



BURNS INSIGHTS

October 2014

BURNS INVESTMENT GROUP OF STIFEL

30448 RANCHO VIEJO ROAD, SUITE 110, SAN JUAN CAPISTRANO, CALIFORNIA 92675

(866) 886-7593 TOLL-FREE | (949) 234-2340 MAIN | (949) 234-0326 FAX

WWW.BURNSINVESTMENTGROUP.COM



Cause and Effect? OR Effect and Cause?

If you hit your thumb with a hammer, you are not surprised that it hurts. Our brains very quickly make the connection between the cause (hammer on thumb) and effect (YEEOWW!). We then quickly learn how to avoid pain in the future. The subsequent times we use a hammer, we are very careful of where we place our fingers. The same is true when we feel pleasure. We very quickly learn what causes us to feel good and then we attempt to repeat that feeling. Therefore, it is human nature to avoid those things that may cause pain and be drawn to those things that bring us pleasure. Most of the time this is effective in helping us survive the trials and tribulations of life. Over time, we also learn that in the grand scheme of life some discomfort and some delayed gratification can be beneficial. We teach our children that hard work builds character, and I always told my kids that they get dessert after they ate their vegetables (In our family french fries were considered vegetables—We choose our battles.)

Unfortunately, when it comes to the financial markets, the relationship often gets turned around. On the short-term, the markets seem to act illogically. Many times, we see a result and don't see the cause until time has passed. In other words, we gain perspective with the passing of time. The problem for investors is that we expect to see cause and effect, and we get frustrated when the markets don't act in a reasonable way. Our human nature gets us to want to avoid the pain with the result selling at an inopportune time, or investing only when it "feels" good and end up buying in an over-valued situation.

One of the two main tenets of the Successful Investor Mindset is "Logic over emotion." We listen very intently on what emotion may be factoring into an investor's decisions. We strive to get our clients to connect with their logical side in spite of the messages being sent by the emotional side.

We use our experience and knowledge (logic) to understand the history of markets over the past century; and we learn how investors have typically behaved during market extremes. By remaining more logically centered we are more apt to identify opportunities to invest when prices are low, and take some "chips off the table" when the markets seem over-valued. Several quarters ago, I wrote about the algebra of investing. It is important to remember, low prices don't feel good. (Note: You can find archived newsletters at burnsinvestmentgroup.com).

In closing, I want to remind everyone of one of my favorite quotes: "Progress not perfection." In investing, there is no such thing as perfection. My team and I are always looking at the big picture, and doing what we can to make progress in helping each of you pursue your, and your family's, long-term goals (retirement accumulation, retirement, tax minimization, or estate planning, etc.)



Potential Year-End Opportunities!

Did you know that we have less than 83 days till Christmas. What? This year is flying by. Check out www.xmasclock.com to make you really stressed out.

With our beginning the fourth quarter, we will be reviewing accounts for any tax-savings opportunities. We will be happy to work with your accountants if you have any loss carry-forwards to see if we can harvest some gains. We can also review your current "Realized Gain/Loss" report to make sure we understand what tax implication this may hold.

If you are over 70 ½, we will be reviewing your accounts to make sure you have taken out this year's "required mandatory distribution" (RMD). If you have any questions where you stand with this or any questions about the rules, don't hesitate to call us.



Estate Planning Quote:

I encourage everyone to make sure all of your estate wishes get formalized in writing. Not having a formal plan means that your plan is to let the government and attorneys decide for you as to how your assets get distributed. In the past quarter, I have heard two mind-boggling stories about individuals that passed without a will or trust, and the unintended consequences that resulted. In both cases, many attorneys were hired to get the issues resolved. Bottom line, no one won, but the attorneys made a lot of money.

Here is a quote I recently came across that I thought was humorously appropriate:

“Where there’s a will, there’s a relative.”



Thanksgiving:

If I don’t get a chance to speak with you before the new year, on behalf of me and my team, Noah, May, and Jeff, I’d like to thank you for being part of our lives. We are aware how truly blessed we are to have such great clients. We enjoy all of our relationships, and will look forward to many more years of working with you and your families. We are there to serve YOU! Please don’t hesitate to call us with any questions or concerns you may have.



Noah’s Corner: Right tools for the job

After about a decade of moving each summer to a new apartment or room, last year I decided to put my roots down and become a homeowner. Over that year, I’ve patched some drywall, replaced a couple light fixtures, and built a workbench. If you know my father well, then you probably know that the Burns men are not a handy clan of people. But I’ve discovered that I like working with my hands. Through my newfound hobby I am continuing to learn that using the right tool for the job is of paramount importance.

A few months ago we had a demonstration at a dinner our team hosted. We had two volunteers attempt to hammer a nail into a 2x4. One of the volunteers used a hammer, but we gave the other volunteer a melon. It was obvious that the hammer was the most effective tool for the job. At the Burns Investment Group, we use tools that we have used for decades: diversification, balance, periodic review, and professional management. We also use the tools in the context of who our clients are as investors as people and continue to strive for patience and consistency. This is the “structure over prediction” part of our team’s Successful Investor Mindset. If you, a friend, or associate would like to learn about how the Successful Investor Mindset has helped our clients, then please give us a call.

Disclaimer: Asset allocation/diversification does not guarantee investment returns and does not eliminate the risk of loss. Stifel does not provide legal or tax advice. You should consult with your legal or tax provider regarding your particular situation.



Referrals: Yes, please!

With my son, Noah, joining the Burns Investment Group of Stifel, we are looking to take on more clients. We are asking our clients to please keep us in mind in referring us to your family, friends, and business associates that may need help with their investment planning needs. We have an information packet available to introduce our services to any prospective client. Just call us, or have them call us, for a complimentary consultation or to get an information packet.

We are seeking clients with a minimum of \$250,000 investable assets and who are looking for a long-term relationship with a team of professionals based on mutual respect and benefit.

BURNS INVESTMENT GROUP OF STIFEL

Robert W. Burns, CFP®
Branch Manager
Senior Vice President/Investments
CA Insurance License No. 0A72683
BurnsR@stifel.com

Noah Burns
Financial Advisor
BurnsN@stifel.com

May Y. Jin
Assistant Branch Manager
CA License No. 0D46802
JinM@stifel.com

Jeff Bangerter
Registered Client Service Associate
BangerterJ@stifel.com

For additional information, please call us at (949) 234-2340 or visit our web site at www.BurnsInvestmentGroup.com