"Some thoughts about work vs. leisure"

By Tommy Williams, CFP®

Is preparing for the future more important than enjoying the present? There is a lot to enjoy today. In late-May, *Financial Times* wrote:

"[On Friday, May 26th], Wall Street ended an impressive week on a steady note – eking out a tiny gain to a fresh record close – as oil prices recouped some of the previous day's steep losses and the latest U.S. Gross Domestic Product data reinforced expectations for a June rate rise."

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In fact, U.S. equities have been performing well for some time. The S&P 500 Index achieved new highs 18 times during 2016 and, so far in 2017, we've scored 20 closing highs, including three in the past couple of weeks.

While it's important to enjoy current gains in U.S. stock markets, it's equally important to prepare for the future. Bull markets don't continue forever. They often experience corrections. A correction during a bull market is a 10 percent decline in the value of a stock, bond, or another investment. Often, corrections are temporary adjustments followed by additional market gains, but they can be a signal a recession is ahead.

One investment professional cited by *CNBC* believes a correction may occur soon. *"Gundlach expects the 10-year Treasury yield to move higher, and a summer interest rate rise should 'go along with a correction in the stock market.'"*

Barron's cautioned strong employment numbers also may signal a downturn is ahead:

"Think about it: Jobs are a classic lagging indicator, and bouts of high unemployment and economic distress are often accompanied by falling stocks. By the time the economy improves enough to enjoy full employment, share prices will reflect that rosier outlook. [However,] that's not to say stocks can't do well following periods of full employment."

Regardless of caution called for by some – there seem to be an equal number of optimists out there. If the optimists are correct, we should be enjoying these economic blue skies. However, that doesn't seem to be the case. Despite the economy resting comfortably and employment remaining strong, working Americans seem to be feeling stressed out. Could it be time for a vacation?

Project: Time Off reports Americans spent 16.8 days on vacation during 2016, on average. That was an improvement from

2015, when the average was 16.2, but it was well below the 20.3 days a year spent on holiday from 1978 through 2000.

The shortening of American vacations owes something to both fear and ambition, according to *Project: Time Off*:

"Americans are still worried about job security when it comes to taking time off. [Twenty-six] percent say they fear that taking vacation could make them appear less dedicated at work,…23 percent say they do not want to be seen as replaceable, and…21 percent say they worry they would lose consideration for a raise or promotion."

While waiving a few vacation days may impress the boss, there are some significant economic consequences. For instance:

- Forfeiting 206 million vacation days in 2016 cost employees $66.4 billion in aggregate and about $604 individually.
- The increase in vacation day usage from 2016 to 2017 contributed $37 billion to the U.S. economy, helped create 278,000 jobs, and generated $11 billion in additional income across the country.

As it turns out, gender and job title are good predictors of the likelihood vacation days will remain unused. Last year, men were more likely than women to use all of their vacation days, even though women were more likely to say that vacation was extremely important. Ladies, summertime is here – use those vacation days. It's time to relax at the beach! Please remember your sunscreen.

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