

The Liquidity vs. Marketability Scorecard

The Exit Strategy: Ensuring Access When Life Happens

Created by SafeSimpleSound Financial Planning

Your S3 Liquidity Scorecard

What You'll Discover:

- **Safe:** A stress-test for your portfolio's ability to generate cash in an emergency.
 - **Simple:** The critical difference between "Marketability" (Can I sell it?) and "Liquidity" (Can I sell it *without losing money?*).
 - **Sound:** A structure to match your assets to your life's liability timeline.
 - **Constitutional Advantage:** Preventing the "Asset Rich, Cash Poor" crisis.
-

Part 1: The Definitions Check

Marketability = The speed at which an asset can be sold.

Liquidity = The speed at which an asset can be sold at a stable price.

- *Example:* Your house is Marketable (you can sell it in 30 days). It is **NOT** Liquid (if you *must* sell it in 24 hours, you will take a massive loss).
-

Part 2: The Fire Exit Test

Rate your assets based on the "7-Day Distress Test": *If you needed cash in 7 days, how much value would you lose?*

Asset Class	Marketability	Liquidity	7-Day Distress Loss
Cash / Money Market	High	High	0%
Public Stocks/ETFs	High	Medium	0-20% (Market dependent)
Real Estate	Low	Low	20-40% (Fire sale price)
Private Equity	Low	None	50%+ or Impossible
Collectibles/Art	Low	Low	Unknown/High

Part 3: The Timeline Matching Matrix

Instructions: Map your assets to your timeline needs.

Tier 1: The Safety Bucket (0-2 Years)

- *Needs:* Emergency Fund, Down Payments, Tuition.
- *Required Asset:* High Liquidity. (Cash, CDs, Treasuries).
- *Your Check:* Do you have enough here to cover 2 years of needs? ☐ Yes ☐ No

Tier 2: The Integration Bucket (3-7 Years)

- *Needs:* Renovation, Car Purchase, Sabbatical.
- *Required Asset:* High Marketability / Moderate Liquidity. (Bonds, Dividend Stocks).
- *Your Check:* Is this money exposed to high volatility? ☐ Yes ☐ No

Tier 3: The Growth Bucket (10+ Years)

- *Needs:* Retirement, Legacy.
 - *Required Asset:* Low Liquidity Accepted. (Real Estate, Stocks, Private Equity).
 - *Your Check:* Can you afford to leave this untouched for a decade? ☐ Yes ☐ No
-

Insights Summary

Key S3 Differentiator: We don't just ask "What is the return?" We ask "What is the exit strategy?"

Educational Generosity Promise: Never use Tier 3 assets for Tier 1 needs. That is the mathematical definition of a financial crisis.

Your Next Steps

Immediate Action: Calculate your "Liquidity Ratio" (Cash / Monthly Expenses). If it is less than 3, prioritize liquidity over investment returns immediately.

Professional Support: We build "Liability-Driven Investment" plans that ensure you never have to sell a Tier 3 asset during a market crash.

© SafeSimpleSound Financial Planning • Excellence Through Foundation-First Wisdom