



# Wealth Coaches

more of what matters to you

## The Wealth Coaches Clipboard

We are currently in a series on MKD's view of wealth. As we've stated, we believe wealth is not limited to just finance but also includes six other vitally important aspects: fun, fitness, family, friends, firm (work), and faith. Last quarter we talked about fitness – intellectual, emotional, physical and spiritual. In this issue our focus is on family.

In order to experience a truly wealthy life we need the benefits of family. To do life without it is like trying to run a race on a sprained ankle – you can do it, but it just doesn't feel good. Whether your family life growing up was idyllic like the Walton's or dysfunctional like the animated Simpson's show, I think we all recognize the importance of family.

### What is family?

Have you ever heard the expression, "He's like family to me?" Anyone who's watched *The Godfather* knows loyalty and ties to a non-biological family can run deep. Six feet deep in some cases.

Apart from the nuclear family – where "membership" is most often established by bloodlines – family can have a much larger definition.

*"The bond that links your true family is not one of blood, but of respect and joy in each other's life. Rarely do members of one's family grow up under the same roof."* Richard Bach, author of *Illusions*

In a broader and deeper sense, family encompasses those who share **connectedness, commitment** and **cause**. Just because someone has a biological family doesn't mean they will automatically experience the *benefits* of family. If you've ever endured the family feud holiday party, you know there can be a variety of factors and dysfunctions at home that keep someone from experiencing the benefits of family.

Who do you think of when you think of family? Whoever comes to mind, they do so because you likely feel a connection to them – you share a commitment and a cause. *Time* magazine recently asked veteran activist Gloria Steinem: "If you knew you had just two years to live, how would you spend them?" She replied, "Mainly by seeing my friends, my chosen family."

### Connectedness

Secretly or openly, everyone wants to be connected. We have a universal need to belong. At the heart of every viable family is an unspoken feeling of connection that transcends ordinary friendships.

Behavioral science supports this, but the best evidence might be the success of TV shows like *Cheers*. For 11 seasons, millions around the world watched a “family” of unforgettable characters interact at Ted Danson’s (excuse me, I meant Sam Malone’s) imaginary pub in Boston. Like any normal family, they squabbled and apologized and laughed and cried. They shared stories, jokes, and hugs. With just seven memorable words, the show’s theme song reflected a universal craving for a *place where everybody knows your name*.

## **Commitment**

Members of a vibrant family must have an unwavering commitment to each other. This private, unseen obligation is a standing order, ready to be called upon at a moment’s notice. This level of commitment sounds good in theory. But here’s where it gets sticky – the promise is to be honored even when it’s not convenient or comfortable.

A real pledge of honor is not a flippant, superficial commitment you mumble at some ceremony. The pledge I’m talking about develops a rock solid sense of confidence between a family’s members.

The spirit of shared commitment enables people to do the uncommon – whether it’s the Medici family of Florence or the Soprano family of New Jersey. One aspect of commitment that is necessary for families to function is *accountability*. It simply means you willingly agree to be responsible for your actions – and it’s the opposite of blaming, making excuses or ducking for cover when things go wrong. Keeping a commitment (big or small) is best supported by being answerable to someone else. That’s why folks in a 12-step program are accountable to a buddy (sponsor) who backs them up when they’re tempted or picks them up when they fall.

## **Cause**

Ever seen pictures of tourists bobbing around in Israel’s Dead Sea? It’s easy to float in it because the water’s salt concentration is 33 percent! That’s nine times saltier than the ocean. The brine is great for buoyancy, but toxic to all aquatic life. There’s no life there because it’s completely landlocked – no fresh water flowing through to flush it out or renew it.

That reminds me of people who are closed off to the world. A family that is focused exclusively inward, caring only for its own members, is a family undergoing atrophy, whether they recognize it or not. Like a body of water that has no outlet or source of fresh water, it will eventually become stagnant and any life in it will shrivel up.

All healthy families need a purpose, cause or mission that is bigger than they are, something outside of the tribe. This movement solidifies the group and gives focus to the family’s energy and resources so it can make a positive difference. Nothing enhances the health and vitality of a family more than sharing a common altruistic goal. Look for a “family” that’s making a corner of this world a better place, and jump in!

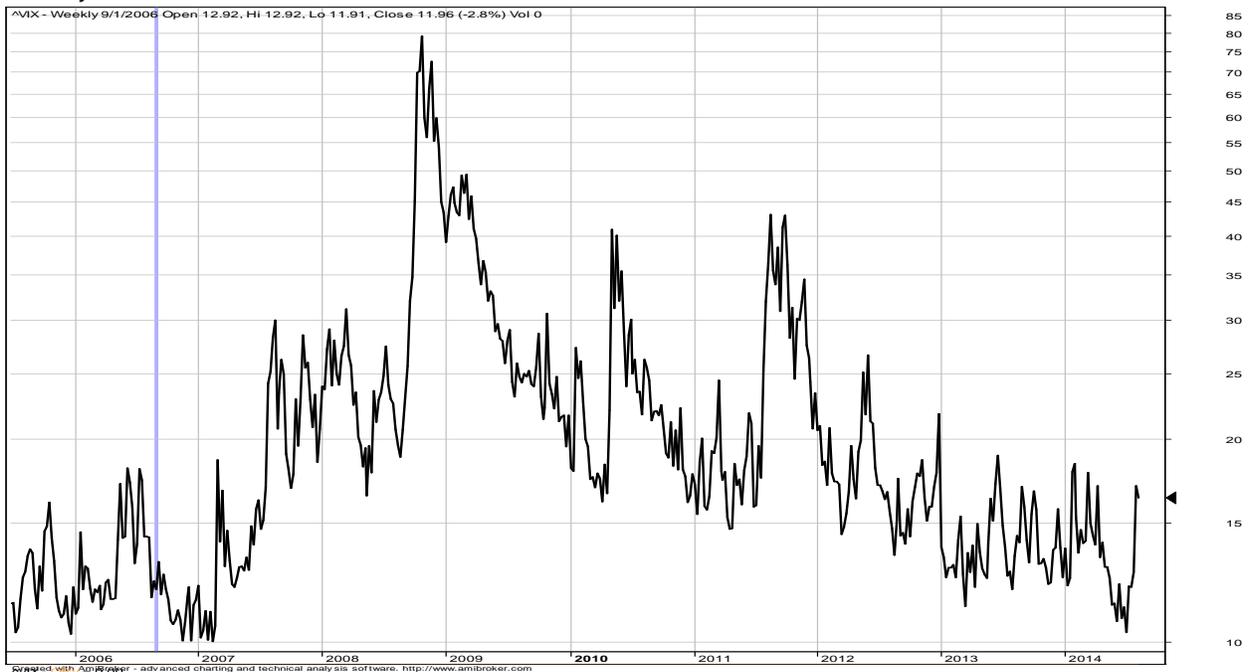
## Family: Action Steps

- Evaluate your family – any type of family – from a “cause” perspective. Is your family focused on protecting itself or on fulfilling a purpose worthy of dedicating your life to?
- Create a family values mission statement. Get the gang together and brainstorm about what’s most important to you. Examples could be “always telling the truth,” or “being kind to each other,” or “sharing what we have with the less fortunate.” Let everyone contribute what’s personally meaningful to them, and when you’ve made the list, have everyone sign it as a sort of covenant.

## Market Outlook

### Steve Goodman, Chief Investment Officer

The second quarter is now in the books, and it was a good one. Emerging International made up for its losses in the first quarter, and led major worldwide indices at +6.2%. US indices averaged a gain of +4.1%, with the NASDAQ 100 leading at +7.1% and the Russell 2000 bringing up the rear at +1.7%. The S&P 500 has now completed 1,000 days without a 10% market correction, the 5th longest streak in history.



Recall from the first quarter update that we mentioned some areas of concern for the market, namely valuations, aging bull market, and seasonality within a mid-term election cycle. We stated that “we take the weight of the evidence approach and make an interpretation. Current markets are overextended on a fundamental and technical basis. Coupled with the seasonality affect, the next few months will likely be rocky but are not showing signs of “the top.” Another area of concern is the Volatility Index (or VIX) trading near historic lows. A low VIX index suggests complacency among investors. Coupled with the seasonality and mid-term election cycle, we continue to believe that the

remaining summer months will likely be more turbulent waters than the smooth sailing in the first half of the year.

Yes, the markets are due for a breather or pullback, but based on other economic and fundamental data, we are currently not seeing signs of a market top.

*\*\*Nothing in this newsletter is intended to be or should be construed as individualized investment advice. All content is of a general nature.\*\**