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Coulda, Shoulda, Woulda

by Ed Dower



Coulda, Shoulda, Woulda, is one of the most common games many investors play. I shoulda gotten out last July when I felt... I woulda made 8 times on my money if I'd invested \$1,000 in XYZ stock less than two months ago. I coulda...if only I had...

Anyone who has been an investor for any length of time has shoulda, woulda, coulda stories galore, especially after the market goes through one of its major shake ups like we went through in 2008. I heard quite a bit of it over the last 6 – 9 months.

Now that things have settled down a bit, even though the damage to portfolios often remains significant, I'm hearing more of a tone of acceptance of where we are and a keen interest in where we go from here. So let's take a serious look forward and address the question, "What do I do now?"

1. Take an honest inventory of your goals, resources and any gaps between the two. All our lives we have had goals, sometimes formal, other times informal. Goals have helped focus our efforts on a day to day basis. Think back on some early goals you've had. Do you remember having to adjust your goals to changing circumstances—sometimes many adjustments have been necessary. Often the adjusted goal may bare little resemblance to our original goal.

So, if your goal was to retire next year with a certain lifestyle, because of last year's market crash you may have to work a little longer, put away a bit more, scale down the desired retirement lifestyle a bit, or make some other goal adjustment. Goals have always had to be adjusted as we go. Would you expect financial goals to be different?

2. Carefully evaluate all expenses. When the Tech Bubble burst in 2000 I watched very carefully to see how the corporate community reacted to the financial stress that engulfed them. I watched as one after another cut unnecessary expenses, postponed projects and focused on being as efficient as possible. Not only did those companies survive the downturn, but they came out the other side leaner, more productive and more profitable than ever before. Their example provided a valuable lesson to live by.

Not all expenses can be cut or should be eliminated, but many should be evaluated and a conscious decision made about them. Given a conscious choice, we might spend our discretionary dollars a different way than we usually do. We might even chose to save or invest them to advance our goals.

3. Get on a budget. Budgeting is nothing more than developing priorities for our spending. All too often people approach a budget as a ridged spending straightjacket. That kind of budgeting is too much like dieting—it's really hard to stick with it long enough to make significant progress. Budgets can change whenever we have a desire to substitute one item for another, or our income increases to allow for more spending. As adults we know that difficult decisions may sometimes have to be made to avoid going into debt.

4. Take advantage of every opportunity you get. Over the past several months, I have heard numerous economists and portfolio managers comment that they have not seen investment opportunities like we have now in decades. With stock prices so low, bargains abound. The same goes for the bond market—there are some amazing opportunities that may make personal financial dieting worthwhile so we can squirrel away some additional investment dollars while the opportunities are so great.

5. Review and revise your investment strategy to better fit your current situation. This is where working closely with your financial advisor may make a significant difference in your portfolio's recovery and help you along toward your goals.

6. Remember to enjoy every day and make the most of it. Sometimes we get down when things don't go as well as we had hoped, planned and expected. We can make a conscious decision not to let those changes rob us of our joy in life. You can't control the markets—neither can I. You can't control Wall Street or Washington or State government for that matter—neither can I! But, I can choose to enjoy my friends and family each day. I can make a conscious decision to look for the beauty that surrounds me every day.

Whether we have the abundance of Warren Buffett, or endure the poverty of the Untouchable Class in India, beauty is in the eye of the beholder. It may be a single gardenia or a field ablaze with Spring flowers. It could be a friend's smile, a child's trusting hand, or a random act of kindness. As each of us adjusts to our new realities we can choose to be “beholders of beauty.” It's just another choice—one more thing that we can control.

If you would like a second opinion about your goals and portfolio, or just want to talk through your situation, give us a call.

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