

The recent increase in market volatility compelled us to reach out to you and discuss what we are doing with your investments and how the market changes are impacting our plan – the plan we created together and continue to follow.

Market swings cause some people to believe they should make a change in the financial plan they've developed and refined over the years. We disagree. Following a plan is not the same as “buy and hold” – a strategy that has been criticized by many. Our plan is not to timidly accept what the economy can throw at us. Following the plan is prudent behavior – every other decision is a knee-jerk reaction. The plan that we created together is a reflection of your goals, your current situation, your income, the performance and attributes of various investments we selected and careful judgment of the risk you need to absorb to maximize your ability to reach your goal. It may be tempting to say “I can't do this again, I have had enough.” However, the evidence leads to no other conclusion than reacting to daily changes in the market is not a path to success.

It is a fallacy that moving out of the market eliminates the potential for losses. In a marathon, the victory or loss is measured at the finish line, not at the 6th mile. It may feel safe not to expose your capital to risk but a 1% or 2% interest on your capital will not be sufficient to take you to your goal and that is the ultimate loss. The safety of cash is temporary – much like walking during a marathon – it may feel better than the exhaustion of running but you can't finish a marathon by walking. Sooner or later you have to start running again. In a marathon, leaving the race is an option. In pursuing your financial independence – it is not.

We are not suggesting that you just hold on. We are concerned that the swings in the market may erode your confidence in the plan much like a turbulent sea chips away at the shore. We wanted to reinforce what we have already built – the long road that we have already travelled and the goal ahead.

As always, we welcome your calls us to discuss your investments in more specific detail. Among other things we are here to help you make good choices with your money.

Best regards,

Bud Kahn, CFP®, CIMA®

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