A Compendium on Achieving Financial Independence

EnRich Financial Partners
ALIGNING YOUR MONEY WITH YOUR LIFE

Christopher D. Rich, CFP®
Elaine B. Rich, CFP®
Neil R. Dinndorf, CFP®

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A Few Words on the National Conversation

Our national conversation seems to be currently fixated on the actions, attitudes, policies and tweets of President Trump. It is only a natural human response when so much media attention is on one subject to begin to wonder how various outcomes might impact one's portfolio. We invite you to contemplate whether this question can actually serve you in any productive way when it comes to you, your plan and the investments chosen to fund that plan?

Simply put, the future is always unknowable. We may have an opinion on whether our current leaders will either move us forward or backward, but forming a meaningful and successful investment policy out of that emotional response would seem to be haphazard at best. People will always have opinions about what the future holds and depending on what side of the "balance sheet" you place those opinions, your corresponding outlook will affect your actions. We've just never found it helpful to think in those terms. The vast majority of successful investors we have worked with over the past 20+ years have all continuously operated on a plan. The unsuccessful investors tended to focus on current events, the economy, performance, and anything but their own behavior.

None of us are given any control over the future outcome of the market outside of the initial investments chosen. Yet, we all have complete control over developing a plan to meet our lifetime goals and increasing income needs. We have the ability to follow that plan by giving the plan enough money and enough time during the accumulation years. Likewise, we can take reasonable income distributions during the distribution phase to maintain a high probability of success. We can also make adjustments based on actual life events and market outcomes. We have the ability to increase our contributions, reduce distributions a bit, or work a bit longer, if needed. Likewise, if markets are especially kind, we can meaningfully expand the options of how we use our wealth in the world. We can also control our behaviors during periods of market stress and turbulence. We can stand firm and maintain our stock exposure when markets fall. Additionally, we can fund our plan with the assets that have historically had the highest probability of meeting our lifetime increasing income needs. That is, we can allocate a high enough percentage of our portfolio to stocks over bonds to substantially increase our probability of lifetime success.

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As it turns out, focusing on and following

- Have **faith** in the future.
- Have **patience** for the long-term.
- Have **discipline** to continue acting on your plan.

6502 Grand Teton Plaza
Suite 201
Madison, WI 53719

Phone: 608.275.3442
Toll-Free: 888.204.1557
Fax: 608.275.3445

www.enrichpartners.com
info@enrichpartners.com

one's plan has produced very high long-term success. Focusing on who is President, what the economy or market will do next year, or whether the "news" reported is fake or real doesn't lead to a long-term investment strategy. It is just distracting noise.

At the end of the day, we must have **faith, patience, and discipline**. We must have **faith in the future** - believed and practiced continuously. We cannot know how things will work themselves out; just that they will. We must have **patience**. No matter how diligently we pursue strategies that have always worked, we will always be subject to prolonged periods when those same strategies are not working. In major bear markets, bonds may temporarily outperform stocks for years, making them appear to be the better choice. Conversely, there will be times where it appears "easy" money is being made in a particular stock or asset class. Patience counsels, simply: stand by your plan and investment strategy. If patience is the quality of not reacting to negative events, then **discipline** is the quality of continuing to act on your plan. Continuing to fund your plan year in and year out in the face of a plummeting market, or staying diversified even when a particular sector appears to be producing all the returns takes a great deal of discipline, but has always had the highest probability of producing the best long-term results.

Lastly, we will conclude with a statistic that we find shockingly surreal. Imagine a newly minted retiree that turned 65 today (6/6/17). A $1,000 investment into the S&P 500 made on the date of this retiree's birth (6/6/52) would now be worth $801,704. That investment made into the basket of the great companies of the United States 65 years ago is now up over 801 times its initial cost and yet it is the asset class that most frightens the vast majority of Americans. However, what this says to us—and what we now say to you—is that if history is any guide, rational capital ultimately outlasts irrational events (presidencies, government shut downs, tax law changes, wars, or otherwise). **Fleeing the stock markets in reaction to distressing political events has in the past never proven to be a lasting successful investment policy.**