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Why Ask Why?

It's probably a little early to suggest that the recent and rather violent correction in the equity market may already have run its course. It either has or it hasn't. I can't predict which—heck, I can't predict *anything*. No shame in that: in fifty years, I've never identified anyone who could consistently call short-term turns in the market, and my personal conviction is that no one can.

Besides, I'm much more interested, in this little essay, in investors' impulse to try to figure out why this correction happened when it did and the way it did. At times it has seemed that there are as many theories regarding this as there are talking heads on financial television and the Internet. My purpose here, therefore, is to suggest that putting a lot of time and effort into why doesn't really get us anywhere in terms of successful long-term investing.

Not to put too fine a point on it: if we could be absolutely sure we knew why the market had backed up so suddenly and sharply (but also shallowly, at this writing), we still couldn't be sure whether or not the correction was a spent force. And if we can no more time the end of this correction than we could its onset, *why ask why?*

For the record, the usual why suspects this time around seemed to include, but were certainly not limited to:

(a) the market having simply run too far too fast, capped off by a spurt in excess of 4% in January;

(b) upticks in interest rates and wage growth, possibly signaling higher inflation;

(c) high-frequency algorithmic traders frenziedly pecking each other to death somehow;

(d) a dark, sinister force manipulating the Chicago Board Options Exchange's volatility index (VIX); and quite possibly

(e) all of the above.

If you don't immediately get any sense of clarity from that recitation—if it doesn't give you a shadow of a clue what *if anything* you should do with your portfolio in response—you've at least anecdotally demonstrated my point: why not only doesn't get you anywhere, but ought to be irrelevant to the investment policy of a long-term, goal-focused, planning-driven investor.

Above all, successful investors *act*: they pursue long-term plans which have some broad historical likelihood of carrying them toward their financial goals, and they hold portfolios in service to those plans. They accept the probability that their investment outcome will at times be running above the plan's assumed return (e.g. this January) and below it (e.g. the recent unpleasantness). Often with the steadying counsel of an experienced and empathetic financial advisor, they simply continue to work their plan.

Above all, unsuccessful investors *react*: they make significant changes to their portfolios in response to real or imagined economic or market "crises" such as the aforementioned correction.

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Even if the driver of your investment policy is an intelligent long-term plan, there's still no guarantee that you'll achieve all your financial goals. On the other hand, if the driver of your portfolio is the randomness of the market's occasional panic attacks—and the fruitless quest for why—the likelihood of ever achieving your goals seems, to this one observer, much diminished.

You Owe it to Yourself

There is a lot of attention being paid to debt and its impact on our financial situation. Credit cards, mortgages, car loans, and student loans commonly consume our cash flow and create family stress. We also have to read about the debt that our politicians have accumulated on our behalf, but that is a whole new topic.

Your largest debt is probably one that we haven't even talked about yet. That is the debt that you owe yourself. What do I mean by that? You have a "future self" that is dependent on you making wise financial choices and preparing to cover the expenses associated with retirement needs. Every year that we do not save and invest to cover these expenses, the debt grows.

Here is an example:

A 35 year old couple is planning to retire at age 65. They calculate that they will need $1,000,000 in savings to accomplish their goal. If they start today, the "monthly payment" necessary to pay down the debt to their future selves is $1,054 per month. If they do not start until age 40, their "monthly payment" becomes $1,519. Ouch! Waiting has a cost!

When we think of our retirement plan as a debt that we owe, we are more motivated to make it a priority.

This example is hypothetical and is not representative of any specific investment. Your results may vary.

Use the savings goal calculator on our website: http://www.eyeonargus.com/resource-center/retirement/saving-for-retirement

-A. Christopher Engle, LUTCF®, CFP®, ChFC®, AEP®

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

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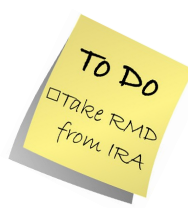
Argus Happenings

Geoffrey Sadek, CFP®, and his wife Nichole are expecting their second child, and first son, in October. Their daughter, Genevieve, is very excited to be a big sister! The Argus family continues to grow and we couldn't be more thrilled!

Teresa Morstad, Grand Valley State University Alumni, is our new Client Relations Manager. Teresa started in May and she will be managing client scheduling, event planning, social media/marketing, and insurance. Look for a new friendly face in the office and be sure to check out our website to learn more about Teresa!

Christopher Engle, LUTCF®, CFP®, ChFC®, AEP® attended the Financial Planning Association Annual Retreat in Litchfield Park, Arizona April 23-26th. The three day event was filled with industry leaders speaking on topics such as life planning, current research, mindfulness, financial planning's history and future (including technology and digital needs), planning tools, and many other topics. Chris enjoyed the smaller more intimate focused conference and left with many key financial planning takeaways which he shared with the Argus team upon his return.

Brian Sandberg ChFC®, AEP® attended the JDRF 20th Annual Promise Gala on April 27th to raise support and money for finding a cure for type 1 diabetes and its complications. JDRF's mission is to accelerate life changing breakthroughs to cure, prevent, and treat Type 1 Diabetes. Brian was accompanied by his daughter and they were proud to participate and be one step closer to the cure.



Valuable Verbiage

A Required Minimum Distribution (RMD) is the amount that traditional, SEP, and Simple IRA owners and qualified plan participants must begin withdrawing from their retirement accounts by April 1 following the year they reach age 70 1/2.

Social Security Tip

The *earliest* a widow or widower can start receiving Social Security survivors benefits **based on age** is 60.

If you start receiving survivors benefits at:

Age 60, you will get 71.5 percent of the monthly benefit because you'll receive benefits an additional 72 months.

Age 62, you will get 81.0 percent of the monthly benefit because you'll receive benefits an additional 48 months.

Age 65, you will get 95.3 percent of the monthly benefit because you'll receive benefits an additional 12 months.

For additional information, visit: https://www.ssa.gov/planners/survivors/1945s.html

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Strawberry Pie Recipe

Ingredients:

1 9in pie crust, baked
1 quart fresh strawberries
1 cup of white sugar
3 tablespoons cornstarch
3/4 cup water
1/2 cup heavy whipping cream

Directions

Arrange half of strawberries in baked pastry shell– mash remaining berries and combine with sugar in a medium saucepan.
Place saucepan over medium heat and bring to a boil, stirring frequently.
In a small bowl, whisk together cornstarch and water. Gradually stir corn starch mixture into boiling strawberry mixture. Reduce heat and simmer mixture until thickened, about 10 minutes, stirring constantly. Pour mixture over berries in pastry shell.
Chill for several hours before serving.
In a small bowl, whip cream until soft peaks form. Serve each slice of pie with a dollop of whipped cream.

Enjoy!