

## Financially Speaking

By Trisha Arndt

### **Run your financial marathon one step at a time**

To get through the hardest journey we need take only one step at a time, but we must keep stepping. **Those are the words of** a Chinese proverb.

We have certainly been on a journey the last two years as we have watched the market and the economy change rapidly. Highlighted by the dramatic stock-market decline, we have witnessed oil prices skyrocket to an unprecedented high and then fall to briefly touch multi-year lows. Meanwhile, some of the biggest companies on Wall Street floundered and the S&P 500 touched on an inter-day low of 666 (that's right – did it feel like a sign to anyone else?) after its highs in the 1,500s.

And that's just the tip of the iceberg as far as headlines go. We have also ushered in a new president after an election that was historic on many fronts, learned of Ponzi schemes on an unbelievable scale and witnessed devastation at the hands of several global natural disasters.

And yet it seems things may once again be veering toward the positive.

The path back to prosperity will not be without bumps – it never is – but it should come as no surprise that things are beginning to show signs of improvement, both in the stock market and the economy as a whole. We humans are an incredibly resilient species, and nothing – even an unprecedented financial crisis – will keep us down forever.

I recently spent a couple of days in Washington D.C. working on a task force to review what a certified financial planner does in day-to-day practice, **and it gave me some good insight into human nature.**

There were some incredibly intelligent individuals there, as the group of 12 was hand-selected by the CFP Board of Standards. Among the selection factors was how well we did on the comprehensive exam, which shocked me, as I had truly believed I had just squeaked through with a passing score.

We were a diverse group in terms of age, geographic location and practice type, yet I was struck by the similarity of the issues that we deal with. Clients in all parts of the country, from all walks of life, have the same hopes and fears, the same concerns about the economy and the same need for someone to share those feelings with.

The last two years have been monumental for everyone, and the impact will be felt for years to come.

Throughout this journey investors have had to struggle to maintain a long-term outlook and not get caught up in frenzied behavior. The same holds true today.

As emotional creatures, our instincts might prompt us to act contrary to our own best interests. For example, I'm sure you know someone who decided to move all of their investments out of

stocks right before we began this 50 percent bull run. That same instinct might now be prompting people to take inappropriate risks to try to quickly recoup losses.

The reality is that, while lucky breaks do come along, most investors make their money over time by having a long-term plan and the discipline to stick to it.

I encourage each of you to sit down today and write yourself a letter recounting how the last couple of years has affected you and the emotions that you experienced. My own letter talks of many, many sleepless nights and days when I stared at the computer screen in a trance trying to get my mind around the reality of what was happening.

While I may have been more attuned to the day-to-day shifts in the stock market than most, I suspect each of you experienced apprehension about your own portfolios, the security of your job or how you were going to pay your monthly expenses.

Write those feelings down and keep the letter in a safe place. In the future, when you feel tempted to be more aggressive with your investments than an adviser recommends or you are considering a major purchase that you know is only feasible if things continue on an ideal trajectory, take that letter out and remind yourself of how the last two years felt.

I doubt you want to repeat those feelings, and the reminder might help you make a better decision.

As with any journey, the path back to stability must be taken one step at a time. While I suspect that there will be more bumps along the way, I'm hopeful that the worst is behind us and that the economy, along with our portfolios, is on the path toward healing.

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