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Winter 2017

Words of Wisdom



It's the start of a New Year! It's time for "Insights and Actions". This exercise is designed to put immediate action to what we learn at every Matson Money training session we attend as coaches. You can use it for reflection at any time in your life, year-end is an especially good time.

- Step one:** What was your biggest insight?
- Step two:** What is the first immediate action step you can take to get started?
- Step three:** What difference will it make?



Standing back row: Robert Nash, James Nash, Justin Heaton
Standing front row: John Bean, Greg Heaton, Curtis Ford, Michael Wiegand

My biggest insight of 2016: **When everything is uncertain, anything is possible!**

2016 was the year that went against all odds. The Cubs won the World Series for the first time in 108 years, the market hit all-time highs, and Donald Trump was elected President of the United States of America. If that doesn't prove that anything is possible, I don't know what does.

I'm glad we're not in the business of forecasting or predicting, because in 2016 all the "experts" got it wrong. So many investors lost perspective about long term rates of return in the market because of two years of flat and slightly negative returns; there was no shortage of doomsayers. The panic started with Brexit - Britain leaving the European Union was supposed to cause global Armageddon and a stock market crash worse than 2008. And these worries snow-balled into forecasting a new recession. If Trump or Hillary is elected that will surely be the end of the economy, world, solar system, etc. 2016 was forecasted to be the end of good times as we know it. Regardless of the topic, fear was the common denominator.

What was the market doing in early 2016? From January 4th to February 11th the S&P 500 US Large companies were down (7.35%), US Small companies down (9.99%), US Micro Caps down (12.32%), and US Small Value down (11.19%). So what happened to your portfolios at Matson Money? They were automatically rebalanced – meaning your fixed "safe money" was sold, and more shares of everything that went down were bought! You bought low when news anchors, talk show hosts, economists, and Jim Cramer told you to sell low or make you feel like you should. You participated in a huge sale when investors across the nation pulled billions of dollars out of the market and locked in losses. Staying disciplined is not an easy thing to do, and if you were able to do that in 2016. . . *congratulations!*

From February 12th – December 5th, US Large S&P 500 companies were up 18.23%, US Small up 23.48%, US Micro Cap up 37.63%, and US Small Value up 42.41%. Did we know markets would shoot up at the end of the year? Absolutely not, but we know that when markets come back, it happens so quickly it's almost impossible to time. It's our job to keep you disciplined so you don't miss it when it comes back. Strangely enough, we haven't had phone calls from people asking if their portfolio is broken because it's going up too high.

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If you question your memory from time to time, just keep in mind, your memory is better than the stock market's – because it really doesn't have one. It doesn't care who is president, that it's an election year, or what may happen in the future. It simply reacts to new and unknowable information.

The media warps our view of the world into a scary and uncertain place. But when everything is uncertain, good things are possible, too. On a whim, last February, I decided to become a beekeeper and watched in amazement all summer as they grew and multiplied. Last October, I became an uncle to my beautiful niece, Brielle, who is happy, healthy, and home from Iowa City with her family. These were some of the highlights of my year.

What immediate action step am I going to take?

If anything is possible, we need to be more optimistic about what it means to be a long term investor. For a year when markets were up so high we know it was stressful for many of you along the way, and it shouldn't be. You need to second guess the gloom and doom spouting from your phone, the TV, computer, and radio.

It's my goal for our clients to have more peace of mind in 2017. My first action step is to start practicing for our first presentation of the New Year, to show you exactly how your portfolio works and why. Immediate action steps in my personal life are setting my alarm for 5:35 am to swim and calling my friend John to snowboard this weekend – because breaking 1 minute in the 100 yard breast stroke and learning to snowboard aren't going to happen by themselves.

What difference will it make?

I hope that educating our clients will help them find peace of mind. This will take the stress and worry away from investing so they can live happier, more fulfilling lives. Learning to snowboard will help me look forward to snow instead of dreading it, and breaking 1 minute in the 100 yard breast stroke would just be cool to do.

I hope you will take the time to go through “Insights and Actions” yourselves, and it is useful in helping you accomplish your goals. We are grateful for every one of our clients. It's been wonderful to have the opportunity to work with you and your families, and we wish you a safe and Happy New Year!

REMINDERS

1099'S for reporting dividends, capital gains and rollovers will not be mailed by Charles Schwab or Trust Company of America until February 15th. This is due to government regulations. If you would like to download and print your 1099 on February 15th, you may do so by logging into www.charleschwab.com or www.trustcompanyofamerica.com.

If you converted to TCA, you will receive two 1099's. One is from Charles Schwab and one from TCA.

Please call at any time for assistance.

2016 IRA CONTRIBUTIONS

DEADLINE: FRIDAY, APRIL 7, 2017

2016 Contributions must be received in our Geneseo office by Friday, April 7, 2017 in good order. Please include your contribution year and the account number in the memo.

Checks must be payable to your custodian (not Wisdom Financial Services) and mail to P.O. Box 237, Geneseo, IL 61254.

If you have any questions, please contact our office at 800-959-8485.

2017 EVENTS

FEBRUARY

Start of the New Year By Understanding How your Investment Portfolio Works Workshop • Lavender Crest • Thursday, February 9

APRIL

Workshop • Lavender Crest • Tuesday, April 18

JUNE

Client Appreciation • Q.C. Water Front Saturday, June 24

AUGUST

Workshop • Stoney Creek • Tuesday, August 15

OCTOBER

Workshop • Lavender Crest • Thursday, October 26

DECEMBER CHRISTMAS PARTY

Sunday, December 3 • Wisdom Office

THANK YOU . . .

to those of you that ventured out in the snowstorm to the Wisdom Financial Christmas Party and for your donations to the Geneseo Food Pantry. With your donations and our match we were able to give the Geneseo Food Pantry. . .

\$3050.00

Wisdom Financial helps families find Financial Confidence, Freedom and Independence.

If you are like many investors with fears and concerns regarding your financial future, we are here to help.

Call our office at 800-959-8485 to schedule a free consultation.