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Planner Article: Our Financial Superpower

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“Having, and sticking to, a true long-term perspective is the closest thing you can come to possessing an investing superpower.”

-Cliff Asness of AQR Investment Management, quoted from Twitter. What is it that separates the financially “successful” from those who are not? Is it a higher IQ? More education? A more complex investment strategy? Pure luck?

The difference is often one simple, but incredibly difficult superpower - the ability to stick with a long-term *perspective* and *process*, even when things are rocky in the short-term.

Having - and sticking with - a long-term perspective can be incredibly difficult in any investment. We can spend all the time in the world researching the very best and carefully planned investment strategy. But once the tough times come, we’re tempted to act.

We are bombarded with news articles and investment “advice” tempting us to act NOW! We’re flooded with emotions. As Mike Tyson said, “everyone has a plan until they get punched in the mouth.” That’s where the real work comes in. We can be blinded by short-term thinking and ignore our long-term goals and perspectives. Ignore the *process* we put together.

It’s human nature - when we see news about recessions or market “turmoil”, it’s in our nature to take action. To be concerned or anxious.

But sticking with a long-term perspective is the most important superpower you can have. Being more *patient* than everyone else is a major advantage.

Warren Buffett is a great example. Sure, he’s known for his great investment strategy. But what’s not discussed as much is how he sticks with a process through good and bad times. His patience and dedication to a long-term perspective has always been his superpower.

This goes beyond simply your investment portfolio. For private business owners and entrepreneurs, the ability to keep faith in the product, service, and process is what often separates the failures from successes. They grind it out through tough times - when others would quit - and continue to push the business forward. They are driven by the long-term goals and vision for their business.

Consider our personal finances. We make decisions all the time with a careful balance in mind - short-term gratification and long-term goals. Keeping the focus on our goals and delaying gratification is a superpower that’s difficult to learn, harder to keep.

When we're tempted by that shiny new toy, what is it that helps us to wait instead of spend? That keeps us from pulling out the credit card and instead spurs us to plan, budget, and buy with cash? What is it that keeps us investing, year after year, even when cash flow seems to be tighter? Or that justifies taking a short-term pay cut for a better long-term career opportunity? Or spending money and time learning a new skill?

It's a long-term perspective. It's a superpower.

And unlike the movies, you don't need to be born with this power. You don't need to be bitten by a spider or benefit from a lab experiment. This power can be learned and practiced.

How?

First - think about your long-term goals and vision. Goal setting is such a rewarding, empowering, and motivating tool. Get out of the day to day, and allow yourself to think big picture.

What do you want long-term? What are the ultimate outcomes you want to achieve? For investments, consider what the goal of that investment is. What is the time horizon? What it is meant to ultimately be used for?

For a business idea, what is the long-term vision for the company? What's the long-term viability of your product or service? For your personal finances, what are the ultimate goals and values driving your decisions?

Second - what processes get you there? It could be an investment process. Possibly systems and processes in the business - operations, marketing, or otherwise - that drive your business forward. Even ways to automate cash flow and decision making, network for career opportunities, or track expenses.

Third - when faced with short-term difficulties that tempt you to jump ship, ask yourself a few questions:

- 1) Have your goals or vision changed?
- 2) Were these short-term results unexpected? Were appropriate expectations set?
- 3) Does your original process still make sense long-term, even with the short-term results?

If your goals remain the same, the results were expected, and the process continues to make sense, that's a good sign you should grit your teeth and stay the course!

This way of thinking isn't easy to adopt. But it's a real-life superpower that's worth learning.

Thanks to Ben Carlson and his [A Wealth of Common Sense](#) blog for the idea.

Pathways Holiday Hours

The Pathways Advisory Group, Inc. office will be closed for the following holidays:

Thursday, November 28, 2019	Monday, February 17, 2020
Friday, November 29, 2019	Friday, April 10, 2020
Tuesday, December 24, 2019	Monday, May 25, 2020
Wednesday, December 25, 2019	Friday, July 3, 2020
Wednesday, January 1, 2020	Monday, September 7, 2020
Monday, January 20, 2020	

In case of an emergency, please contact Schwab directly at 1(800) 435-4000.

Happy Holidays!