



FLOURISH
WEALTH
MANAGEMENT®

Quarterly Newsletter

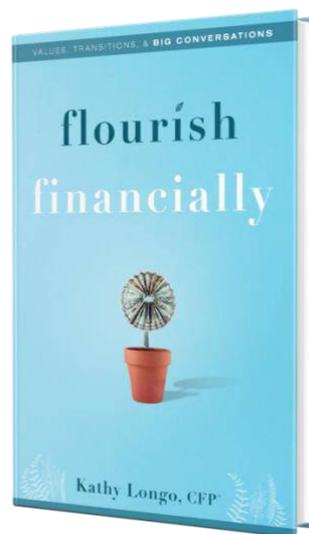
News from Flourish

Happy Summer! I hope this newsletter finds you well and that you enjoyed Independence Day last week. We closed the office for two days for the team to better enjoy the mid-week holiday. My family spent the day catching up on projects around the house while reminding our younger kids that the 4th of July was not the official holiday of staring at online videos, then convinced our kids into a nice 9 holes of golf and a family dinner. Although not the most stressful or energetic of celebrations, it was still a tad difficult to get back into the swing of things come Friday morning! I suppose that is the downside of having a holiday in the middle of the week. You don't want the fun to stop.

As you may have seen, last quarter was very busy and exciting both professionally and personally and I am eager to discuss that momentarily. But first, some meaningful upcoming dates we'd like to share. After news from the Flourish team, we are sharing an article on the importance and benefits of delegation and a market commentary from our Director of Investments, Jay Pluimer, AIF®, CIMA®.

SAVE THE DATE

As I have mentioned previously, I have been working on a book, Flourish Financially, for the last year. It is scheduled for release this coming Fall and we will be holding a book launch to celebrate! The launch will be held at **6pm, on September 17th at the Barnes and Noble Galleria in Edina** (3230 Galleria | Edina, MN 55435). As the date draws nearer we will be sending out reminders. We hope you'll be able to join us, get a signed copy of the book and celebrate an accomplishment of which I am very proud.



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OUR TEAM

We continue to grow our happy little firm and this past quarter we welcomed Michelle White as our Client Services Manager. We have also added one more member to our team, Kelli Hengel, who will be a Wealth Manager. Please join us in welcoming her to the Flourish Team!

As you may have seen on social media, I recently participated in a widely circulated podcast in the wealth management industry. Michael Kitces, a thought leader in our field and financial planner himself, invited me to speak with him about my journey through the planning industry, my experiences as a female financial advisor and entrepreneur, and the balance of work and life in a demanding business. My experience in contributing to this podcast helped me to reflect on my own past experiences in an interesting way (because I was speaking my thoughts out loud, perhaps for the first time in some instances). It was a very rewarding experience and a bit challenging too.

Although the podcast is more geared toward financial advisor audiences, you can feel free to take a [listen here](#).

This coming Quarter, as mentioned previously, I will be releasing my book which has been as time-consuming as it has been enjoyable. Jay will be working to evaluate a variety of Socially Responsible investment options for future discussion, and our team will be working to make sure we are operating together as a unit as effectively as possible for our clients with a team strategic planning session scheduled for September.

Q2 2018 QUARTERLY ARTICLE

Surrendering the Lead

Independence, delegation and knowing when and how to find a balance.

By: Kathy Longo, CFP®, CAP®, CDFA

President & Founder

This past April, my family and I went to Spain to visit my oldest daughter, Maddy. She was spending a semester in Barcelona and that was a great incentive to take a European vacation. As a planner, it should come as no shock that I often plan my vacations fairly meticulously. I like to know where I'm going and, typically, lead the way. There was something very different about this vacation though, and it



taught me a great deal about the freedom of letting go and the opportunities it can open up.

When we arrived, we started the trip spending a few days in Madrid, then took a bullet train to Seville for a few nights during Holy Week before flying up to Barcelona. I had intended to fill most of our days hiring local tour guides to show us around each city while providing historical perspective or local flavor, then I planned to find some interesting places for dinner while our family shared conversations about what we experienced each day. What I was not prepared for was that Maddy already had plans of her own for our family trip! She had created an online document for the family to share with a schedule of places to visit, restaurants to dine in and events to attend. Wherever we went, Maddy took the lead by pulling out her phone and taking us to places that she had researched for us while sharing insights along the way. The highlight of the trip was in Barcelona as we walked the narrow, busy and colorful streets while Maddy was pointing out different places she'd been, experiences she'd had while staying there, and the cultural and historical significance of certain buildings and landmarks.

Feeling extremely proud, my first thought was, “the apple does not fall far from the tree”. But then, I realized there was another feeling: I was very relaxed. In the absence of schedules, timelines, and tour guides monopolizing my thoughts, I was living in the moment, wholly experiencing the place I was in--the smells, the difference of culture, the faces of people passing by, and the simplicity and wonder of just being in a place that is not familiar and fascinating.

Sole Administrator

When I work with clients who are nearing retirement or who are planning for their later years, one of the biggest challenges they are faced with is how to delegate responsibilities and let go of doing everything themselves without feeling like they are losing their independence or ability to call the shots. I think this probably comes from the association that people still make between the complicated and intertwined themes of retirement, aging, control, and diminished capacity (either physically or mentally). Perhaps people want to keep doing the things they have always done themselves as a way of holding onto their youth. It can be difficult to explain to someone that delegating responsibilities provides access to advanced planning as you age, particularly in the event of health problems, but it also opens your life to new possibilities and opportunities without the burden of having to administer everything on your own.



As I looked at Maddy, grown up, taking the lead, I had a sort of epiphany: Letting go and allowing others to take the lead on something that you have always done in the past can have a bittersweet quality, but if you lean in, it is extremely liberating.

Changing Course

Retirement planning comes with many variables and, unlike the slow and gradual changes that took place in your life prior to retirement, these variables crescendo and make an impact all at once. That is why we refer to retirement as a major life transition. Because it is one. Pre-retirement you sort of work through things one at a time. You begin your career and start to save. You meet your significant other and begin building a life. You get married and combine finances. You save for and purchase a home. You start your family and begin planning for college. You continue to save for retirement and accumulate assets in investments and real estate. All of these milestones (whichever apply to you) have a longer time horizon and are more singular in nature.

When you retire, all at one time, you stop earning a salary. Your retirement income stream becomes your financial means. You are no longer contributing to it, you are drawing from it. Your Social Security eligibility commences and there are decisions to be made that have financial and tax implications. You are eligible for Medicare and have big changes to make for your medical coverage. The nature of your estate plan will shift to a certain extent, and if you haven't yet created a comprehensive estate plan then you will need to address that right away. I could fill the page with all of the other things that should and must be considered when you are preparing for retirement and planning for advanced aging.

I am not listing these items to make anyone feel stressed or overwhelmed, though if you feel that way, you certainly have good reason to be. It is a lot. My reason for outlining the complexity of retirement planning is because delegating some of the planning can not only unburden you mentally, it can help to ensure that the decisions you make are right for your particular financial story. The longevity of your retirement assets and the lifestyle you wish to lead have a great deal to do with the choices that you make and the plan you set in place at the outset of your retirement chapter.



Age Before Beauty

Additionally, as you age, there will likely be a time when someone will need to assist you or take control of financial and/or legal decisions for you.ⁱ While this can be an uncomfortable notion, it is important to create an advanced plan in the event that you lose the ability to independently make financial decisions. Communicating with your children and spouse about who you choose to delegate to--who will be in charge of making decisions should the need arise--is extremely important and can help to ease the emotional burden on your family should something catastrophic happen because your plan has been clearly designed and communicated.

I often speak with potential clients' children who are eager to help their parents better organize their finances and assets. They want to be sure that their parents' best interests are being served and that they are taken care of. Sometimes, however, we cannot always find a common ground to start from because their parents are simply not ready to delegate. Neither to their children nor to an advisor. It can be heart-breaking to see the children feeling helpless and knowing that their parents need help, not to mention the fact that, as an advisor, I see that we might be able to help them improve their long-term financial well-being and cannot do anything to change their minds. (Please reference our [previous blog](#) about starting family conversations for additional insights on this important topic, or [another recent blog](#) about the importance of legacy planning.)

Health and Wealth

If you feel that everything you need to have in order for retirement is in place, and you are kicking up your feet without any financial worries, then you are a member of a small and very fortunate club. Studies overwhelmingly show that those who are confident in their current and future financial well-being live longer and healthier lives.ⁱⁱ A recent study from the Brookings Institution demonstrated that one of the leading causes of stress among retirees is financial uncertainty.ⁱⁱⁱ It can be difficult to hand over the reins and take in the view. In a world where we are constantly looking for something else to work on, to commit to, to DO, it can be downright uncomfortable to surrender obligations. But if you allow yourself the freedom to take a step back and let someone else take the lead, you might just find that it suits you.



For information on how you or a loved one can begin delegating to a fee-only fiduciary who always puts the best interests of clients before anything else please [contact me and my team](#) for a consultation and complimentary discovery meeting.

Market Commentary

By: Jay Pluimer, AIF®, CIMA®

Director of Investments

The second quarter of 2018 has come and gone, featuring a larger than normal mixed bag of “what now?” news headlines. There were the typical dark clouds such as potential trade wars and rising interest rates. There were also the usual market darlings, such as this quarter’s long-awaited rally in small cap stocks. In their own way, each of these headlines can tempt you to cringe or veer off-course by feeling now is the time to be out of the market or that there has been no better time to double-down.

We hope you’ll avoid reacting to the news headline of the moment. At the same time, we understand how hard that can sometimes be, particularly in our modern echo chamber of the 24-hour news cycle with social media alerts to draw our attention. No matter how often we’re faced with uncertainty or how well we think we’ve prepared for it, new threats and opportunities have real ramifications in our lives; it’s natural to wonder whether “this time” they should also influence our investment decisions.

The decades and volumes of robust evidence advising our approach still suggests it’s unwise to let recent headlines overly influence long-term investment decisions. To best pursue your personal goals, we must continue to consider the latest news within the greater context of how global capital markets have delivered their eventual returns. Building and maintaining a globally diversified portfolio doesn’t grab news headlines and won’t drive TV ratings. Although sticking to a well-crafted investment portfolio over multiple years can appear boring or tone deaf, it can be very rewarding over time.

Our rational selves understand the value of patient persistence. But, as Georgetown University finance professor James Angel observed in a recent [Wall Street Journal article](#), “One of the open secrets of the financial-services world is that we’re also in the entertainment and gaming industry.” But here’s a fun (and important) statistic to remember the next time you’re tempted to bet against the proverbial house by guessing where the market is headed next (emphasis ours): “Since 1928,



the [U.S.] stock market has risen on 54% of days, 58% of months *and 73% of years.*”

This comes from [the same WSJ article](#), along with this important observation: *“The distinction between an investment and a gamble lies in the odds of success.”* Our goal is to keep those investment odds in your favor. It may not be as entertaining as the breathless headline of the moment, nor is success guaranteed, but all evidence suggests you’re best off investing in the house and its expected favorable outcomes rather than placing concentrated bets on every hand played or over-reacting to every short-term loss.

As always, please be in touch any time we can help you explore current market returns as they relate to your financial goals – or with anything else that may be on your mind. One sure bet you can make: We’re always happy to hear from you!

For more information on investments and the markets this quarter you can look at our [Quarterly Market Review](#).

Conclusion

As always, we are here to listen to our clients and share our perspective. We hope that our newsletter and articles provide you with inspiration and useful information. We encourage you to share our resources with family and friends who you think would benefit from them. Happy summer!



Sincerely,
Kathy Longo and your Flourish Team

Sources:

<https://www.apa.org/pi/aging/lifespan.pdf>
<https://www.guardiananytime.com/gafd/wps/portal/fdhome/insights-perspectives/emerging-trends/employee-well-being-financial-stress-study>
https://www.brookings.edu/wp-content/uploads/2016/06/final_ten_facts_financial_well_being_retirement.pdf
<https://www.wsj.com/articles/investors-cant-get-enough-of-wall-streets-suckers-bets-1530264600>

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