BCN FINANCIAL
BENEFITS COMMUNICATION NETWORK

SERVING CALIFORNIA PUBLIC SAFETY FAMILIES SINCE 1988

THE HIDDEN POWER OF CASH
IN YOUR PORTFOLIO

Most investors are told to stay fully invested at all times. **That's not always right.** This piece explains why — in plain English, with real numbers.

THE COMMON ADVICE

THE ADVICE YOU USUALLY HEAR

> *"Stay fully invested. Time in the market beats timing the market. Don't hold cash — it earns nothing."*

There's some truth to that. Over very long periods, markets tend to rise. But that advice ignores something critical: **what happens to your family if a major crash hits at the wrong time.**

SEQUENCE-OF-RETURNS RISK

A public safety professional who loses 40% near retirement may not have time to wait for a full recovery. **When losses happen matters as much as how much you earn long-term.**

WHAT WE BELIEVE

A BETTER WAY TO THINK ABOUT IT

> *"Cash isn't dead weight. Cash is a tool."*

Like any tool, it's not always the right one — but having it available when you need it **changes everything.**

The goal isn't to hoard cash. The goal is to hold *enough liquidity* that you can weather a storm without being forced to sell at the bottom.

THAT'S THE DIFFERENCE BETWEEN READY AND REACTIVE.

"Our role is to make sure **you understand your options** *and how your plan is designed to work — so that when markets are difficult, you're making informed decisions, not reactive ones."*

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THE ROLE OF CASH IN A PORTFOLIO

CASH DOES THREE THINGS. *MOST PEOPLE ONLY KNOW ONE.*

1 PROTECTION

When the market drops, your cash doesn't. While others are forced to sell at a loss, you stay steady — no panic, no bad decisions under pressure.

Body armor for your retirement account.

2 FLEXIBILITY

A pension gives you income. It doesn't give you options. When life shifts — health, early retirement, market change — liquid assets give you room to adapt.

The difference between a plan that bends and one that breaks.

3 OPPORTUNITY

The best buying opportunities come when markets fall. Investors with cash can act. Investors without it can only watch.

You can't buy at a discount if you have nothing to spend.

THE BOTTOM LINE

CASH ISN'T IDLE MONEY.

PROTECTION during downturns

FLEXIBILITY when plans change

OPPORTUNITY when markets dislocate

The right amount depends on your goals, timeline, and risk tolerance.

SIDE BY SIDE

THE DIFFERENCE LIQUIDITY CAN MAKE

PORTFOLIO WITHOUT LIQUIDITY

FULLY INVESTED — LIMITED FLEXIBILITY

- ✕ May need to sell investments during market declines
- ✕ Rebalancing may require realizing losses
- ✕ Limited ability to take advantage of opportunities
- ✕ Decisions can become harder during volatile markets
- ✕ Recovery depends largely on market rebound

VS

PORTFOLIO WITH STRATEGIC LIQUIDITY

PREPARED — FLEXIBLE — IN CONTROL

- ✓ Expenses covered without selling investments at lows
- ✓ Greater flexibility when rebalancing
- ✓ Capital available when opportunities arise
- ✓ Decisions guided by a plan, not market stress
- ✓ Ability to deploy capital when prices are lower

Understanding how cash functions in a portfolio is the first step. The next page shows you the numbers — and why they matter for your retirement plan.

The Math Behind *Market Losses*

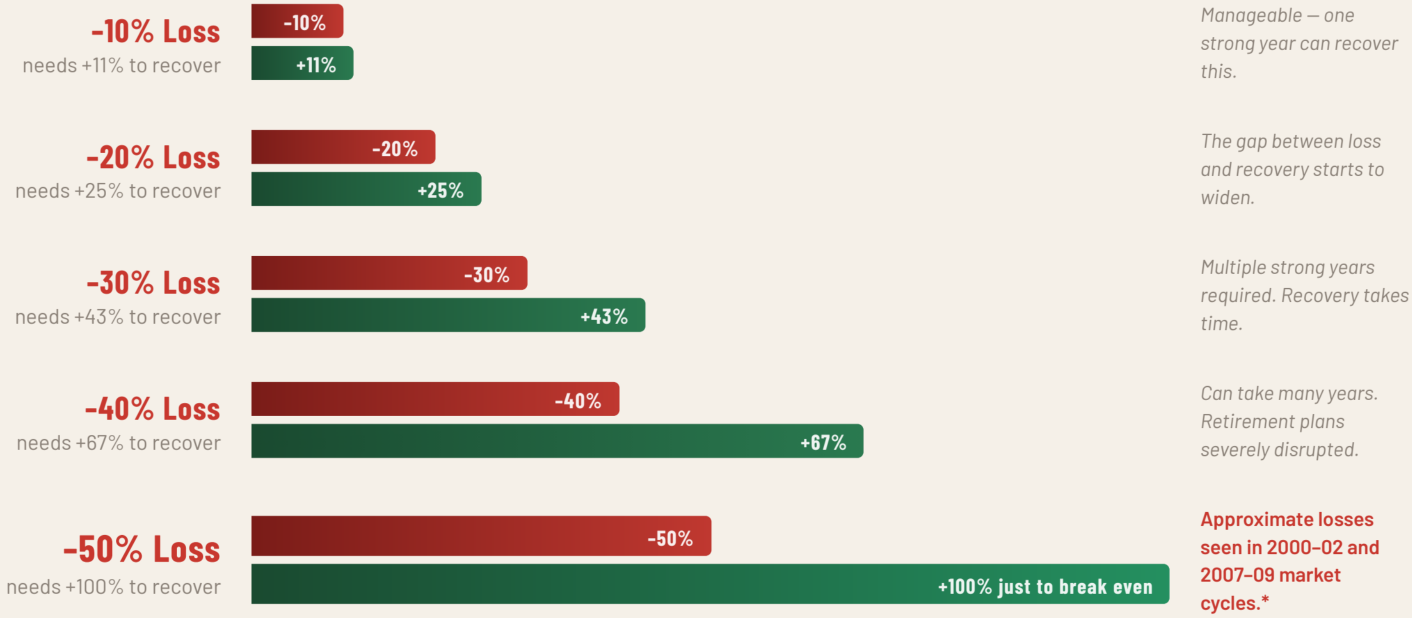
50% LOSS → **100%** GAIN NEEDED

The math works against you — recovery is calculated on a smaller balance. **Time spent recovering is time not spent building.**

TO BREAK EVEN, YOU NEED *MORE THAN YOU LOST*

After a loss, you're not starting from where you were — you're starting from less.

0% 25% 50% 75% 100%



** Broad U.S. equity market indexes experienced peak-to-trough declines of approximately 49% and 57% during those periods, respectively. Past market behavior is not a guarantee of future results. Individual portfolio results will vary.*

HISTORICAL CONTEXT · FOR ILLUSTRATIVE PURPOSES ONLY

HOW LONG MARKET RECOVERIES HAVE TAKEN

Broad U.S. equity markets have experienced periods where recovery from major declines took several years.

2000 – 2007

DOT-COM ERA DECLINE

7

YEARS TO RECOVER

MARKET PEAK
~March 2000

APPROXIMATE RECOVERY
~2007

Investors near retirement who needed to draw income during this period may not have fully participated in the eventual recovery.

2007 – 2013

THE HOUSING & MORTGAGE CRISIS

5½

YEARS TO RECOVER

MARKET PEAK
~October 2007

APPROXIMATE RECOVERY
~2013

Households drawing on savings during this stretch may have sold at reduced values, limiting their ability to fully benefit from the rebound.

READY TO TALK?

BUILD YOUR PLAN.

A BCN Financial advisor can help you find the right balance of liquidity, protection, and growth for your specific situation.

SCAN TO CONNECT

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