

“What Worries us the Most”

With 50 years in this business between us, we’ve seen lot of scary stuff that can ruin lives, derail financial plans, and potentially even dramatically harm our business. Bear markets, the Great Recession, the tech bubble, collapsing currencies, and global political upheaval can all be frightening. But what worries us most is the unique ability that we human beings have to screw up our own lives.

- **A Flight Plan is a Beautiful Thing:** Tired of hearing us talk about having a financial plan? Well, we think your financial journey through life is pretty important. How’d you like to fly from Nashville to Boston with the pilot and co-pilot blindfolded, and the autopilot disconnected? Just guessing on your financial decisions can be a certain path to falling short of your destination.
- **Limited Willpower:** Study after behavioral study shows that people consistently favor immediate payoffs at the expense of long term goals. We know that saving for the future is important, but the temptations to spend in the present often win out.
- **Irrational Fear:** Good advisors are good historians, and understand the nature and causes of what has come before. The Great Recession of 2008-2009 was a rare anomaly, yet it still holds many investors in the icy fear of “losing all my money.” And there are investors today who look at the new market highs and tell us they need to wait for the next downturn before investing. But no one knows when that will be, so the months flow by. Staying the path and prudently making adjustments won’t take all the fear away, but it can minimize it.
- **Unrealistic Expectations:** Markets don’t always go up. You know that. But many investors get sort of giddy when we’ve seen low volatility coupled with dozens of new market milestones. You’ve got to *expect* a drop of 15-20% or so every 2 or 3 years. And we tell our clients *not* to expect to average 10+% growth per year. Having more modest expectations can put you on much more solid footing.
- **Embarrassment:** Such damage is done when a couple feels they haven’t saved enough, and/or have made bad decisions, and are loathe to talk to a financial professional. Maybe they’re feeling they aren’t a big enough client or are too ashamed to share their financial shortcomings. So they do nothing. Pride stops them from getting help. Quite frankly, it’s never too late to make long strides forward, but you’ve gotta take that first step.

- **Overspending:** What a sure way to kill your life dreams. To make a plan, to have an almost certainty that it's going to work . . . and then to subvert it through acts of fiscal indiscipline is heartbreaking. Although no client of ours has ever run out of money, we harbor the concern there may be a day of reckoning for people who just spend too darn much.
- **Scary Math:** You're a couple in your mid-60s, and have \$1.25 million invested. You like to travel, help with the grandkids, go to nice restaurants, and generally live the good life. You take \$6,000/month from your investments . . . but routinely take another \$5,000 here, and \$10,000 there (new cars, home improvements, taking the family on nice trips). So your annual withdrawals are close to \$100,000. The accounts drop by 15% (normal sort of drop), yet you don't adjust your spending. You're now taking almost 10% out annually, which might not be sustainable.
- **Getting Real:** That couple above, who're in their mid-60s, has a 90% chance that at least one of them will live to age 80 (Social Security Administration), and a 50% chance that one lives to age 90. Your money needs to last a long time. And consider the data from the Employee Benefits Research Institute that tells us 64% of people believe they need >\$500,000 for retirement . . . yet the median value of retirement accounts for people age 65-74 is \$126,000. Yikes!

Your behavior is the biggest determinant of your financial success. You can't count on the stock market or your financial advisor to do all the heavy lifting.

Maybe you need to save more; or perhaps you ought to set up or adjust your budget; maybe you should stop getting your insight from the TV; or it could be time to pick up the phone and ask for help. Whatever it is, believe us . . . there is a happy path for you.

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