BURNS INSIGHTS

STIFEL | Burns Investment Group

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Five hundred twenty five thousand six hundred minutes
How do you measure, measure a year?
In daylights,
In sunsets,
In midnights,
In cups of coffee,
In inches, in miles, in laughter, in strife.

Five hundred twenty five thousand journeys to plan.
How do you measure a life of a woman or a man?

–"Seasons of Love" From the Musical Rent

We have now entered the fourth quarter of 2021, and before looking ahead, I am taking some time to ponder the past two years and how COVID has dramatically impacted every facet of our lives. Can you remember what life was like before COVID? From a financial point of view, our clients seem to have fared pretty well, especially when one thinks of the disruption that markets have faced.

Time

I don't know if it is due to COVID or due to my being in my sixties, but I have become much more aware of the passing of time. No doubt time is a valuable commodity, and I have come to appreciate the two following concepts:

1. ***Time is a one-way street.*** That's right, it only moves forward. While we should appreciate the past, we shouldn't allow ourselves to let our experiences (especially our hurts) to negatively impact our "now." Being present allows us to be more aware of our blessings, plus it opens us up for more opportunities to have closer relationships and new experiences.

2. ***Time compresses.*** Anyone besides me found themselves saying, "Boy, where'd the year go?" It's still 365 days, but as I have gotten older, it seems to go faster. For years, I have heard my older clients ask that question, but now I get it. When we are young, we think we have all the time in the world. But, as we get older, there is a stark realization that life is temporal – there is an end. Therefore, the way we look at the world changes. We start wanting to tick things off our bucket lists, or we think about our legacy.

What will finally make the market unravel? Who knows? I have consulted my four crystal balls in my office, and not one of them have given me a good answer.

We often say that good investing is long-term, logical, and conceptual; while bad investing is short-term, emotional, and reactionary. We remind our clients that good investing requires discipline, consistency, and patience. During our portfolio reviews, we have discussed the drivers that have led to above-average returns, namely government stimulation, low interest rates, and less regulation. These tailwinds have led to valuation expansion, and investors are more willing to take on risk.

We fear that the tailwinds will soon become headwinds. We know that government stimulation is slowing, interest rates are already near record lows, and the government is already implementing new regulations that lead to increased costs of doing business. If these changes results in investors becoming more risk-averse and valuations to contract, the markets may become more challenging.

In Noah's portion of our newsletter, he talks about the importance of setting a financial vision for you and your family. The "Successful Investor Mindset" and our planning process helps our client envision their future. Our team's core tenet is, "Life is about relationships and experiences." We want all of you to spend more time with those things that bring you joy. Don't hesitate to talk to us about these concepts. We would be happy to help you take advantage of Stifel's Wealth Strategist Report®, providing a comprehensive financial plan for you and your family. Wouldn't that be a great way to start 2022?

Required Reading!

October is cybersecurity awareness month, and the first line of defense is to stay informed. This may save you thousands and thousands of dollars. It is vitally important that you educate yourself on this topic. Some very smart and lucid people have been scammed out of their entire life savings, so we implore each and every one of you to visit www.stifel.com/cybersecurity for information on how to keep you and your assets protected.

Noah's Corner

"Begin with the end in mind."

I heard this quote recently and immediately started applying it to my conversations about financial planning in several different ways. When going through the financial planning process, one of the first things we need to do is define our objectives and goals. What is the purpose of the assets? In other words, when and how will these assets finally be spent?

Most of the time, it is to fund retirement spending. There is a bit of misconception though when it comes to retirement account time horizons. Retiring isn't the end of the time horizon, and in many ways it's the beginning. I hear a lot from prospects and clients that they have heard that they really need to tighten up the risk in their investment portfolios as they approach retirement. While this is partly true, the time horizon for most retirement assets goes out many years further than one's retirement date.

Not only does the average 65-year-old American live 18+ years past the age of 65, but a lot of our plans show a high probability of our client assets outlasting them entirely.[1] If that's the case, then what is the time horizon or end-use of the assets? Well for at least part of them, they may not be spent for 40-50 years by future generations! If we mischaracterize our time horizon, we can miss out on several years of compound returns.

This lesson about time horizon can also apply to some of our younger clients. Once our clients in their 30s and 40s own a home, are funding college for the children, and taking full advantage of their 401(k) matching programs, they often start investing outside of these sleeves. It can be hard to define the time horizon when starting this process. Often I'm told that the goal is "wealth accumulation," which doesn't really have a concrete timeline. It's often more beneficial to define the end-use more specifically. It can be more fun too! Maybe you want to upgrade the house for a couple years, maybe you want to further fund your retirement, maybe it's a travel slush fund. Whatever it is, it's important and informative from an investment and risk-tolerance standpoint to define the goals of the account.

We can facilitate the conversation about risk and time horizon, or we can execute any possible allocation changes through our planning process. Contact us to schedule an appointment.

Is Your Estate Plan Up-to-Date?

I want to highlight another "end" to keep in mind, the end of life. It's a morbid but important part of financial planning. Whether it's trust preparation, medical directives, life insurance, pre-paying for memorial expenses, or beneficiary designations, estate planning in some form is a must. It doesn't matter what age you're at, there may be work to be done. Contact us for more information on what steps you can take to possibly enhance your estate planning.

It's clear that a lot of us are going to need long-term care and that this type of care will eat into your net worth. We can help you test your retirement sustainability against car purchases, home improvement, travel, and more, but long-term care is a true wildcard. Sometimes spending is simply out of our control and impossible to predict. Important, urgent, and large spending needs have the ability to wreak havoc on your retirement's sustainability. In most cases, all we can do is to include it in your retirement spending when stress-testing your retirement goals, but with long-term care, we have the opportunity to insure against it. Part of our job is identifying which of our clients are the right candidates for this type of insurance. It's a delicate balance of risk, affordability, chances of approval, age, and current means. If we reach out to you directly about long-term care, we hope you hear us out because we do not do it lightly and our primary motivation is to help our clients.

[1] Source: www.statista.com/statistics/266657/us-life-expectancy-for-men-aat-the-age-of-65-years-since-1960/

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