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What Do Horse Manure, Entitlements, Global Warming & the Federal Deficit Have in Common?

Answer: They all seemed to be insurmountable problems at the time.

In 1898, delegates from around the world met for the first “urban planning” meeting to discuss the most pressing issue facing the “modern” cities of the world. Any guess what the problem of global magnitude was that would motivate city leaders to travel by ship from all around the globe for a ten day conference in New York City?

Hint: Horses outnumbered the human residents of cities in the 1890s. Yup, horse manure was the problem. The Times of London projected in

1894 that manure would be nine feet deep in the city by 1950. A New York forecaster was projecting the “stuff” would be up to third floor windows in the city by 1930.

[No horse s_____;](#)

The ten day conference broke up after three days with the delegates throwing up their hands in despair that the problem was too big and could never be solved.

Sound familiar?



Pundits, talking heads, dooms-day-sayers, and Hollywood movie producers love a good catastrophe. A pending disaster can be made worse the more we talk about it. Our brains have the ability to make any potential situation so much worse. And how is such a catastrophe created? One word. [Extrapolation.](#)

Take the negative conditions of any problem and assume that the conditions that created the problem go on forever, never to be amended or changed in any way, and voilàthe world is buried in horse do-do.... or any other problem we are now facing. The only way to **get to Armageddon is extrapolation.**

On the flip-side, take the positive conditions you are experiencing --- like the stock market rise during the dot.com boom of the late 90's or the real estate boom of the mid-2000s (ie. the stripper in the Big Short with five houses) and extrapolate that this trend will never end. What do you get? **Armageddon.**

For better or worse, extrapolation ([in spite of all the positive scientific applications](#)) without hard scientific data and critical research can be dangerous. [Our human nature can create a reality in our brain that can lead to bad decision making.](#)

So all I can say is: "Be careful." Be careful

where you get your information. Always ask: "Who are "they?" and "Do they have an agenda?" Call us if you have questions.

Does this mean we should ignore important issues of the day – climate change, federal deficits, entitlement spending, the environment, homelessness, mental illness, violence, war, and refugees? Or maybe leave the problem to the politicians? Maybe if I ignore the problem it will go away. Absolutely not. We all need to play a part with not only our behavior but by holding our leaders accountable to making the tough decisions that are now and always will be needed.

Winston Churchill once said: *"The Americans will always do the right thing. But only after all other options have been exhausted."*

We all face important choices in life. Especially when it comes to our financial plan.

We can choose to follow the path entitled "This time it is different" with supreme confidence that the world will be covered in horse manure.

Or we can select the path "This too shall pass" because we feel the world has not ended yet and will not, in spite of all the prognosticators of doom, destruction, rising sea levels, choking federal debt, an aging population with huge medical bills, and yes, horse manure.

I would love to claim sole credit for all the thoughts above. However, truth be told, the story of the horse manure conference and comments regarding the extrapolation of facts leading to the end of the world came from Nick Murray's April newsletter.

Then I did a bit of my own research and offered my own interpretation. But the concepts come from Mr. Murray.

In closing, apply all of this to your financial plan. Call us with questions. We look forward to speaking with you.

Berkshire Hathaway Annual Event

On April 30th, shareholders, groupies, media and wannabes met in the financial center of this great nation, Omaha, to sit at the feet of our greatest American financial guru, Warren Buffet, for the Berkshire Hathaway shareholder meeting. The link below is to the report to shareholders. It really is great reading – even for those of you not inclined to read financial reports.

Mr. Buffet discusses why our children and grandchildren will be just fine; why the US should export low-paying manufacturing jobs; as well as promoting his favorite steak restaurant in Omaha, [Gorats](#) (been there – it is like going back generations – great steak, cheap cocktails and mushy vegetables – just like Mom used to make).

<http://www.berkshirehathaway.com/letters/2015ltr.pdf>

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Fred Wollman earned his Certified Financial Planner "CFP®" credential in 1984 and the Master Planner Advanced Studies "MPAS®" designation in 2015. He holds securities registrations 7, 63 and 24. He is registered in California, Arizona, South Dakota, Colorado, Minnesota, Texas, Virginia, Washington, Oregon, Florida, Tennessee and Pennsylvania in addition to holding a California life and disability insurance license. From 1987 through 1990 Fred taught the CFP classes to aspiring financial professionals at San Diego State University.

He is on the board of the Valley Center Trails Association, ECOLife Conservation, and the Hidden Valley Kiwanis Club.

Fred and his wife of thirty-six years, Kathy, live in Valley Center, CA with two cats, a dog and two horses. Their daughter, JC, is married, lives in Carlsbad, and works with Fred. Son, Andrew, is married with two children and teaches in northern Arizona. Fred spends his down time relaxing with yoga, tai chi, riding horses and when he can get really away, backpacking the Anza Borrego Desert, Mt. San Jacinto or the California Sierra Nevada Mountains with Kathy and the kids.

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