

Eric Weschke Highlights the Risks of 'Safe' Retirement Strategies and the Importance of Inflation-Proofing

SETAUKET, NY, NY, UNITED STATES, March 31, 2025 /EINPresswire.com/ -- Eric Weschke, founder of [AdvancedFolio](#) Capital Management, is urging retirees to carefully examine the true risks hidden behind seemingly “safe” investments such as Certificates of Deposit (CDs) and other ultra-conservative vehicles. During a recent review with Donny, a 60-year-old retired teacher from Port Jefferson, Weschke uncovered the mounting pressure retirees face when pensions and Social Security fail to keep pace with inflation.

“Donny told me he felt ‘risk-free’ with his money in CDs,” says Weschke. “But with cost-of-living adjustments lagging behind actual inflation for seniors, relying on ultra-low-yield accounts can be one of the riskiest strategies in today’s environment.”

A Cautionary Tale

Donny, who retired from teaching with a modest pension, was taking a 4–5% annual withdrawal from his \$500,000 nest egg—held entirely in CDs. While he avoided market downturns, he also locked himself into returns that barely outpaced, if at all, historically low interest rates. This approach leaves him vulnerable to:

Inflation Risk: If the average inflation rate is 3%, but CDs earn only 1%, retirees effectively lose 2% purchasing power each year. “Over 20 years, that becomes a critical threat to long-term retirement security,” explains Weschke.

Longevity Risk: Withdrawing \$25,000 annually from a \$500,000 balance—without real growth—means funds could run dry by age 80. “That’s uncomfortably early,” Weschke notes, “considering today’s longer life expectancies.”

Understanding and Managing Key Investment Risks

Weschke outlines four major types of risks:

Sequence of Returns Risk: Poor or negative returns in the early years of retirement can have a devastating effect on long-term income.

Market Risk: While Donny hoped to avoid market losses, ignoring growth opportunities altogether may be just as damaging, given inflation and longevity challenges.

Default Risk: Concentrating investments in a single stock or bond can be perilous, as illustrated by corporate failures such as General Motors in 2009.

Inflation Risk: Especially critical for seniors, whose costs for medical care and essential goods often outpace general inflation rates.

A Balanced Approach: Limiting Drawdowns While Pursuing Growth

Rather than accept the high cost of “playing it safe,” Weschke advises retirees to consider strategies that aim to minimize drawdowns during market downturns but still offer growth potential. “Managing volatility is key,” he says. “Through tactically managed funds or other active strategies, investors can seek returns that outpace inflation while limiting downside risk, which helps sustain a reliable income stream.”

About AdvancedFolio Capital Management

Based in Setauket, NY, AdvancedFolio Capital Management is dedicated to delivering transparent, cost-conscious financial solutions that help individuals, families, and businesses protect and grow their wealth. Under Eric Weschke’s leadership, the firm emphasizes personalized strategies designed to manage risk, ensure steady retirement income, and achieve long-term financial goals.

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