



faith . discipline . patience

skv  three things



As a financial investment nerd, I tried to get my kids to stash babysitting and summer lawn mowing money into a retirement account...no sale. Perhaps had I shown them this magical graphic....



Source: <https://www.cnbc.com/2019/07/08/self-made-millionaire-david-bach-a-chart-changed-the-way-i-think-about-money.html>



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Saving \$2000 a year from age 19-26, 8 years total, growing at 10%, becomes more than \$1 million by age 65 if you don't add another dime. Meanwhile waiting to put 2K a year into an IRA from age 27 to 65—34 years total, you end up with “only” \$883K (see small box on right in graph below) Hard to believe, isn't it?! Albert Einstein did call compound interest **“the eighth wonder of the world.”**



I can hear some of you balking at the 10% return used in the example above—“That’s too high!”...for the record...for the period many have dubbed “the most hated bull market” in history....the S&P 500 produced a total return of **14.7%** in the 10 years ending on June 30th, 2019. For “investors” that chose instead to “*play it safe*”, “*not take any risk*”, “*avoid the Wall Street casino*”the bond market over the same period produced a total return of **3.9%**. By the way, “*if you missed the 10 best performance days in those 10 years—10 days total, not 10 days each year—the total return of was cut by more than 4% points a year to 10.3%*” (source: BTN Research) My hope is this data encourages you to consider the cost and true meaning of “avoiding risk”, and reinforces the wisdom of riding out declines rather than trying to time the market. I don't have any tattoos. Yet. But I am considering one on my forearm that reads: **“Don't confuse temporary declines with permanent loss.”**



Bernstein analysts studied all major episodes of stock market volatility that have occurred since 1900 and came away with a few lessons I think worth noting: “*It's possible to have a bad economy and low stock volatility....Geopolitical tension does not guarantee higher volatility...*” And my favorite, “**Geopolitics and economic fundamentals get more attention than they deserve.**” I knew it! “*...maybe it's high time investors paid less attention to both.*” For those of you that continue to try to combine your politics and your portfolios, imagine me slapping your hand off your computer keyboard, saying “Don't Do That!”



One small step for man, one giant leap for my portfolio! Commander Neil Armstrong and pilot Buzz Aldrin landed the lunar module- “Eagle” --on moon 50 years ago this summer. “*Since July 1969, McDonald's stock has rocketed 82,000%, Lowe's nearly 70,000%, Altria 49,000%, Hasbro 43,000% and Disney 40,000%*” --CNBC. 50 years ago the U.S. economy was \$1 trillion in size. Today it is \$21 trillion in size. (source: BTN research)



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As always, I'm honored and humbled you have given me the opportunity to serve as your financial advisor. We endeavor to *"treat our clients as family. To provide genuine caring service to every client, every day"* If we fall short, let me know.

—MHK

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