

Vanguard:

Unique Features

All Index Investment Option

- Low-cost investment option: \$15/10,000 annually
- Audience: Investors who want broad diversification into US and International stock and bond markets
- Vanguard ETFs

Active/Index Investment Option:

- Combines Vanguard ETFs and Mutual Funds to offer investors opportunity for higher returns from actively managed mutual funds
- Audience: Investors who are patient and willing to deal with the ebbs and flows of the market
- Higher Advisory Fee: No guarantee of long term outperformance
- Benefits: Utilizes tax exempt investments for US Bond allocations

ESG Investment Option:

- Aligns investors preferences with prescreened ESG criteria defined by third-party index providers
- Weaknesses: ESG investment is derived from pre vetted ETF, doesn't allow investors the ability to prioritize preferences

Strengths

- Retirement focused
- Allows for investment into top ESG ETFs
- Tax loss harvesting: Tax minimization strategy where loss making investments are sold to offset gains made within your portfolio
 - Sell investments that have made losses, write it off on taxes, substitute it for a similar asset which you can hold and accrue new gains on
 - Suitable with stock funds/investments vs bond funds/investments

Weaknesses

- Doesn't allow for investment options around short to medium term goals: Savings, House Investment
- Limited portfolio options:
 - Automatically rebalanced
- No Portfolio customization
- Limited choice of ESG Funds

Risk Assessment

- Risk survey is used to help understand risk tolerance and guide retirement planning advice

Algorithms Used

- Digital Advisors take your info and runs it through 10,000 different market scenarios to determine how to balance your risk capacity with your risk tolerance
 - Risk Capacity: Amount of money you're willing to put at risk
 - Risk Tolerance: Amount of money you're willing to put at risk
- As you age, gradually moves investors away from riskier investments, toward safer, More Stocks to More Bonds
- When your investment mix moves away from you goal by 5%, Digital Advisor rebalances your account
 - Ex: Selling stocks to buy bonds
 - Investment mix changes based off of the performance of assets, if your goal is to have a 50/50 split, if one increases by 6%, tool will sell that asset, to bring it back to balance
 - Why? If you don't rebalance, you'll wind up with an asset mix that doesn't match your risk tolerance.
 - No market rally lasts forever, and when the tide turns, you'll be overexposed to the drop.

Questionnaire

- Planned retirement age
- Time in retirement
- Tax filing status: Income
- How much money you'd be willing to lose in order to gain more money
- How much you'd risk to double your money
- How much risk would you be comfortable takin over the next year:
 - I am willing to risk a loss of ____ for a potential gain of ____
 - Varies risk to loss ratio to gauge risk attitude
- Output: Risk assessment and explanation: Very Conservative to Very Aggressive
 - Details Pre and post retirement portfolio allocation