

The Winds of Change

May 2019

“The future ain’t what it used to be.” - Yogi Berra

I have always loved the phrase, “back in the day,” because it not only reminds people of a forgotten yester-year, but it almost always is also a prelude to how different life was for the speaker. For instance, how many times have you heard someone say how tough their childhood was to the point that he/she would say that “back in the day we used to walk two miles to school ...in the snow ...barefoot.” Or, how much better life was “back in the day, when we didn’t have to worry about cell phones and people actually spoke to each other.” The fact of the matter is that today has always been different than yesterday and will most certainly be different than tomorrow – because the one constant in life is change (another favorite phrase of mine).

So, what has me thinking so philosophically? Well, Wynne and I are going through a lot of change right now. A few months ago, we sold the office that we essentially lived in for the last eleven years of our working life. The reason made sense, and still does – the office appreciated to a point where we were uncomfortable waiting for the inevitable correction, and we had too much money tied up in it. So, making sure we practice what we preach, we sold and became renters again waiting for an opportunity to change course when the winds dictate as much. To make things a bit busier, we also sold our home, since Cole and Brenna are now out of the house and we are the classic empty-nesters. Again, taking our own advice, we are going to be renters personally as well, probably closer to our new office, waiting for a better time to buy.

Change, unfortunately, even when it is good and well-reasoned, can be disruptive and stressful. What we have found is that the best way to work through change is to focus on why you’re doing what you’re doing and cling tight to the basics. In our case, we frequently remind ourselves that the office move made all the financial sense in the world, and the personal move is part of a bittersweet journey that every parent experiences when the kids grow up (I know I will miss Cole and Brenna dearly, but I’m also excited about chasing the love of my life around the house again without the kids around!). As for the basics, professionally, we remind ourselves that the beauty of technology is that it allows us to offer consistent advice from any physical location, be it the old office, the new office, or any other location (as a note and example, Wynne and I will be working out of Fort Collins for two weeks in October so we can be closer to Cole on a daily basis for a short time). Personally, we see this time as just another phase in this journey called life, and our one constant family basic is, and will always be, the love and care for each other.

Ok, enough of the touchy-feely stuff, you say; what does any of this have to do with finance? Well, first, it is important that you know what we are doing and why, if for no other reason than you are not just our clients but our friends as well. Second, you should know that we give and take our own advice. And third, our recommendation to focus on the rationale of whether to do or not do something, as well as to remember the basics, applies to many facets of life including finance.

This is exactly why we so strongly advocate that you focus on the consistent, or strategic, balance between stocks and bonds. For instance, when looking at buying into the stock market, the decision should have much less to do with whether it is a good time to do so, but rather why you do or do not need more stock in your portfolio; regardless of why you *want* to own more or less of a particular security such as stock, you need to focus on why you *need* certain securities in your portfolio. And, with stock, our basics dictate that you should own stock if you need growth from a portion of your portfolio that you can quite literally not touch for a minimum of ten years. Which is why, when the stock market falls in any one week and someone gets anxious, we remind them that they should have plenty of fixed income to take care of any needed distributions during that ten year time period, which coincidentally allows that person to remember that they may have another nine years and fifty-one weeks to go until they need to worry about their stocks!

We do understand that talk is cheap, and it is much easier to say things than do them. Which is why we are reminding you that we practice what we preach, and will always counsel you to ignore the talking heads that like to give great general advice that applies to no one in particular; i.e. they do not know about your particular situation, and thus their so-called advice is *so much more* marketing for the commercials than practical advice. And, towards that end, please remember that the media – who is not your friend nor objective advisor – is always going to appeal to your irrational, emotional self. This explains why the media consistently tries to get you to believe, almost year-in and year-out, that “it’s different this time” (one of my least favorite expressions!). Although yesterday, today, and tomorrow are always a bit different, the rationale and the basics – whether they’re personal, professional, or financial - tend to remain the same.

Thanks so much for your friendship, your trust, and your referrals! And take care!

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