



BURNS INSIGHTS

STIFEL | Burns Investment Group

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Lessons From the Greatest Generation

The term The Greatest Generation was popularized by the title of a 1998 book by American journalist Tom Brokaw. In the book, Brokaw profiled American members of this generation who came of age during the Great Depression and went on to fight in World War II, as well as those who contributed to the war effort on the home front. Brokaw wrote that these men and women fought not for fame or recognition, but because it was the “right thing to do.”

Members of this generation were born during a time of economic prosperity with distinctive cultural transformations. Additionally, they lived through the deadly Spanish Flu pandemic. They also experienced rapid technological innovation (e.g., radio, telephone, automobile) amidst growing levels of worldwide income inequality and a soaring economy. After the Stock Market crashed, this generation experienced profound economic and social turmoil. Despite the hardships, historians note that literature, arts, music, and cinema of the period flourished.

Most importantly, they were the generation that got us through World War II. Their level of sacrifice is hard to comprehend. They had to face immense challenges before, during, and even after the war. Their character in dealing with these trials and tribulations is what has set them apart from subsequent generations.

We have often said, “History doesn’t repeat itself, but it rhymes.” Right now, we are getting over a pandemic, 1970s type inflation is rearing its head, and a war on the European continent has become a dreaded reality. Out of these times, valuable lessons can often be learned. Let’s reflect for a few moments on what we can learn from this generation and apply it to our investing lives.

Acknowledge and Appreciate Risk.

Risk is real, and it is always there. In every human decision, our brains do quick calculations between risk versus reward. During crises, investors often run to avoid risk in hopes to avoid the pain of a declining market. Most of our clients follow a moderate/balanced approach to portfolio management (50-60% equities, 40-50% fixed income). We seek to control the risk through proper asset allocation, and during our periodic review discussions, we revisit the allocation. With regard to risk, it is worthy of worry, but not often worthy of reacting. Remember, through history, panicking has not served investors well.

Buy Low.

One of my favorite quotes comes from the great investor John Templeton (1912-2008), “You get the lowest prices at the point of maximum pessimism.” If you look at the stock market chart for the past hundred years, you will see that the lowest prices came at the most difficult periods. These periods are often filled with loss of hope, negativity, blame, and lack of confidence in our system. One should never expect low prices to come during ebullient times – they are mutually exclusive events. Another Templeton quote, “I will always accommodate those investors who are willing to give up their shares at lower prices.”

Remain Positive on America.

In today’s politically charged environment, it is easy to adopt a negative outlook. For me, it serves no purpose, other than to lessen your quality of life. John Templeton referred to the United States as the American Experiment. He always reminded investors to have confidence in our capitalist system. He touted that our country would always find our way out of crises because we reward innovation. Out of every crisis, our economy has historically gotten stronger from what was learned during the darker times.

Serve Others.

I have been a member of the San Clemente Rotary Club for 31 years. I have had the honor of being friends with members of this Greatest Generation. Our oldest member, Bob Hayden, is 104. He still is actively engaged in our club with his time, talent, and money. Another member, Art Marks (he passed away several years ago in his nineties), had a speech he would give about his most memorable Christmas. While serving in WWII, his plane crashed in the Mediterranean Sea ten miles off the boot of Italy. He spent the holiday floating in the sea. The plane that had been sent to rescue him also crashed near him, so a third plane was sent. They were both rescued, and they celebrated their Christmas on a base in Egypt. Art always had a great sense of humor and never took himself too seriously. I leave you with one last quote from Sir Templeton, “Happiness comes from spiritual wealth, not material wealth. Happiness comes from giving, not getting. If we try hard to bring happiness to others, we cannot stop it from coming to us also. To get joy, we must give it, and to keep joy, we must scatter it.”

No doubt, we are facing challenges on several fronts, but as with the Greatest Generation, I am confident that we will get through it and continue to thrive. Please know our whole team is here for you and your family. Your financial and personal well-being is important to us. Call us anytime to discuss your financial and wealth management needs. With regard to what is happening in the world, we can often let it preoccupy us to the point of not being present with our “here and now.” A key value in our practice is “Life is about relationships and experiences.” When you are with your loved ones or ticking something off of your bucket list, give the gift of being present to yourself.

Noah's Corner



Introducing Marni Menden!

Bittersweet news out of the Burns Investment Group is that Jason Marks, our client service associate of over five years, has left our industry. He has now entered the tech space as a programmer in database management. Good luck to Jason!

That's the bad news; here's the good.

Our new senior registered client service associate, Marni Menden, joins us with over 20 years of experience in the financial services industry. Her extensive experience and superior client service affords her the ability to proactively serve our clients. Please help us in giving Marni a very warm welcome to the Burns Investment Group!

What is your “return on hassle”?

In our practice, we are frequently teaching our clients about our financial planning philosophy, The Successful Investor Mindset. The two main tenets are “logic over emotion” and “structure over prediction.” The core value of our team and philosophy is that life is about experiences and relationships. If you've been a long-time client, you have likely heard us discuss this with you several times.

In my research, I recently came across a term, and I think it fits right in with our philosophy. This term, “return on hassle,” so accurately describes something we talk about frequently with our clients. We often talk about quantitative versus qualitative qualities of certain planning decisions and options. These two are often at war with each other. Successful investors are not only interested in return on investment and risk mitigation, but they are also concerned about the qualitative nature of their financial life. This is where “return on hassle” comes in.

We see this concept very plainly whenever siblings inherit a house. The instinct is usually “let's rent it out and collect passive income!” While this might make quantitative sense,

what about when you consider your “return on hassle”? Do you think being in business with your sibling is going to be a stress-free interaction? Are they good with money? How about opening an LLC and having much more work when it comes to prep your taxes? Who is going to field the call on a Saturday night at 10:00 p.m. when the toilet is clogged?

In other words, is it worth possible extra financial return when it is a situation fraught with work, frustrations, and potential relationship risks? In our own circles of friends and family, we have seen how money can come between people and erode relationship foundations. It's often very ugly, and the financial relationships these people entered into was frequently unnecessary.

Our clients with the most successful retirements know that moving away from complexity, which helps increase their “return on hassle” is a blessing. Several times each year, we see new prospects with completely secure retirements pull their hair out with stress. They often think that they have to be as well informed as the best asset managers on Wall Street and that constant tinkering and complexities will make their retirement even better.

In our practice, we frequently encourage our clients to turn off the financial news networks and head to the beach. If you have a strong and secure retirement already, then we encourage you to start moving your financial life toward the simple end of the spectrum. If you do, your family will thank you, your health will thank you, and your golf game will thank you too.

How strong is your retirement? Let us illustrate that to you by providing a financial plan and retirement projection to you and your family.

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