“Have you lived up to your parents’ expectation?”

By Tommy Williams, CFP®

It’s déjà vu all over again!

The Chicago Board of Options Exchange (CBOE) Volatility Index, also known as the VIX, tracks the prices of options on the S&P 500. Since options often are used to hedge portfolio risk, the VIX is considered to be a ‘fear gauge’ that has value with regard to market volatility during the next 30 days. The VIX moves higher when investors are worried and lower when they’re feeling content.


Tommy Williams

Recently, the VIX dropped to 11.18, which was a two-year low. *Financial Times* attributed investor complacency to *“…[an encouraging] U.S. jobs report and easy monetary policy.”* However, it also pointed out analysts’ concern that the current lack of fear reflects a disregard for threats to world economic stability as well as light trading during a vacation month.

In August of 2015, we saw a similar phenomenon. The VIX reached very low levels, and then raced from 13 to 53 between August 18 and August 24. At 53, the VIX was higher than when Standard & Poor's cut the credit rating of the United States in 2011. *Barron’s* explained last year’s move like this:

“…volatility isn’t simply a measure of fear. It has been used to manage risk in portfolios that employ sophisticated trading schemes…Although each type of fund adjusts to market changes at a different speed, they all respond in the same way – by selling stocks…”

There is no gauge to predict whether the VIX will remain low or bounce higher during the next 30 days, but some big name investors are feeling pessimistic despite the VIX’s outlook for short-term calm. *Barron’s* reported, *“elder statesmen of the markets, including Stanley Druckenmiller, George Soros, and Carl Icahn, all have deemed themselves negative on stocks…”* With all the political drama unfolding it’s hard to imagine that we won’t experience some volatility. However, LPL Research in Boston still has a positive outlook for the year.

In a seemingly unrelated topic, but a volatile one for sure, I have a question for you: Have you lived up to your parents’ expectations? In early August, *The Harvard Business Review* published Stew Friedman's article about an unexpected source of career conflict: parents! Friedman, a Wharton professor and founding director of the Wharton Leadership Program, wrote:

"…business professionals at various stages in life, from college students to mid-career executives, talk more about their mothers and fathers than their spouses and children as sources of career conflict. Here is a small sampling of what I've heard:

• 'My parents have always made me feel that my accomplishments fall short of expectations; I'm a disappointment to them and this undermines my confidence in choosing a career direction of my own.'

• 'My parents expect me to marry a particular (kind of) person, even if committing to that potential spouse would cut against my career goals.'

• 'My parents insist I live in a particular geographic location, but this will seriously inhibit my career options and future growth.'

• 'I feel obliged to care for my parents in their old age, but I cannot figure out how to coordinate the allocation of these responsibilities with my siblings; the resulting stress is a major distraction from my efforts to focus on work."

While it isn't a surprise to most people that the needs and expectations of parents don't always sync with those of their children, Friedman had a suggestion for reducing disharmony: stakeholder dialogues. In other words, initiate conversations with the people who are most important to you and discuss mutual expectations. In the end, you may gain clarity and insight into others' thoughts and expectations as well as the ways in which they influence your decision-making.

Perhaps Ricky Nelson had it right in his 1972 Garden Party hit, "See you can't please everyone, so you got to please yourself."

Visit us at www.williamsfa.com. Tommy Williams is a CERTIFIED FINANCIAL PLANNER™ Professional with Williams Financial Advisors, LLC. Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through RFG Advisory Group, a registered investment advisor. RFG Advisory Group, Williams Financial Advisors, LLC, and Peak Advisor Alliance are separate entities from LPL Financial. Branch office is located at 6425 Youree Drive, Suite 180, Shreveport, LA 71105.