



# Wealth Coaches

more of what matters to you

## What's Important To You?

Last year we began discussing with you some of the various topics that we come across in working on your financial plans. We are sharing with you how these various topics can impact your planning and your daily life. This quarter Mike Komara continues to share with you our firm's view on wealth. This edition is a little longer than usual but we thought you would enjoy the information.

### Wealth and the Purposeful Life – Part 2

**By: Michael Komara**

In our previous MKD Life newsletter I described our firm's view on wealth - which is typically much broader than most. We believe there are 7 aspects to a truly wealthy life: fun, fitness, family, friends, firm (work), finances, and faith. These will be expressed differently and in varying degrees according to each person's desires and season of life.

We believe all seven are essential. For example, a life where a person has lots of money but is struggling with sickness much of the time is not a wealthy life. A life where work is fantastic but there is little or no connection with family or friends, is not a wealthy life.

We also believe you cannot overemphasize one of these seven areas to make up for neglect in another. Just like eating more meat won't make up for a lack of vegetables.

As Wealth Coaches we want you to have a wealthy life, not just lots of money. While we are not experts in all these areas, we are experts in managing finances and how to use it as a tool to get the most out of all the other areas of your life.

We feel one of our responsibilities is to raise awareness of the importance of each of these areas and how they can add to the quality and richness of your life. In this issue we will focus on the area of fun.

## FUN

*"At the height of laughter, the universe is flung into a kaleidoscope of new possibilities."  
Jean Houston, philosopher*

Two 70 year old men had been friends all of their lives. When it was clear that Frank was dying, Joe visited him every day. One day Joe said, "Frank, we both loved playing golf all our lives, and we started playing soon after high school. Please do me one favor: when you get to heaven, somehow you must let me know if there's golf there."

Frank looked up at Joe from his deathbed and said, "Joe, you've been my best friend for many years. If it's at all possible, I'll do this favor for you." Shortly after that, Frank died. A few weeks later, Joe was awakened from a sound sleep by a blinding flash of white light and a voice calling out to him, "Joe, Joe." "Who is it," asked Joe, sitting up suddenly. "Who is it?" "Joe it's me, Frank." "You're not Frank. Frank just died." "I'm telling you, it's me, Frank," insisted the voice. "Frank, where are you?" "In heaven," replied Frank. "I have some really good news and a little bad news." "Tell me the good news first," said Joe. "The good news," Frank said with joy and enthusiasm, "is that there is golf in heaven. Better yet, all of our old buddies who died before me are here too. Even better than that, we're all young again. Better still, it's always summertime and it never rains. And best of all, we can play golf all we want, and we get to play with all the greats of the past." "That's fantastic," said Joe. "It's beyond my wildest dreams! So what's the bad news?" "You're in my foursome this Saturday."

Hopefully you found some humor in that little story. Perhaps you even laughed. If so, some important psychological and physiological changes just took place in your body and brain. We'll look at some of the health benefits of humor shortly. But first, let me ask you a question: When's the last time you laughed so hard your face hurt? I mean the kind of laughing out loud that makes your sides ache and your eyes water and ginger ale comes out your nose? If you can't remember, it's probably been too long.

A team of researchers at the University Of Maryland School Of Medicine, led by Dr. Michael Miller, showed that laughter is linked to healthy blood vessels. Based on his study, Dr. Miller suggest we incorporate laughter into our other heart-healthy activities, like eating less, walking more, and reducing our cholesterol. "We could perhaps read something humorous or watch a funny video and try to find ways to take ourselves less seriously," Miller says. "The recommendation for a healthy heart may one day be to exercise, eat right and laugh a few times a day."

Dr. Miller's not alone. According to an article published in Psychology Today, indulging your funny bone has a host of measurable benefits:

- Laughing increases productivity and connects people emotionally.
- Giggling reduces pain and allows us to tolerate discomfort.
- Snickering reduces blood sugar levels and lowers stress.
- Chuckling improves job performance, especially work that depends on creativity and solving complex problems.

Okay, so fun is important to our well-being. Important, but *not* automatic. Fun is a choice. We either embrace it or reject it. Having fun at work or home or anywhere we find ourselves is largely up to us. It's the disposition, the mindset, that we consciously or unconsciously bring to each situation that makes the difference.

Alright, we need fun, but what exactly *is* it? The old saying, "different strokes for different folks," probably applies here. It's going to vary for each person. Fun could be a "thing," like feathers on your hat or a new woofer for your stereo or the latest issue of *Golf Digest*. Fun can be an "activity," like hunting for antiques or playing Texas Hold'Em with the guys or grabbing a latte with your spouse. Fun can be an "event," like a softball tournament or charity ball or movie premier. It can range from a Super Bowl party (planned out like D-Day) to an impromptu family night with the kids or grandkids (Pixar and popcorn). Fun can be a "challenge," like building a deck or mastering the game of chess.

Did you notice that nothing on the fun list – things, activities, challenges – is what you'd necessarily call "hilarious?" Which means you don't need to be a stand-up comic or a practical joker to have fun. Whatever event or recreation or hobby spells f-u-n for you, just do it more often and don't hold back.

### **Fundamentals of Fun**

While there's no step-by-step guide for having fun, we can all learn to unleash our inner joker. To help, the following is a short list of what I call the fundamentals of fun. (For the complete list, please see "Life in the Balance, 7 Strategies for Making Life Work" by Michael Komara – available on Amazon)

## 1. Loosen Up!

In a candid interview with music journalist Deborah Evans-Price, country superstar Reba McEntire was asked: "If you could write a letter to yourself at age 19, what would you say?" Reba replied, "Quit taking things and yourself so seriously. Enjoy life! Quit being so stressed out over the little things. It is not worth it. Relax and enjoy life." That's good advice if you're 19 or 91. If you could write yourself a letter to yourself as a teenager, what would you say? Knowing what you know now about life, what counsel would you give? Take a moment right now and jot down what comes to mind.

How do you feel about what you wrote? Surprised? Do you need to make any adjustments in your adult life because of what you wrote?

## 2. Lighten Up!

In 1976, the Eagles touched a nerve with their hit song, "Life In The Fast Lane." Lyrics hit home for yuppies on the move, "Eager for action, hot for the game, the coming attraction, the drop of a name." Describing a couple burning themselves out, the chorus rightly concludes that life on the edge "surely makes you lose your mind." Can you relate?

In the 36 years (hard to believe!) since that song was released, the pace of life has increased a hundred times over. Thanks to technology, we're always on the grid, always connected to the entire world and moving at the speed of the internet. Every gadget that was supposed to save time and produce leisure has only forced us to do more work at a faster pace on a tighter deadline. And it gets worse every day.

That whooshing noise in our ears is the sound of life rushing by us as we struggle to keep up with our responsibilities. Some of these obligations are just part of life. We can't escape them. But there are other aspects of "busy-ness" that we bring upon ourselves. We miss a lot of the beauty and fun life has to offer by voluntarily participating in an endless rat race.

High achievers struggle in this area. They tend to think that fun is frivolous. They think that if you're not grinding away at work, if you're not busy producing, then you're wasting your time. If you're not in perpetual motion, you're not adding to your net worth.

If that frenetic pace continues – draining your emotional tank – the pain of broken relationships will be knocking on your door. Rabbi and philosopher Abraham Heschel said it beautifully: "Just to be is a blessing. Just to live is holy." The word *holy* literally

means to be “set apart, distinctive.” Who wants to live like everyone else? Not me. If you live like everyone else, you’ll get what everyone else gets – a splintered, fragmented life lacking cohesion, energy, clarity...and fun.

### **3. Live It Up!**

You’ve probably heard the saying, “Live every day like it’s your last, because one day you’re going to be right.” It’s grim but true. The fatality rate for humans is 100 percent. But before we kick the bucket, let’s live a little. What have you always dreamed of doing? What’s on your “bucket list?” What would you love to do, but (for whatever reason) have been putting off?

I double-dog-dare you to re-create your life: Learn to play the guitar. Or learn to speak Italian. Take flying lessons. Or fly a kite. Or learn to fly fish. Visit your favorite ballparks around the country. Do a fantasy camp. Take a yoga class. Take up line dancing. Go for a walk in the rain. Or go camping in the Grand Canyon. Start a business. Start a rock band. Run a marathon. Run the tables. Go bungee jumping. Or go horseback riding. Water-ski barefoot. Write a song. Write a poem. Write something on a steamed mirror. Plant a garden. Do random acts of kindness. Climb a tree. Just *pick something you like and get out there* – you’ll feel so much better! Whatever you pick, take Nike’s advice and *just do it*.

### **More Fun Than A Barrel Of Factoids**

I was surprised to learn the tangible benefits of including smiles and laughter in our day. The new study of humor and the effects of laughter on the human body is called gelotology. Doctors, psychiatrists and other health professionals are increasingly using humor treatments, laughter meditation, even clown therapy (remember *Patch Adams*?)

Memorial Hospital in laugh-a-minute Muncie, Indiana, has compiled helpful info about laughter. Here are a few of their findings:

- Stanford University studies show that a good laugh can provide health benefits equal to ten minutes on a rowing machine. (I’d do just about anything to stay off that torture device).
- Dr. Lee Burk of Lam Linda University, California, showed that laughter causes a release of endorphins similar to the “high” joggers experience.
- Dr. Michael Miller from the University of Maryland found that laughter can improve circulatory and cardiovascular health.

- In the 1950's, people laughed an average of 18 minutes per day. Today, we're down to just four to six minutes.
- Fortune 500 companies (IBM, AT&T, Ford, General Electric, Southwest Airlines, Bank of America and others) use humor in the workplace to increase morale and improve their bottom line.
- Here's my favorite stat: University of Chicago studies show that a great sense of humor can add about eight year to your life. That's 2,848 extra sunrises!

## **Market and Methodology Reviews**

**By: Steve Goodman**

The stock market had a stellar year in 2013, with the DJIA up over 26% and the S&P 500 rising nearly 30%. There was only one mild correction that exceeded 5% during the period, and that occurred around mid-year. Otherwise, the major indexes enjoyed a persistent advance, brushing off an initial uptick in long-term interest rates last spring, as well as the Congressional budget battle and government shutdown in October.

Over the past 82 years there have been 15 bull markets. The average duration of these previous bull markets has been 3.8 years, and the vast majority of bull markets have ended between 2-5 years. So not only is the current bull market a full year longer than the norm, it is about to become the fourth longest bull market since 1932.

The road ahead is likely to become a little rougher as we begin the New Year, and one reason is that 2014 is a mid-term election year. In the 4-year Presidential Election cycle, the Presidential Election year has historically been one of relative stability and generally positive outcome for the stock market. However, mid-term election years are anything but stable. Since 1940 these years have averaged a modest 5.7% gain, but they have seen much greater variability in market performance than Presidential Election years.

A few of our strategies have begun taking a more defensive position in early 2014 by holding larger cash positions with less market exposure. Greater concern may come over the markets if a substantial break of the 2+ year trend channel on the S&P is violated.

## Methodology Reviews

### Protect

**Objective** – Risk averse, seeks modest returns utilizing active risk management. Performance was negative for the year and slightly behind the benchmark. We reduced interest rate exposure in July, but the almost doubling of interest rates by year end was a major headwind for the strategy.

### Protect and Advance

**Objective** – Protect equity and fixed income capital during periods of uncertainty and advance during periods of growth utilizing a trend following approach.

RIS Market Strategy was positive for the year and well ahead of its benchmark on both an absolute and relative basis. An overweight to domestic markets and minimal exposure to emerging markets for the year were the main contributors to performance. RIS Bond Strategy was negative for the year, though ahead of the benchmark on an absolute basis. The negative performance was caused by rising interest rates during the second half of the year, though the strategy did manage to minimize losses by being in cash during the entire third quarter.

RIS Tax Managed Bond Strategy spent the entire year holding cash positions as the volatility in municipals remained high. Performance was ahead of the benchmark on an absolute basis, though fell short of our objective of minimizing declines relative to the benchmark

### Advance and Protect

**Objective** – Seeks capital appreciation by investing in global equity, fixed income, and alternative markets. Utilizes exit techniques and inverse positions for risk management.



The strategy was positive for the year though behind its benchmark. A leveraged overweight to domestic equities helped the overall performance. Exposure to an all-asset manager, with some exposure to fixed income products, and a temporary short position during the rising market dampened the performance.

#### Engage

**Objective** - Portfolio is allocated towards global equity and fixed income, tactically shifting equity exposure between a 70% maximum and a minimum of 30%.

The strategy finished positive for the year and well ahead of the benchmark. For the equity portion of the portfolios, holding the maximum 70% weighting with an overweight to domestic equities were the key drivers to performance. For the fixed income portion, performance was hurt by the overall interest rate environment, though mitigated somewhat by high yield exposure and the minimum fixed income weighting.

#### Passive

**Objective** - The Passive strategy is a broadly diversified buy and hold portfolio including domestic equities, international equities, domestic bonds, and commodities. Risk management is obtained through diversification.

The strategy was positive on the year. Domestic and Foreign Developed had the largest positive contributions to performance, all finishing negative for 2013. The Gold, commodity, emerging market, and real estate equities were the detractors to performance. The fixed income portion of the portfolios also had a negative effect on the portfolios.

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