

## January 2019 Client Letter

The beginning of a New Year is always an exciting time for me. It is a time to reflect upon progress of the past year, as well as develop goals for the new year.

I had the opportunity to travel to some industry leaders' meetings in October and December this last year. At one, Bloomberg Radio was broadcasting live and lobbying those of us in attendance to be interviewed on their national show. Upon being personally approached, which I am sure many would consider a professional honor, the program manager said to me off air, "Dave, just remember, we are in the fear and disturbing news business". This comment really resonated with me. You see, in order to get people to tune-in, listen and return to either financial radio or T.V., the objective is to ratchet up the disturb factor.

Separately, I had the privilege of being a part of a relatively small group of national Advisors to hear George W. Bush privately a few months ago. Upon asking him what the biggest changes in today's political world in our country are, he responded, "the volume of supposedly news that compromises leader's ability to get a message across and the increasing lack of political leadership substituted by leaders who follow constituents rather than lead".

Both examples serve to drive home an important point. As an investor, you are increasingly submitted to greater and greater amounts of 24/7/365 disturbing financial news, as well. I, as an Advisor, am increasingly challenged to guide clients.

We rely on Nobel Prize winning economics and financial science. We emphasize individual uniqueness and personal planning goals. Despite this and a goal based financial planning approach, I am all but sure going into 2019 that everyone will be exposed to an avalanche of disturbing financial news. While history has shown, stocks enter a territory of "correction" defined by a 10% drop. This has occurred 29 times over the last 50 years\*. Since 1968, there are only 6 instances where a correction has lasted more than 500 days and 21 instances where it lasted between 157 and 288 days. During this same time, the S&P 500 has grown from 95 to 2,511 %. Pretty incredible.

As we enter 2019, I suggest keeping proper perspective. I cannot tell the future, but I can quite confidently state that no scientific or statistical evidence has proven to be able to "time" the market. Therefore, keep your "life-raft" close. This life-raft is your personal plan, and it considers historical volatility and bases your investment plan upon careful factoring of personal goals and risk tolerances. When you remind yourself of this, you may find yourself less disturbed by Bloomberg or other financial news during the year. While it is true that we cannot predict with any accuracy market correction or bear market, it is clear that we can see the rewards that are associated with long-term financial planning.

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\*Yardeni Research, December 31, 2018 [www.yardeni.com](http://www.yardeni.com)

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