

In the Financial Planning Email Update a few months ago, I began a series entitled “The Top 10 Reasons Why Investors are Successful” in which we reviewed the #10 reason is “The Successful Investor has a Positive Attitude”, the #9 reason is “The Successful Investor leads a Balanced Life”, the #8 reason is “The successful Investor has a Sound Investment Philosophy” and the #7 reason is “The successful Investor has a Contrarian Investor Behaviour”. This month we will discover what the #6 and #5 reasons are that investors are successful.

#6 You have a strategy against the Media

Today if you pick up the newspaper and turn to the editorial page, you might read something like this:

The world is too big for us. Too much going on, too many crimes, too much violence and excitement. Try as you will you get behind in the race, in spite of yourself. It's an incessant strain, to keep pace...and still, you lose ground. Science empties its discoveries on you so fast that you stagger beneath them in hopeless bewilderment. The political world is news seen so rapidly you're out of breath trying to keep pace with who's in and who's out. Everything is high pressure. Human nature can't endure much more!

This newspaper editorial reads like it could have been written last week, or last night. This article appeared BEFORE World War II, BEFORE the depression of 1929, BEFORE World War I in 1919, BEFORE the Civil War in 1865! It actually appeared more than one hundred and fifty years ago, on June 16, 1833, in ‘The Atlantic Journal’. That was back in ‘the good old days’. **Yes**, Pessimism is the scarecrow that fear erects in the watermelon patch of the future to frighten away the timid souls so the feast may be the richer for the few who are not afraid.

What does it mean to you and me? What can we learn from this? I believe that this simple, tattered editorial, over a century and a half old, teaches us one of the secrets of success.

It was once said that the stock market climbs a wall of worry. Well the media has taken on the task over the years of ensuring that we all have something to worry about everyday if we choose to.

Years ago we got our news by reading the daily newspaper and watching the evening news on TV, and this was very comfortable to everyone. Now the media has become several newspapers per day, cable news on TV with around the clock coverage, stock ticker tapes running continuously all day with up to the minute news, the access to information around the world on the Internet and social media as well as many

magazines, right down to glancing at all the scandal sheets such as National Enquirer (which often attempts to communicate even financial news) in the grocery line.

Of course, we all know only negative news sells. You will never see a headline that states “patient investor invests over 20 years, achieving significant wealth”.

How Boring!

My axiom has always been, the worse the news, the greater the investment opportunity. For example in October 1987, the headlines read “Panic Sweeps financial Markets Smashing records of 1929 crash.” That turned out to be a great buying opportunity for investments.

In 2001 after 9/11 the headlines read “Edgy Investors Flee Markets”. Doesn’t that sound like the market emotion called capitulation which comes near the bottom of the business cycle?

That was a great buying opportunity.

#5 Utilize Smart Money Strategies/Avoid Bad Money Strategies

Paul Rockel, in his classic book ‘Why I invest in Mutual Funds’ describes what is the formula for financial success which is Time + Money + Rate of Return, with time being the most important. He goes on to illustrate that if an investor at age 25 saved \$50 per month for 40 years @ 15% (Paul Rockel used 15% return for illustration purposes but we cannot expect a 15% return today) they would have saved \$24,000. But the value at age 65 would be \$1,227,571. If another Investor wanted to catch up and started at age 45 and invested \$100 per month, twice as much, for 20 years @ 15%, they also saved the same \$24,000. But the investment would only be worth \$141,372. at age 65.

When is the best time to plant an oak tree, well 40 years ago, when’s the next best time, **TODAY**. It doesn’t pay to procrastinate. You have heard the old cliché “pay yourself first”.

If we spend less than we earn, or save, say at least 10% of what we earn as I have always practiced, we will become financially successful. I have witnessed clients who have never earned more than \$40,000. per year who are worth over 1 million dollars today by saving 10% over time. Social Studies have indicated that 75% of all problems, particularly marriage problems, are related to money. Therefore if we practice saving and investing we can remove 75% of all problems from our society.

Smart Money Strategies include Maximizing Tax Free Savings Account’s, Maximizing RRSP contributions, Utilizing Spousal RRSP’s, Pension Income Splitting, RESP’s, Disability Savings Plans and Systematic Withdrawal Plans.

Amanda has been working hard on increasing her skills and qualifications and has just attained a new and very important designation of “Responsible Investment Specialist”

(RIS). Congratulations Amanda! This means Amanda Attack now has more initials after her name than Gary Attack!

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning.

I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions or concerns that you would like to discuss or review, please do not hesitate to email or call Amanda or I at 519-894-2661 or toll free 1-800-716-5538. Have a great day.

Respectfully Yours, Gary

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