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Meet the
Henriods



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Are You Ready for a Market Crash?



By Brad Creger – President & CEO, BFF Financial, Inc.

On the 27th of this month Sheri and I will be attending the CSF's Monte Carlo Night. Although there is an "element" of gaming to this charity event, it's just not the same as being in Vegas and rolling the dice with "real money" as they say.

I must admit that I'm fairly boring when in Vegas. I set aside the maximum I will spend on my "gaming entertainment" for the evening and if I win... GREAT! However, if I lose that money, no matter how fast... I'm done for the evening.

Where did I find the monetary discipline to push away from the table and go find something else to do? Do I enjoy gambling? Of course. Who doesn't enjoy winning? But losing is different. So where did this indifference to the thrill of gambling come from?

To be completely honest... when I was growing up in Pasadena I remember my parents discussing how our neighbors had lost their home to gambling. Yes, people really used to do that and many still do. As I remember it... "Bob" (not his real name) was in Vegas and couldn't stop. The casino cut him off when he had lost his house. But later that month he was back at it and had won enough to clear his debt and his family could stay in their home.

When I asked my parents what happened my father explained gambling in terms of "stealing bases" as he was also coaching my little league team at the time. For the record I was eavesdropping on my parents just like my 9-year old daughter Alex does today.

To make a long story short, my dad explained that it's OK to take calculated risks but before you do, you have to understand your odds of success as well as being comfortable with "getting

thrown out" at the next base. He also told me that later in the game your decision "to go" should be made based on additional factors like the score of the game. If we were winning by a few runs then it's OK to try and take the base. If you get thrown out, oh well. But if we were losing the game, then each baserunner is very important – and avoiding an "unnecessary out" is even more important. So if you were going to go... you had to be sure to make it!

So what does gambling in Vegas or stealing bases have to do with personal finances?

When providing a "second opinion review" I find that too many people are "risking their home (or losing the game)" and don't even know that they are doing it. What do I mean by this? Too many have their retirement security completely at risk with most of their financial wealth invested in the stock market without understanding that there are investment options which can significantly reduce or even eliminate market risk. I ask... are you ready for a significant and prolonged market correction?

Bottom line... if you are "late in the game" (i.e. nearing retirement) and especially if you are "down a few runs" (i.e. a little short of your retirement goals) then you owe it to yourself and your family to understand all of your options that can reduce or eliminate the risk of "going for it" (i.e. having your money invested in today's stock market)!

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