Q1 | 2022

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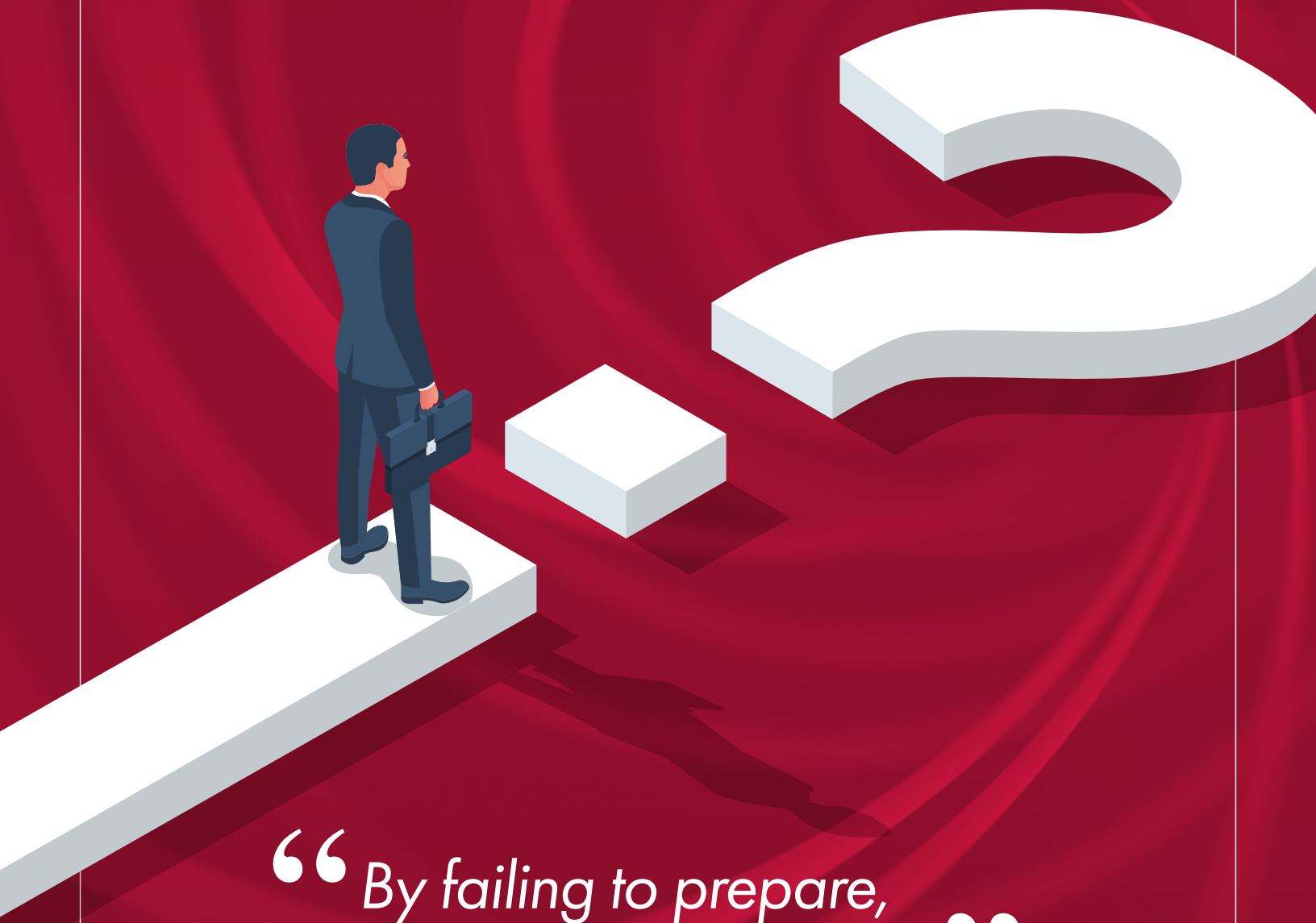
THRIVE BY PLANNING FOR THE UNKNOWN



"By failing to prepare, you are preparing to fail."

- Benjamin Franklin

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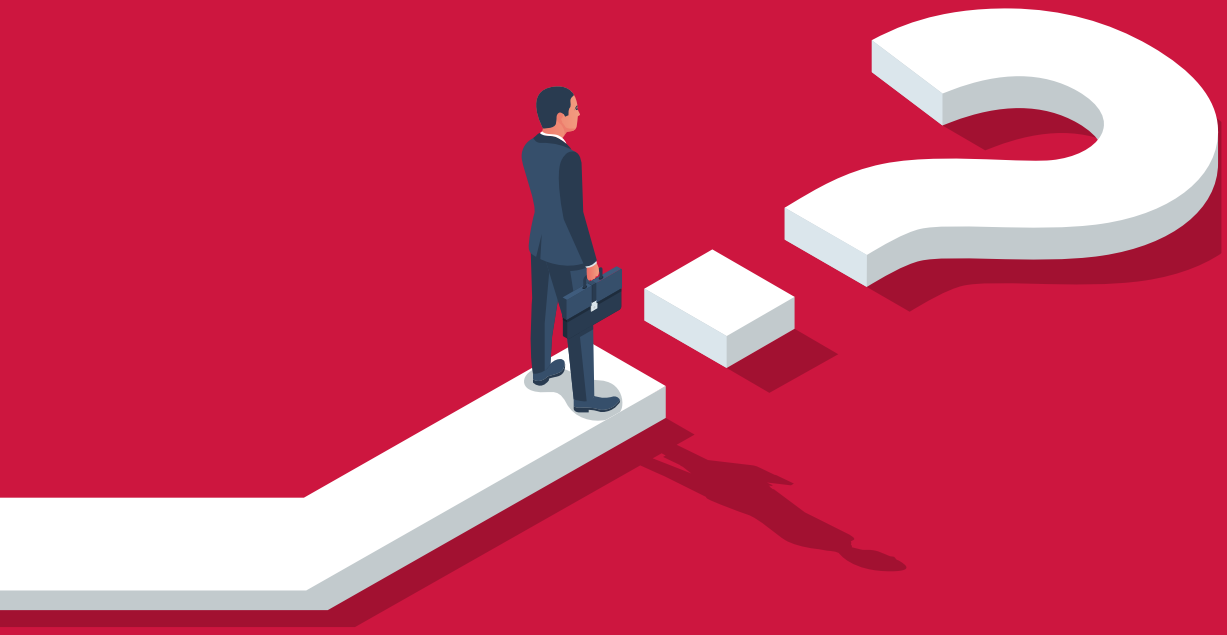


A NOTE FROM THE CEO

Prepare for Uncertainty With Family Fire Drills

Life is uncertain. There are many things that are beyond our control. Much ink has been spilled on various strategies that can help with managing uncertainty, from focusing on what you control to managing expectations in a way that braces against the disappointment and sadness that come with some uncertain events. Much like a plan for a fire or hurricane, it is very good to have a plan for life's uncertainties. That starts with having a financial plan where assumptions can be modified to account for negative scenarios. For example, model a plan with a return or inflation assumption that is higher or lower than historical observations — or a life that is shorter than expected.

We have all participated in fire drills. Whether at school as a student or perhaps more recently at work. The idea is a simple one. Have a plan for what to do, where to go and who does what to make escaping from a fire most likely. The fire drill helps everyone practice and understand what they agreed to when there was no fire threat. This planning is vitally important to make sure that indecision and panic in the face of a dangerous threat do not take hold. With this notion in mind, I invite you to consider the same concept as it pertains to our financial lives. A financial fire drill considers what happens in the face of various uncertain and unpleasant situations. Death, deteriorating health, income loss, wealth loss, high taxes, high inflation, property loss, etc. are all examples of uncertainty. Taking time with loved ones to consider the impact and what options exist in advance of an unpleasant outcome is wise planning. Reviewing our plans with one another and documenting what the best steps are and what decisions will likely need to be made help strengthen our preparedness for life's uncertainties.

> "The fire drill helps everyone practice and understand what they agreed to when there was no fire threat. This planning is vitally important to make sure that indecision and panic in the face of a dangerous threat do not take hold."

A good financial plan is a great place to start building the steps for your fire drill. This is because a financial plan considers risk management/insurance as well as estate planning. Obviously, life, health, disability and long-term care insurance are methods of handling some of the financial uncertainties of our death or health decline. Take that planning another step by considering other contingencies, including what to do with mobility, domestic and living arrangements, pets, property maintenance, vehicles, digital assets, etc. The estate planning documents address who is your health care power of attorney and durable financial power of attorney (or trustee); perhaps these people can also help to address this broader set of issues. By having this discussion now before an emergency arises, we can identify with our loved ones what is likely to happen and when the plan is not sufficient. Having a transparent discussion as a fire drill supports everyone involved. After all, it is good to know if someone is going to be unable to assist in the difficult moment we are planning for. When going through the fire drill, it is good to discuss and imagine the circumstances so that weak planning assumptions can be identified and contingencies chosen.

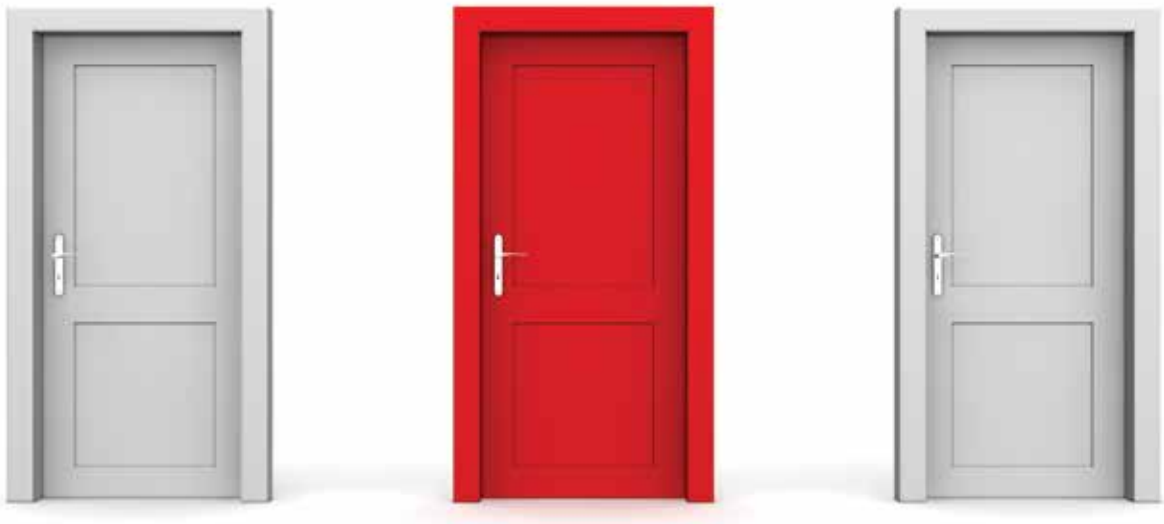
In most people's fire drill plans, they have family and friends who play a role. When that is the case, you must identify how reacting to one person's uncertainties creates uncertainties for the other. This often occurs with spouses and partners. It is important to identify when the necessary tasks to assist our family are beyond our abilities and to prepare backup plans. In some cases, people need to identify professional fiduciary services and caregivers to help with health and financial matters if no one else is able or willing to assist.

Planning for the worst and hoping for the best is a great starting point. A family fire drill is a good way to start testing the decisions we have made and determine if they are sufficient. Preparing for an uncertain world can help us to worry less in our lives because we know the plan and have considered and practiced what it is we will do to overcome uncertainty in the moment. If we can support you and your family in the creation of a family fire drill, please contact your financial advisor.

- Rick Manske, CFP®, BFA™

There Is Risk Everywhere — Keep Calm and Carry On

Travis Boyer, CFA, CFP® | Senior Financial Advisor



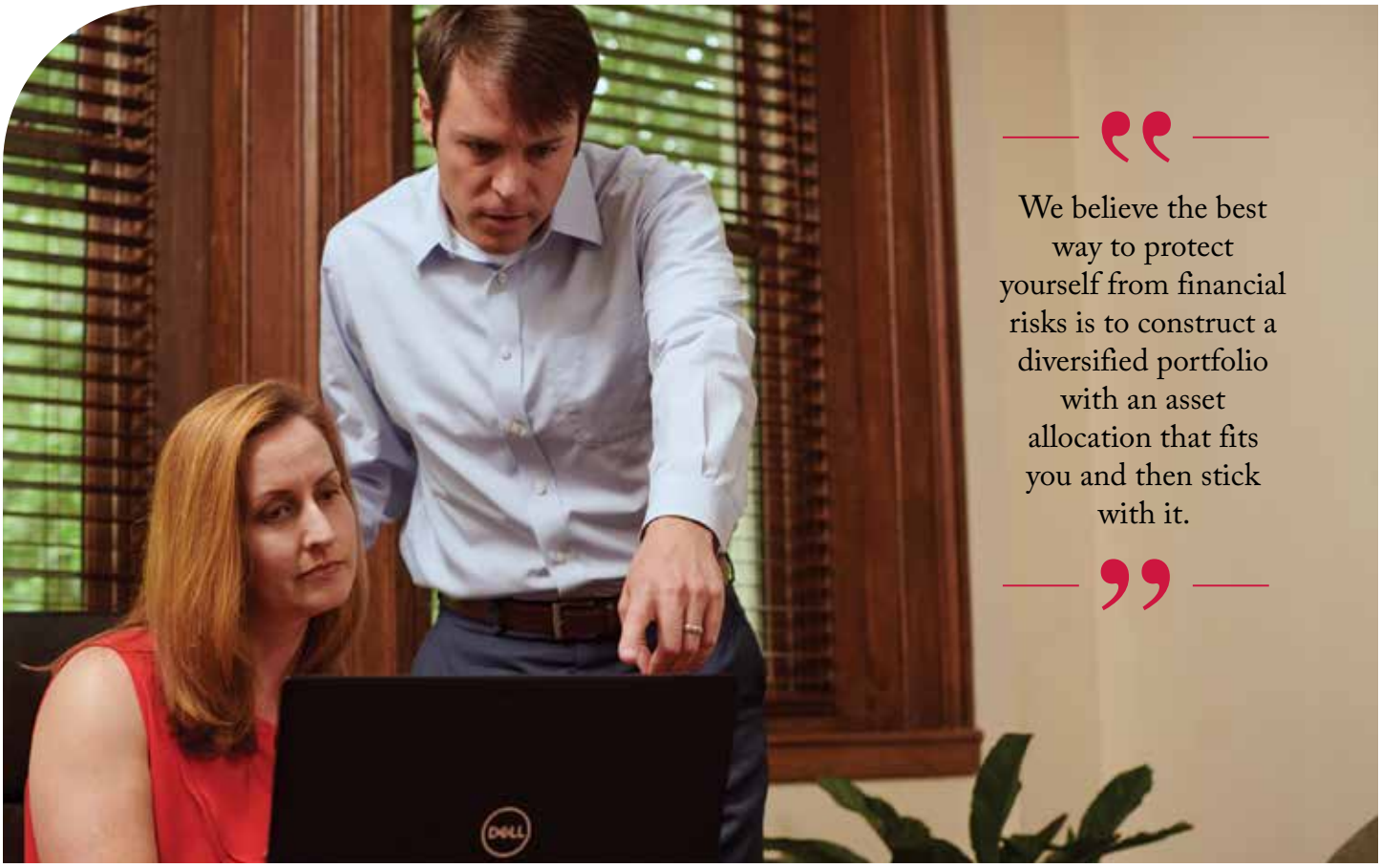
The events of the past two years should serve as a good reminder to all of us that no matter what we do every day, we face risks beyond our control. However small the risk may be, there is no way to ensure that you avoid falling victim to these types of events. Not that we should live our lives in constant fear — we should just prepare for the worst and then feel very fortunate should we end up living long and healthy lives.

Preparing for the worst doesn't just mean acknowledging that life is fragile and then living life to the fullest. You need to prepare for financial risks. This means assessing your exposure to risks beyond your control and then getting protection if you need it. If anyone relies on your life and/or your income stream, then you need to have insurance policies to replace that income if you suddenly die or face a long-term disability that prevents you from working. You need cash reserves that you can draw from immediately in an emergency. You need proper homeowners insurance. You need an estate plan that allows your finances to pass to your heirs smoothly and at a low cost.

This preparation won't prevent you from being in the wrong place at the wrong time (and no such preparation exists), but it will help prevent financial risks from being created for your family and heirs should something happen to you.

I frequently interact with married clients who have disparate feelings about their goals with their money. Most often the differences center around their individual willingness to take on risk, and this tends to manifest in two common situations.

The first is centered around their debt burdens from their student loans or mortgages. One spouse may be adamant about paying off every penny of debt before considering saving for retirement, while the other is comfortable with making minimum monthly payments and investing any additional savings. In today's low interest rate environment, we work to counsel debt-averse clients to take advantage of refinancing student loans into low fixed-rate loans to pay off over seven to 10 years and to just pay the minimum payment on a fixed-rate 30-year mortgage. This enables them to have the cash flow to take full advantage of tax-favored accounts, like 529 college savings accounts for young children or work-based 401(k) retirement plans or Roth IRAs to begin retirement savings as early as possible. With mortgage rates below 4%, we review historical illustrations with clients to show how, in many market environments, returns on an investment portfolio will likely



outperform their mortgage interest rate, so they would likely be better off long term by investing that additional mortgage payment instead of applying it to the loan.

The second example of wide differences in risk tolerance that I often see with married couples is how comfortable they are with taking on investment risk in their portfolios. This is especially true for investors in their 30s/40s who are students of the financial crisis in that they were just beginning their careers right around the time of the Great Recession (in my case, I entered the financial services industry coming out of undergrad in the summer of 2007). So, our first experience with retirement savings began right around the worst peak-to-trough decline in U.S. stock markets since the Great Depression. This tough initial experience with investing has left some young professionals favoring a more conservative investment allocation in their portfolio or with the tendency to hold an excess amount of cash reserves. We may have one client who is fully comfortable with a 100% equity allocation for their retirement accounts, while their spouse is terrified of market risks and wants to invest in fixed income at an early age. With long time horizons until retirement, it is critical for young investors to be positioned for growth with a focus on a globally diversified equity allocation in their retirement accounts, and many times it takes work to counsel one or both spouses to buy into this strategy.

Volatility in financial markets serves as a reminder that risk is also everywhere in the investment world.

We believe the best way to protect yourself from financial risks is to construct a diversified portfolio with an asset allocation that fits you and then stick with it. Go about your daily life knowing that your investment assets can decline at any point due to reasons beyond your control, but also know that your investment allocation fits you and that over time it will help you meet your financial goals. The same goes for health risks: Go about your daily life knowing that your health may fail or your life end short, but also know that you have made preparations that will help care for your family in your absence.

Now let's enjoy the ride every bit of the way while we still can!

Anything's Possible

Sarah DerGarabedian, CFA | Director of Investment Management

I'm a huge fan of the '90s sitcom *Seinfeld*. I've seen every episode multiple times, and many of its phrases appear in my daily lexicon. One that comes to mind frequently is when Elaine asks Jerry, "Is it possible I'm not as attractive as I think I am?" to which he replies, "Anything's possible."

You could replace the word "attractive" with any number of other words, and it works just as well — smart, funny, prepared, calm, informed. You get the picture. And yes, in this chaotic, unpredictable world, anything is possible. As humans, we have a tendency to construct narratives — about who we are, how things work, and how and why they came to be. This is how we navigate the unpredictable nature of the world. To question the narrative, as Elaine does in that episode, is to become unmoored. It can be deeply unsettling.

The world of investing can be chaotic and unpredictable, as well, so we try to make sense of it by building narratives and making connections between discrete events, which may or may not actually be connected.

Where investors get into trouble is when they make changes to their portfolio based on their belief in the predictive capacity of these narratives. Is it possible that the Fed might decide to do X, which might cause the market to do Y? Anything's possible. The better question is how likely is the Fed to do X, and how would that affect the portfolio in the short and long term? Notice the distinction here. I mentioned the effect on the portfolio, not the market. Depending on how the portfolio is constructed, it will follow the market to varying degrees. If the portfolio is anything other than a mirror image of whatever benchmark is being used to represent the market, it will not respond in exactly the same way. This is where diversification and asset allocation come into play.

Seasoned investors understand the benefits of diversification and appropriate asset allocation precisely because they recognize the limitations of our narratives' predictive capacities. If you listen carefully to many of the voices in the financial media, in between rounds of punditry they will invariably reference the importance of diversification, asset allocation and staying invested throughout the cycle (although this advice garners far less attention than the more sensational bits, which drive viewer engagement). It is then incumbent upon the media consumer to discern what is noise and what isn't. Again, what's important is not whether a particular situation will materialize, but rather how likely such a situation is to materialize and how that could affect the portfolio. It may make sense to take some action if likelihood is high, but it's almost never advisable to make huge shifts in response to speculation, particularly in a heightened emotional state.

"The world of investing can be chaotic and unpredictable, as well, so we try to make sense of it by building narratives and making connections between discrete events, which may or may not actually be connected."

As humans, we are riddled with biases and emotions and are unlikely to ever act as rationally as the academics would expect us to.

However, we can create space between the narratives and any resultant actions by revisiting the portfolio objective and reminding ourselves why we are investing. Is this a long-term goal? Is the asset allocation appropriate? Is the portfolio diversified? Is it built to weather different economic conditions? Discuss it with your advisor. It's understandable to be concerned, particularly in our 24/7 news cycle, but try to spot the narratives and remember to stay grounded. As Jerry said, anything's possible, but is it probable? More importantly, are you prepared?

Tax Planning Unknowns

Larry Harris, CFP®, CPA | Co-Director of Tax Services

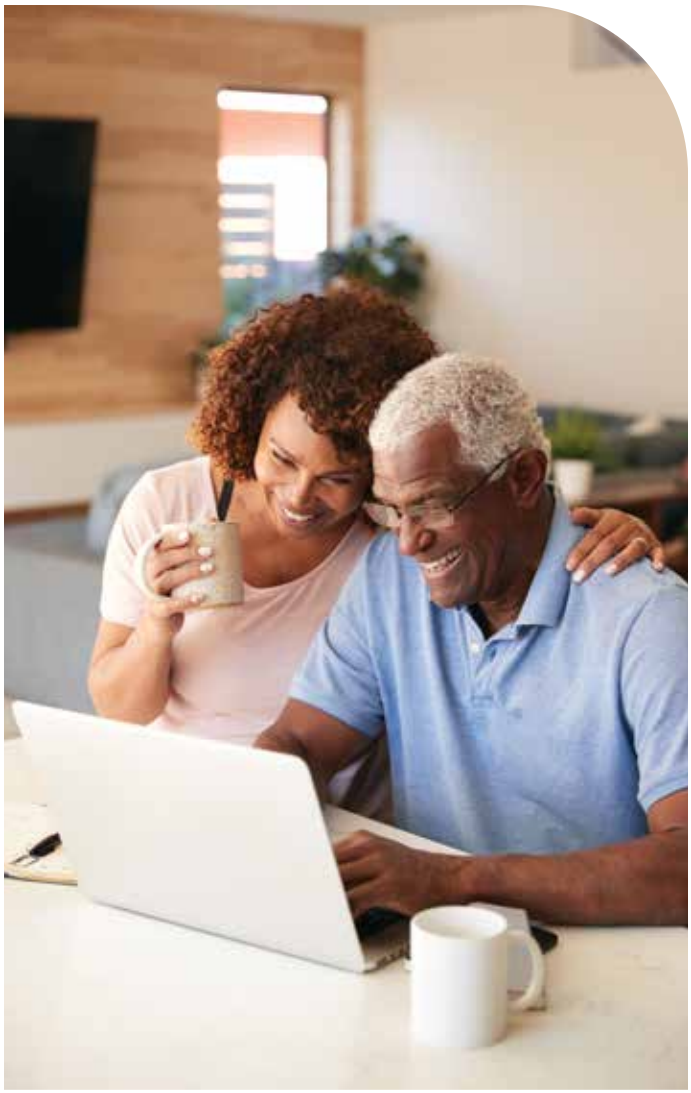
Tax planning — be it income tax planning for the current year, estate and gift planning, or planning for retirement — is initiated using the current knowns. The knowns are usually identified from the last income tax return filed or the most recent financial statement. They are also the tax rates, rules and laws in place when the most recent return was filed or on the date of a personal financial statement. The known information will grow less dependable as the years in the plan stretch out, creating the unknowns.

For example, income tax planning for tax year 2022 can be taken on with a reasonable amount of certainty. Since 2022 is an election year and given the current political environment, it would not seem likely that significant tax legislation will occur in 2022. Tax legislation is driven by social, economic and political winds. Can there be anything more unknown than what the social, economic and political winds might hold over the next two or three decades? Long-term planning for retirement or estate and gift tax planning is all about managing the unknowns.

Consider individual income tax planning. We can determine a client's marginal and effective income tax rate from the 2021 return that we will be preparing for many clients in the coming weeks. The marginal rate is the tax rate that applies to the next dollar of ordinary or capital gains income. The effective rate is the total tax liability over taxable income. For many clients, these two numbers drive a great deal of planning around topics such as withholding on required minimum distributions (RMDs), Roth conversions, pros and cons of selling an appreciated asset, or taking a long-term loss on an asset that has failed to meet expectations.

On the other hand, consider retirement or estate and gift planning. You start with what you know in terms of the applicable credit amount, net worth, income needs, current tax rates, rates at retirement and projected inflation rates. As the years in the plan stretch out over decades, the need for continual follow-up is obvious. Who knows how the estate and gift tax system or rules regarding retirement plan distributions will change over the next 20 to 30 years (or the next two to three years for that matter)? The mechanism to address these unknowns is a regular and thoughtful review and update of your long-term plans with your advisor.

Unknowns are a given, and at Parsec it is our hope to reduce your anxiety over the unknowns one meeting at a time.



Dealing With the Rising Cost of Health Care

Scott Kittrell, CFP®, CDFA® | Financial Advisor

The cost of health care in the U.S. continues to rise with no slowdown in sight. According to the Centers for Medicare & Medicaid Services (CMS), health care spending in the U.S. is projected to grow at an average annual rate of 5.4% and reach $6.2 trillion by 2028. Average Americans, regardless of their health, are feeling the impact directly in their wallets.

Often noted as having the highest-quality health care in the world, the U.S health care system does have its own set of challenges. Our health care system is a fee-for-service system structured to reimburse providers for each visit, test and procedure. Critics contend that the fee-for-service system encourages providers to push service volume and emphasize the use of cutting-edge technology, both of which can result in redundant, unnecessary and overly expensive treatment. Large hospital mergers that reduce competition, malpractice litigation and a more recent rise in inflation are all contributing to the rising cost of health care in the U.S.

While it is easy to blame the system, individual Americans play their own part. As our population grows, it is also getting noticeably sicker and more overweight. Chronic diseases such as diabetes, heart disease and asthma now account for the vast majority of health care costs in the U.S. As insurance companies deal with the increased cost associated with these chronic diseases, insurance premiums are pushing higher.

So what can we, as consumers, do to fight back against the rising cost of health care? Quite a bit, but it requires a proactive effort.

Here are a few ideas:

1. Stay healthy. The first and most important thing you can do to reduce the cost of health care is to live a healthy lifestyle. Don't smoke, make sure to eat a healthy diet with lots of fruits and vegetables, exercise and get plenty of sleep. It's simple advice but not always easy to follow.

2. Choose the right health care plan. The best fit depends on the needs of your family. If you have ongoing health needs, a plan with comprehensive coverage (albeit higher premiums) may do more to keep your overall health care expenses in check. In contrast, if you and your family have exceptional health, a lower level of coverage with lower premiums may be the best option.

3. Know your health care plan. Educate yourself on your health care insurance. Know what is covered, as well as whether your providers are in network or out of network, and get familiar with any enhanced benefits like telemedicine or wellness programs. Review insurance claims for accuracy. When issues arise, be organized, pleasant and persistent in pursuing reconsideration of disputed coverage.

4. Take advantage of health savings accounts (HSAs) and flexible spending accounts (FSAs). HSAs and FSAs are offered by many employers and allow employees to save pre-tax dollars for health care expenses. If available, either can be a tax-efficient way to cover out-of-pocket health care expenses.

5. Develop a good relationship with your primary care physician. The better your physician knows you, your medical history and your life circumstances, the better advice they can give you to stay healthy.

6. Get invested in your health. Get regular checkups. Take advantage of preventive care like vaccines for pneumonia, shingles and the flu. Be proactive, open and honest regarding issues you may be experiencing. Understand the rationale and cost-benefit of proposed tests or procedures and speak up whenever you have concerns.

7. Allow your primary physician to coordinate care. Avoid going directly to a specialist without consulting with your primary physician. They need to be in the loop and can help avoid redundant testing and treatment.

8. Manage prescription medicine wisely. Take prescribed medication as directed and check with your physician periodically to ensure it is still effective and necessary. Substitute generics when appropriate and take advantage of medicine-through-mail options to reduce cost.

9. Prepare for emergencies. Take the time to consider what constitutes an emergency so you can be prepared when one arises. An emergency room is staffed and designed to diagnose and treat acute injuries and illnesses quickly to save lives. As a result, emergency care is expensive. Non-emergencies are best handled by your primary care physician or an urgent care provider.

10. Plan for surgery and procedures. To best manage your potential out-of-pocket expenses, you need to do some upfront planning. Check to see if your providers are in network. If any are not and no alternative is available, you may be forced to pay a higher portion of the related expense. Also, ask if your surgery or procedure can be performed at an outpatient clinic. Procedures are typically less expensive there than in a hospital setting.

As consumers, we cannot change the system, but we can be proactive and smarter in managing our health care choices. A little diligence can provide us a healthier and wealthier tomorrow.

How To Determine if You Need Life Insurance

Michael Baughman, CFP® | Senior Financial Advisor

With 2020 and 2021 behind us, I am most thankful for my health and the good health of my loved ones.

But, good news aside, I've been thinking a lot about the end of life recently. No, I'm not depressed or terminally ill. Just like you, I plan to live well beyond my life expectancy. Perhaps this heightened awareness of the uncertainty of life has come about due to the coronavirus and totally unrelated, albeit tragic, recent events within my own circle of friends. Sadly, I imagine you don't have to think very long or hard to remember a friend or loved one who is no longer here.

In the past few years, I've lost three friends to cancer. Another friend was recently diagnosed, requiring an experimental and risky treatment. All are/were young and still in the prime of their lives. They didn't smoke or drink to excess. They were just unlucky, to put it mildly. One day, all was well, and the next day they were undergoing radiation, chemotherapy or refusing treatment altogether so that they could enjoy what little time they had left. I have a picture of one of my friends leaving the hospital with his wife and newborn baby. Mom and baby are pushed in a wheelchair by my friend behind them while he also pushes his own morphine drip. At that point, he was terminal and died a few days later. He held on just to see the birth of his third child, whom he will never know.

My point in going down this morbid path is to remind us of the finiteness of life (although COVID-19 has surely made us all pause on this point lately) and to encourage us all to plan for the worst. This is where insurance — specifically life and disability insurance — can be life-altering decisions for those you leave behind. No one likes to think of the scenarios that require these types of coverage. But just in my own small network and in a short amount of time, I know many families whose lives have been impacted forever by things outside of their control.

I'm going to use the rest of this article to help you think about life insurance. First, a quick definition: Life insurance exists to transfer a catastrophic risk to an insurance company for a fee, i.e., a premium.

There are two general types of life insurance: term and whole/permanent life. Term life exists for a fixed term, while whole life exists for your whole life and includes a savings component called cash value.

- Term life pays a guaranteed death benefit if you die during the specified term of coverage, ranging from 10 to 30 years. Premiums are low and fixed during the specified term and do not build up cash value.
- Whole/permanent life provides coverage for your whole life while also building up cash value. Premiums are consistent, and cash value is guaranteed. This type of coverage is more expensive given the additional savings component.

Other types of whole life insurance include variable and universal life.

- Variable life is a permanent life policy with the option to invest the underlying cash value into investment options, similar to mutual funds.
- Universal life is a permanent life policy with a cash value that grows based on interest rates set by the insurer. Premiums and death benefits are flexible.
- Variable universal life is a permanent life policy combining the features of both variable and universal life policies.

I'll use myself as an example, as I am the textbook case for needing life insurance. I'm in my early 40s and the sole breadwinner for my family. We have three young kids and a mortgage. My own life insurance needs analysis is hefty: three kids to send to college, retirement savings still to be saved and a mortgage to pay off. And don't forget about those ongoing expenses like bread, milk, diapers, etc. The cost of diapers alone justifies its own policy. These needs don't last forever though; at some point the kids will be out of diapers and educated, the mortgage paid off, and retirement savings funded. I don't need life insurance for my entire life, just for a defined period. So, I've opted for term life insurance, which can be more efficient in some situations and more affordable than permanent or whole life insurance.

> I encourage you to consider if and where life insurance fits into your overall financial plan. Those you leave behind will thank you.

Every time my wife goes away for an hour or two or, dare I say, a night or two, I question if I have enough life insurance on her. How much would it cost to replace all that she does for our family while allowing me ample time to get out of the fetal position in a pool of my own tears? It would require fourteen people to do all that she does in a given day. Just because she isn't earning much money these days, replacing her and the work she does for our family would be costly. So yes, I also have life insurance on her life. You better believe it.

Calculating your own life insurance need is too complex for this article, but here are some key costs to consider:

- Ongoing and future living expenses
- Current liabilities
- Child or dependent care
- Retirement and education savings
- Final expenses
- Business transition
- Legacy goals
- Estate taxes

In general, if your life insurance need is fixed and doesn't last your entire life, term life insurance may be the most efficient way to cover the risk. However, permanent life policies — while more expensive — do allow you to accumulate cash value and may provide additional flexibility with premium payments and death benefits. Contact your Parsec financial advisor for a customized life insurance needs analysis.

For you (yes you) and those you care about, I encourage you to consider if and where life insurance fits into your overall financial plan. Those you leave behind will thank you.

Confirming Adequate Property and Casualty Insurance

Judson Meinhart, CFP®, BFA™ | Senior Financial Advisor

When is the last time you thought about your homeowners and auto insurance? If you are like most people, it was probably the last time you had to file a claim, which hopefully was a long time ago!

Property and casualty policies often operate in the background of our lives, quietly providing protection for some of our most valuable assets. They are not something we often think about, but maintaining proper coverage is an important strategy to address risk and a fundamental aspect of any financial plan.

With real estate values surging and inflation driving up the price of used automobiles, there is no better time than now to take a closer look at your homeowners and auto policies and confirm that the coverage you have in place is adequate.

We have prepared this checklist to help with your review so that the next time you do have to file a claim, there won't be any surprises.

Q: What issues should you consider when reviewing your property and casualty insurance policies?

Real Estate / Property Insurance Issues	YES	NO
Did you buy or sell a house or vacation property? If so, review existing and new insurance carriers to see if there is a benefit to changing insurance carriers.	☐	☐
Does your homeowner's insurance cover less than 80% of the home's replacement value? If so, increase the coverage limit as the insurance carrier may notfully cover the cost of damage caused by an insured event. The insurance company may only cover a proportionate amount of the loss.	☐	☐
Have you made substantial capital improvements to the property (such as a swimming pool, addition, or renovation)? If so, consider the following: • Check that your insurance covers a minimum of 80% of the replacement value of the house. • Additional liability protection may be needed.	☐	☐
Has the value of the property increased substantially since the last time you reviewed your homeowner's coverage? If so, consider checking that your insurance covers a minimum of 80% of the replacement value of the property.	☐	☐
Do you need to add (or make the insurance carrier aware of) smoke detectors, security systems, and fire extinguishers? If so, consider the discount you may receive by having those listed on your homeowner's policy.	☐	☐
Have you reviewed changing the deductible? If so, this could decrease (or increase) your premium.	☐	☐
Do you own a condominium? If so, consider if there are any gaps in the condo association's master policy and your condo policy. The condo association bylaws may specify what types of coverage you should purchase.	☐	☐

Real Estate / Property Insurance Issues (cont'd.)	YES	NO
Do you pay rent to live in your residence? If so, consider purchasing renter's insurance if you don't already have coverage, or review limits and deductibles if you already have coverage.	☐	☐
Do you own real estate that you rent to tenants? If so, consider the following: • Review property and liability protection to ensure it is adequate. • Additional coverage may be needed to cover vandalism and loss of rent due to a covered event. • If liability protection is a primary concern, consider the possible use of an LLC.	☐	☐
Automobile Insurance Issues		
Did you purchase (or sell) an automobile? If so, review existing and new insurance carriers to see if there is a benefit to changing insurance carriers.	☐	☐
Is your collision and comprehensive coverage adequate considering the value of the automobile?	☐	☐
Do you have any children on your auto policy? If so, consider the following: • Check to see if you are eligible for any good student discounts. • If you have a part-time driver (such as a college student), you may be eligible for a discount. • Check to see at what age they will be required to leave your policy.	☐	☐

Personal Property & Umbrella Insurance Issues	YES	NO
Do you need to create an inventory of personal property in your home? If so, an itemized list may be needed to prove ownership.	☐	☐
Do you have personal property that's worth more than the replacement costs or exceeds sub-limits on your homeowner's policy (jewelry, antiques, collectibles, guns, coins, cash)? If so, consider scheduling specific items	☐	☐
Do you need additional liability coverage to supplement what is provided by your auto and homeowner's policies? If so, consider an umbrella insurance policy.	☐	☐
Other Insurance Issues		
Are there other insurance policies that should be reviewed (such as an earthquake or flood insurance)?	☐	☐
Do you need to review your insurance company? If so, check to see if there are any bundling discounts and if there have been any changes to their rating.	☐	☐
Do you need to review your identity theft insurance? If so, consider reviewing the benefits offered by credit cards and homeowners insurance, as you may already have coverage.	☐	☐
Do you own a business? If so, consider the following: • Review your Buy-Sell Agreements and the insurance needs for business continuation. Also, consider the valuation of the business and each partner's interest. • Review your business overhead expense insurance to make sure it covers your needs.	☐	☐

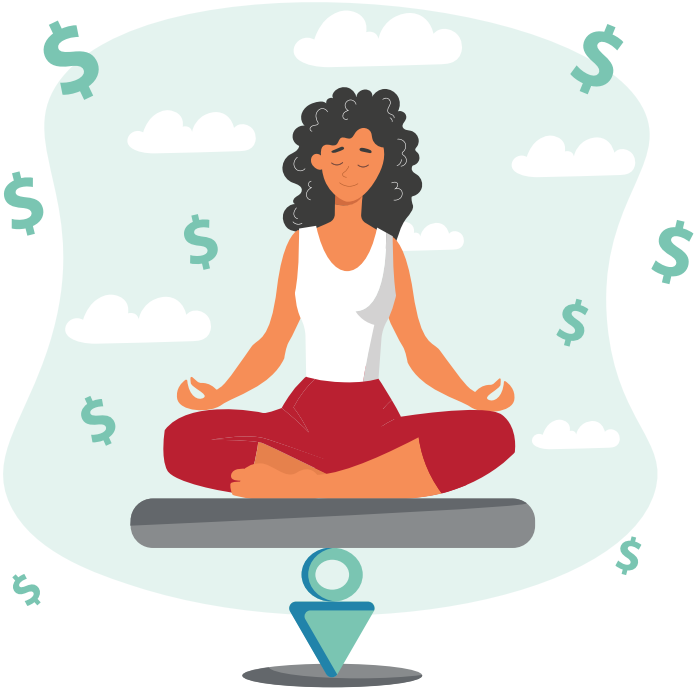
Mindful Investing

Sarah DerGarabedian, CFA | Director of Investment Management

Articles about the benefits of meditation are everywhere these days, and for good reason. 2020 and 2021 were unusually stressful years, and people are looking for non-addictive, healthy ways to manage their stress and anxiety. Thus, I got interested in mindful investing.

While meditation has been practiced for centuries (primarily by practitioners of various religions), it has surged in popularity recently and is now routinely practiced by celebrities, schoolchildren, office workers and even the military. Reams of scientific studies have shown that meditation is extremely effective at relieving stress and anxiety, lowering both inflammation and cortisol levels in the body. In fact, meditation — specifically the practice of mindfulness — has become so mainstream that the CFA Institute now offers a Meditation Guide for Investment Professionals to all CFA charterholders as part of their continuing education.

I began my own investigation of mindful investing a little over three years ago when I was looking for a way to manage my increasing stress levels. While I am by no means an expert, I have picked up some useful insights via the practice and study of mindfulness meditation, and it is clear to me that some of these techniques would be useful when navigating the emotionally charged and behaviorally biased world of investing.



If you are under the impression that investing is a rational, analytical, fact-based science, you would only be partially correct.

While we endeavor to approach investing in this way, we are still human and as such, prone to behavioral biases. In fact, the academic discipline of behavioral finance was created to study and name our irrational impulses: hindsight bias, confirmation bias, overconfidence, herding and loss aversion, to name a few. Without going into exhaustive detail, suffice it to say that when it comes to investing, our emotions often turn us into our own worst enemy, causing us to make decisions that fly in the face of an otherwise rational investment discipline.

When you engage in the practice of mindfulness meditation, you focus not on shutting out thoughts (a common misconception) but rather on becoming aware of your thoughts. Our internal dialogue creates a narrative of which we are generally unaware, which may lead us to take actions that are detrimental to our success and happiness. Thoughts borne of fear and anxiety can be very powerful in this way, until you recognize them for what they are — merely creations of the mind.

For most people, investing is fraught with emotion. You are putting your hard-earned money at risk to suffer the whims of the market, with the hope of attaining a long-term goal (education, retirement, charitable giving, etc.). It is tempting to give in to anxious thoughts in the face of uncertainty and make sudden changes to your portfolio that undermine these goals, causing you to sell low, buy high and otherwise jeopardize the outcome. If you cultivate awareness of these thoughts and tendencies, however, you have a better chance of recognizing them for what they are and resisting the urge to give in to them. That is mindful investing.

While it seems like everyone is touting mindfulness these days, there appears to be real scientific support for its benefits. Even if you don't undertake a formal meditation practice, a concerted effort to recognize deleterious tendencies could go a long way to improving your investment outcome and your peace of mind.

Announcements

Company holidays:

Friday, April 15: Good Friday
Monday, May 30: Memorial Day

Office reopening plans:

Thank you for your flexibility these past two years as we have continually updated our office staffing plans based on the latest CDC and local government guidance. Beginning March 7, we are restaffing our offices on a hybrid schedule. Appointments are preferred, otherwise please always call your local office before visiting. Fridays are by appointment only. Thank you!

Kudos to:

Jeff Urich for his promotion to director of finance.

Bradley Burk for his promotion to financial advisor.

Anna Bruder for her promotion to financial planning strategist and for receiving her CFP® designation.

Karen Augliera for her promotion to paraplanner.

Judson Meinhart for his promotion to senior financial advisor.

Ben Blake for his promotion to senior portfolio manager.

Sherry Davis for her promotion to paraplanner.

Christina Gibson for her promotion to client service specialist.

Congratulations to:

Executive Assistant Laura Gragtmans who, with her husband and son, recently welcomed a healthy baby boy.

We warmly welcome:

Andrew Small as a new tax manager in South Asheville.

Alexandra Friedrich as a remote billing specialist.

Sharron Fieber as a client service assistant in Tryon.