

## Time Flies

December 2019



“The bad news is time flies. The good news is you’re the pilot.” – Michael Althsuler

Another calendar year is wrapping up. This year also has the extra sizzle of it being the end of another decade. As we look back, we probably can remember that some years went fast and others went slow. The same can be said for each day in between. I’m guessing the determination of fast or slow could be based on what was happening in our personal lives and what was happening in the world around us. Neither can be ignored as it is all connected.

As your wealth managers, we get to share in all these ups and the downs. There is a common misperception in our industry that wealth managers have lottery tickets that can be handed out to clients that will make all their problems go away. This misperception is perpetuated by advertising done by companies in the investment industry. Who doesn’t want beaches and sunshine all the time with no worries? Unfortunately, that is not how life works.

We have been fortunate to work with clients of differing levels of wealth and income. We’ve observed that life’s problems or worries do not go away with simply more wealth. However, these worries are greatly diminished if these three items are addressed, discussed, and continually revisited:

- Know **your** baseline financial plan
- Understand where **your** true risks lie
- Have an investment plan that fits **your** needs

## **Baseline**

As health professionals repeatedly say, it's difficult to judge your overall health if you don't know where your starting point is and the current trend. It seems simple in theory, but it is difficult in practice. This takes work by the clients and by us to get it right, and families and individuals do themselves a disservice if this isn't taken seriously. On Christmas Day you will not see marketing ads showing families having difficult conversations about the status of their financial health and goals, but these conversations are a must.

## **Risks**

These risks range from personal health, personal litigation, weather catastrophes, tax law uncertainty, job security, business income, family dynamics, and cash flow to name just a few. Again, these are risks unique to each family. One size does not fit all. Having conversations to understand where your particular risks lie creates better foundation for success.

## **Investment Plan**

Similar to the other two items, the investment plan needs to fit your needs. In isolation, 2019 has been a great year in the stock market. In hindsight, if all anyone was chasing was best investment returns, they should have invested all their investable funds into Target (TGT) stock on January 1 and they would almost have doubled their money in twelve months (up 99% as of 12/20/19)[1]. (For those Amazon shoppers, yes that brick and mortar store Target!) However, no one ever does that. Not even the current Target CEO does that. Why? The future is unknown.

In years like 2019, we often get asked about why we even recommend investing in bonds. The answer is: because they are not stocks. It is the same reason you buy insurance on your home. You hope for the best and for nothing to happen to your house. However, in case something does, you are protected. It is our job to help clients determine what the appropriate amount of bonds (i.e. insurance) is to have in your portfolio.

## **Pilot checklist**

Being the pilot of your time, make sure when you sit in the cockpit, you have general flight plans ready to go. Identify where possible issues are in the flight plan ahead of time. Know that something unexpected could occur, so risking everything under one scenario doesn't seem prudent. Finally, know that we are always in the air traffic control tower looking to spot trouble ahead, ready to help when turbulence hits, or just celebrate more years of successful takeoffs and landings.

Merry Christmas!

**Matt Miller, CPA, CFP®**

---

[1] Per Morningstar