

December 15, 2017

Thank you for your business and support during 2017. We truly value our relationships. We look forward to working with you in the future in a manner that is aligned with our mission to “Protect and Empower.”

The theme of the past two December Paradigms was to focus on what you control. We will continue with that theme this year, choosing three topics out of many that you control.

Stay Engaged

We strive to be highly consistent over time in how we manage and interact with clients by focusing on factors within our collective control. Let’s review the four steps.

1. **Focus on the future.** Incorporating both your future ambitions and current situation, we partner with you to map a path from today to that future. Most decisions along the journey are within our control.

2. **Forward-looking strategy.** With the proper analysis, collaboration, and communication, we can work together to develop both a strategy and options that are mostly within your control for achieving your goals.

3. **Make it happen.** Together we can implement the proper strategy for you. Through communication and collaborative actions, we strive to continue to make it happen over decades, not years.

4. **Stay on track.** Regular reviews allow for adjustments as your circumstances evolve and change, plus some portfolio changes due to withdrawals and market changes.

From the above, we hope you understand that staying engaged is something you control. Doing so improves your chances for achieving your future ambitions.

Know Your Expenditures

You do control expenditures. In a future where life expectancies are increasing, individuals are active longer, and expected returns are likely to be lower, the importance of knowing and controlling your expenditures increases.

We want to stress two points regarding expenditures. First, in the ten years since the major stock markets tanked, we have been very impressed that most individuals have done a really good job controlling expenditures. For some, it was a process of differentiating between wants and needs. For others, it was a choice of reducing financial stress by reducing overhead. Second, for some, but not all, regular meetings to discuss and monitor expenses proved helpful. However you choose to address expenditures, your time is well spent and you will reap the rewards for decades.

Accept Market Volatility

The following is reprinted from the December 2015 Paradigm, and it still holds true about short-term volatility. “We encourage investors to accept volatility in the market, but we understand that this is not always easy. First, if we expect earnings for the S&P 500 to grow at 5% annually, experiencing a 3% weekly price swing will never be easy. Second, as portfolios are rebalanced, don’t expect to hit the exact tops and bottoms for pricing.”

An interesting way to look at longer-term market volatility is to accept that on a yearly basis you will almost never experience average returns because of markets’ volatility. What do we mean by that? Using the S&P 500, our forward-looking strategy estimates that the total return for the S&P 500 over the next 30 years will approximate 7% per year. However, in the past ten years, the S&P 500’s range of returns is from a negative 37% (2008) to a positive 32% (2013). In **NO** year did the S&P 500 return 7%. In fact, the closest return to 7% was 2.1% in 2011.

Accepting market volatility short term and long term is something you control, and will aid you in focusing on the proper approach to achieve your long-term goals.

Focus on what you control. Stay engaged, know your expenditures, and accept market volatility. This will give you a strong foundation for achieving your future goals while enjoying the journey. Let us help.