, defined as money market funds and certificates of deposit.
2. Bonds, either individually or as part of a mutual fund. Municipal bond funds will be used to the extent that the funds represent a better after-tax return.
3. Real estate, within a mutual fund investing in real estate investment trusts (REIT.)
4. U.S. stocks, either individually or as part of a mutual fund.
5. Foreign stocks, as part of a mutual fund.
6. Commodities, as part of a mutual fund.
7. Other strategies, as part of a mutual fund. This category will include funds that use specialized investment strategies such as merger and fixed income arbitrage, absolute return and / or long-short equity.

Strategies to Implement Goals

1. No-load mutual funds shall be given first consideration for investing in all the above asset classes. Exchange-traded funds (ETFs) may be used if they offer tax and trading cost advantages over mutual funds.
2. Individual Treasury notes/bonds may be used as part of the bond component. Individual notes and bonds will be held until maturity. Individual stocks will be purchased when the investment time horizon for the stock is five years or more.

