



BURNS INSIGHTS

STIFEL | Burns Investment Group

www.burnsinvestmentgroup.com

30448 Rancho Viejo Road, Suite 110 | San Juan Capistrano, California 92675

Lessons from an old improviser.

I am a big fan of comedy. If I had to choose a sci-fi movie versus a comedy, I am going for the comedy. (Note: If I had to choose between a sci-fi movie versus a fantasy, I would choose to drive my car into a tree.) I enjoy going to see stand-up comedians, and when I drive, my radio is usually set to one of the comedy stations. Several years ago, I started studying improv with Second City and Improv Olympics, two of LA's most respected improv schools. I was also the improv coach at San Clemente High School for a few years, and I had a lot of fun working with the students. For the past three years, I have been a proud member of the mainstage troupe with ImprovCity out of Tustin.

Over time, I have come to appreciate improv as an "art." An art because the appreciation is often in the "eye of the beholder" – I get it, it's not everyone's bag. Nevertheless, there is a set of skills anyone can learn. I believe everyone should try improv because it teaches you certain things that one can apply to the outside world. It has given me a perspective that I feel has helped me in many facets of my life, including my investment practices. I would like to share some of these lessons with you now.

Embrace the Unexpected

Rule number one in improv is to say "Yes and" to whatever situation is offered by the other actors. We call these, "gifts." We don't deny what is offered; we embrace it. Example: If I am in a scene and someone told me that I am Cinderella, not only would I become Cinderella, but I would put my foot on the accelerator – I would be the prettiest Cinderella there ever was, and I might add something unexpected about her character, like she is always eating a pickle (this is the "and" part). I would know that my fellow improvisers would accept this fact, and out of that acceptance, we may get some laughs from our audience. It is the unexpected that creates the fun for both the actors on stage and the audience.

With investing, there is always a chance for unexpected crises to arise. Just look at the world over the past two years as an example! We cannot control the future, but we know that the future will be more complex and confusing than we could imagine. We often tell our clients that we have to "take the world as it is, not how we wish it could be." Please don't hear that we are telling you not to worry. Our portfolios, which represent security for most of us, are worthy of worry, but not worthy of obsession. We want to acknowledge what is going on, but then start to look at the possibility of an opportunity. Two years ago when the world shut down, we recommended that we

use the sell-off to consider increasing positions in the technology area (which correlates to our secular theme of a technological revolution) and into the oil sector (oil below \$20 seemed to be geopolitically untenable) where appropriate. Those two areas have generally rebounded handsomely over the past year and a half. In my 35-year career, I've learned that the unexpected happens regularly. In the future, the quicker we can embrace such situations, the less mental real estate it will take up, and our minds can be focused on making decisions that may have a positive impact on our portfolios.

Embrace what works

In improv, there is always a chance of a scene not working and not being funny – that is part of the risk we actors take. I have been known to lay a few "cow pies" on stage in my days. Even though there is always a potential for a scene to "crash and burn," we learn as improvisers that there are strategies for increasing the probabilities of success and minimizing that chance of failure. Examples of things that don't work: asking questions, teaching scenes, arguing, negating an offering, and talking about someone who isn't in the scene. Examples of what works: having a relationship with the other people in the scene, making strong choices, knowing where you are, being specific, and using your environment and space work. Can scenes work when you're doing the things that don't work? Yes! Is a scene guaranteed to be funny when you do the things that work? I wish! But, it requires everyone to do more "heavy lifting," and why make it harder than necessary?

Our whole philosophy at the Burns Investment Group is predicated on helping our clients to understand what works and what doesn't work in wealth management. The two core tenets of our Successful Investor Mindset are "logic over emotion" and "structure over prediction." They are designed to help us increase the probabilities that we make the right decisions. Note, it doesn't guarantee that we will always be right, but it also helps ensure that if we are wrong, it's designed to be less detrimental to the long-term plan that we have put into place. Good investing is conceptual, long-term, and patient. Examples of what works are diversification, balance, professional management, patience, and discipline. What doesn't work? Panicking, blaming, reacting, and following the crowd. By no means are these lists complete, but you get the idea.

Embrace being present

When I am on stage in an improv scene, I leave the world behind. I am not thinking of anything else but what is happening right there in that moment. It doesn't serve me, my scene partners, or anyone if I am in my head about something else. I have learned to be 100% present in the "here and now." It's a gift to myself. It's part of the reason I love improv so much.

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.

What is in store for 2022 for the market? More inflation? Probably. Volatility? Has there ever not been volatility? Divisive politics? It is an election year, right? Crypto-currencies and NFTs? Don't get me started! Whatever happens in the markets, our whole team will be there for you to help you make the best possible decisions with regard to your finances. We are thankful to all of our clients and business relationships. We appreciate the trust and faith you have given to us. We will continue to work hard on your behalf.

In the meantime, I encourage you to go to an improv show and have some fun. They say that "laughter is the best medicine." I agree. Now, doesn't that sound like a great way to begin the new year?

Diversification does not ensure a profit or protect against loss.

Noah's Corner



The Magic Number

A few friends have asked me recently, "What's the magic number? How much money will I really need to retire?" Living in a fairly wealthy part of the world, I think many expected me to say something in the \$2-\$5 million range. However, the real truth is that there is no magic number. It is completely different for each individual, couple, and family.

We have clients with pensions and no mortgage that don't like to travel. The number for them would likely be quite small. I also have clients with large 30-year mortgages, no pensions, expensive hobbies, and they want to buy a vacation property. The number for them can be 10-20 times the number for the other clients, or possibly even more.

All this has to do with spending levels and budgets, which are very personal details of our lives. Budgets are the most important inputs in our financial projections for client retirements, but it can be quite confronting to sit down and think about it.

If you're curious about your family's spending rate, but don't know where to start, here are two practical tips on where to begin:

1. Start putting everything you can on one credit card. After a few months, take the average end of cycle balance and add it to your other fixed costs that aren't paid via card, like your mortgage. Voila! You now have a better idea of what your baseline monthly spending is.

2. Another way to do this is to write all of your fixed costs out. This would include your mortgage, but it would also include all of your utilities and other subscriptions (gym memberships, streaming services, etc.). Pair this with tip number one for an excellent illustration of your family's monthly spending habits.

For those of you that have had a financial plan put together by us, I want you to know that we are highly grateful for the trust you put in us. For those of you that haven't had a plan, we'd be happy to work with you on providing a projection of your retirement stability and wealth through this Stifel service.

Share Your Favorite Experiences!

As Robert mentioned, our team's core value is "life is about experiences and relationships," and we want to hear about your favorite trips of 2021 and travel plans for 2022. Our team loves to see your money put to good use. I already know about one couple heading to Africa soon! My plan is to compile a list of these and share some of them with you all this time next year, so if you feel compelled to share, please e-mail me.

Tax Time Is Near!

1099-Rs are mailed at the end of January, and 1099s are mailed in mid-February for some and mid-March for others. Please use this to make an informed decision regarding when to meet with your tax professional. If you meet in January or February, you may not have the complete picture to provide to them. Need a referral to qualified tax professionals for your consideration? E-mail me at burnsn@stifel.com.

Burns Investment Group

www.burnsinvestmentgroup.com

(866) 886-7593 toll-free | (949) 234-2340 main
(949) 234-0326 fax

30448 Rancho Viejo Road, Suite 110
San Juan Capistrano, California 92675

Robert W. Burns, CFP®, AIF®
Senior Vice President/Investments, Branch Manager
(866) 886-7593 | burnsr@stifel.com

Noah C. Burns, CFP®
Financial Advisor
(949) 234-2356 | burnsn@stifel.com