PETRA
Financial Solutions, Inc.

W. James Steen, CFP®

jim@petrafin.com

(O) 937.294.9000

www.petrafinancialsolutions.com

Every spring, thousands of people tune their televisions to March Madness, the annual tournament to decide the best team in college basketball. If you've ever watched before, you know it's a time of great excitement as underdogs rise, giants fall, and new legends are made. While watching a few games, it struck me how many parallels there are between March Madness and finance. The winning teams, whether they're favorites or longshots, often display many of the same qualities that lead to *financial* success. To illustrate what I mean, here are a few lessons we can take from March Madness:

1. Have a financial game plan. No winning team ever shows up to a game unprepared. They spend days, weeks, even *months* practicing, watching game film, and studying their opponent. The same should be true of your finances. Researching your investments, planning your taxes ahead of time, understanding your own strengths and weaknesses, laying out goals and determining how to achieve them – these are the best ways to get ahead in the game.

2. Aim for financial balance. Research shows that it's not the teams with the best offense or best defense that are likely to win the tournament. On the contrary, it's the most *balanced* teams – meaning those that play well on *both* sides of the court – that usually take home the trophy.

The truth is, you're more likely to achieve your goals when *all* aspects of your finance are in balance. That means paying equal attention to your income, investments, spending, saving, taxes, insurance, and so on. It doesn't matter how much you earn if you spend even more. And while it's great to save as much as you can, you won't get as far as you would if you invested wisely. Furthermore, even if you nail every single one of those aspects, you could lose more than you can afford if the unexpected happens and your insurance isn't in order. See what I mean about balance?

3. It's all about the *team*. Basketball is a team sport, not an individual one. A college could have the single best player in the world, yet still come up short if they played against a better drilled, better prepared, more balanced *team.* Similarly, you could be the smartest, hardest-working person in the world and yet still fail to reach your goals if you try to do it all alone. Having a *financial team* is more important than ever because there's so much to know. Working with experienced, caring professionals who specialize in the various aspects of your finances – your investments, your taxes, your estate, etc. – can make all the difference.

4. Don't blindly assume success. In March Madness, every team is assigned a seed from one through sixteen. In most cases, when lower-seeded teams play higher seeds, nearly everyone expects the higher seed to win. But that doesn't always happen. March Madness is (in)famous for *upsets,* where an underdog beats a favorite. Similarly, we shouldn't just *assume* we'll be financially successful. Achieving our goals takes planning, time, patience, and hard work – qualities we're less likely to show if we just assume success is guaranteed.

5. Always have a winning attitude. At the same time, we should never be pessimists about financial success, either. Remember what I said earlier about lower seeds beating higher seeds? When an underdog goes into a game thinking defeat is inevitable, their lack of belief becomes a self-fulfilling prophecy. So, as you work toward your own goals, remember to always bring a winning attitude to everything you do.