

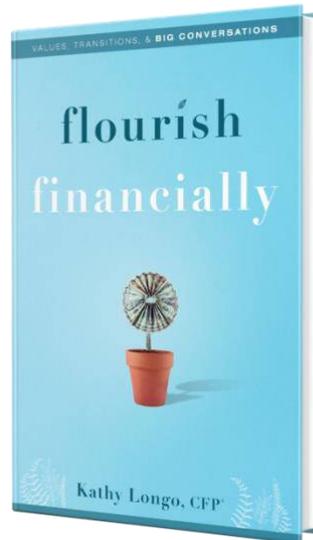


## News from Flourish

The final quarter of 2018, as well as the entire year, has been a whirlwind of excitement and professional growth for the Flourish team. Our newest team member, Nicole Swanson, joined us at the beginning of November and we are grateful for her contributions in her role as Wealth Manager, her passion and dedication to servicing our clients, and for moving from Madison to join us here in Edina. Thanks Nicole!

Michele Lenz joined us toward the end of 2017 and through hard work and perseverance earned the CFP® designation in August of 2018. And Michelle White joined us in April 2018 as Client Services Manager and has proved to be an invaluable addition to our little family, leading our custodian relationships and supporting our compliance process which is always top of mind in a wealth management firm. We have received wonderful feedback from our clients about our growing team and we look forward to continuing to provide high quality services in the coming year.

In September, as you are all aware (based on the big uptick in communication on social media and new posts to the website) I published my book, *Flourish Financially*, and the response from those near and far has been gratifying. I wanted nothing more than to remove the Taboo from talking about money and to make financial wellness an achievable goal for people regardless of their past, their mistakes, their challenges or anything else that can sometimes get in the way of speaking honestly about your financial reality and your financial ambitions. The book and the subsequent promotion of it on podcasts and in interviews has been an incredible learning experience for me. Exploring my voice in a new way. Speaking beyond the table dividing myself and the clients whose loyalty and support I value so much. Being able to reach a larger audience to send the message





that, no matter who you are or where you come from, there is an opportunity to start where you are and grow from that if you are able to be honest and open with yourself and those you care about.

This has also been a year of lessons. We've had some big successes with the launch of a book, addition of new client relationships, and developing resources across our team. There have also been some challenges with building the right team, dealing with two teenagers, and trying to contribute to my community in a way that can make a difference. It has been a learning experience in managing time and emotions and commitments. I am grateful for the support that I have in the Flourish team, friends and family and my husband, Jay. We are only as good as our community and I am grateful to have a wonderful one that seems to be growing daily.

Two Thousand Eighteen was a year of lessons—good, bad, and ugly. I wouldn't have traded it for the world though. Here's to a grateful, prosperous and adventurous 2019. Thank you for reading!

## Q4 2018 QUARTERLY ARTICLE

# New Year, New (Manageable) Goals

By: Kathy Longo, CFP®, CAP®, CDFIA

President & Founder

It's that time of year again for fresh starts, new beginnings and a long list of resolutions. We all have them, probably a little bit more exercise, eat better, tackle debt, save more. These are things we all could be better at and so this year, instead of putting them back on the shelf after a few half-hearted attempts, let's go over some ways to actually reach your goals. It's great to sip champagne and think of all the things you will do better this year, now imagine how much greater it will feel to actually accomplish those goals at the year's end.

The first step is really to ask yourself *why* these are your goals. Why do you want to change and, if the same resolutions crop up every year, why haven't



you done it already? If the challenge is overeating, for example, perhaps the issue is more about the reason you are eating poorly or too much and not so much the weight gain. That root cause may be something else entirely, so following the thread along to the source may reveal that the thing that needs changing is not what you originally thought it was. Instead of another strict fad diet, perhaps a visit to a therapist to discuss stress-eating or depression may be the best route toward your goal. We often seek out unhealthy behaviors for their pleasurable, albeit often brief, payoffs.<sup>i</sup> So, before setting goals, looking at why you eat or spend, for example, may add clarity to the goal.

In this article, we will go over some of the major resolutions and some steps to help you reach them.

## Breaking Big Goals into Smaller Sub-Goals and Checkpoints

Two of the big resolutions are to exercise more and to eat better. Both of which will help to lose those extra pounds (which also tend to be on that resolution list). So, how can we do that? Avoid another year of attempting a dry January or starting a gym membership that lies fallow by March with little actual change. The main goal is to take small steps instead of jumping into a new routine, cutting out the majority of the food pyramid, and duct-taping yourself to a treadmill. It's good to dream big and set lofty goals, but sometimes a goal is too big and feels too far to reach. Finding the balance between unrealistic and attainable is key, and the first step of that is to break down the big goal into smaller steps with checkpoints along the way to mark your progress. Having small victories will help to reward you along the way instead of only a big final payoff at the end. So weekly goals, like walking one mile, then two miles the next week, etc. may be a good motivator. Small dietary changes, like cutting certain foods or sodium, or cooking at home more, can be the small checkpoint victories that lead to a big lifestyle change. Bringing sub-goals to reach big goals will incentivize and make the process more fun and keep you on track.

### Start Small

If your resolution is money related, then you are part of the 84% of Americans who set financial goals as their 2018 resolution.<sup>ii</sup> The same rule applies to create a big goal and then a series of smaller checkpoint sub-goals



to reach it. If tackling debt is the resolution you'd most like to accomplish this year, you need to plan. For example, attack whichever debt charges the highest interest first and work from there. If the goal is to save more for retirement, an easy first step is making sure you are taking advantage of all workplace match options for your 401(k). Having certain percentages of your paycheck going directly into different accounts may help save money with very little effort once it's set up. Another small step may be meeting with a financial advisor, sharing your goals and creating a plan to reach them. Once you understand how much you actually need and create a spending plan factoring in living expenses, taxes, and fees, your goal will be more specific and less abstract, making it easier to stick to.<sup>iii</sup> Whatever it is you want to do, breaking the goal down to small daily, weekly, or monthly monetary checkpoints will show your progress and help build confidence. Rome wasn't built in a day and any big goal will take time and effort, but like Rome, brick by brick you can reach your goals.

## Factor in Obstacles

Life Happens. You are saving or paying off and then something breaks, a big expense comes up, you get laid off, you have a health issue. Whatever it is, it can completely knock you off track. So, since none of us has a crystal ball, the best thing we can do is plan for challenges and obstacles that may get in the way of our goals. Before you start funneling money into a retirement account or a large credit card bill, for example, make sure you have a robust emergency fund. Having a diverse portfolio will help with any market volatility.<sup>iv</sup> A good resolution goal will be malleable enough to adapt to a changing situation and have options if some unplanned element drops into your lap. Any long-term goal that is worth having is also worth adapting for, so being adaptable in the face of the unexpected will help you reach your goals.

## Be Realistic and Kind to Yourself

As stated above, life happens. With important life goals, the challenge will be getting back up when you fall and staying the course. By planning contingencies for obstacles and setbacks and building smaller, more attainable checkpoints and sub-goals, the odds are good you will be able to stay on track. By spending a little more time exploring why the resolutions



are important to you and crafting a more refined, realistic and specific path to reaching your goals, you are much more likely to achieve them.

To reaching your goals and flourishing in the new year!

## Q4 2018

### Market Commentary

By: Jay E. Pluimer, AIF<sup>®</sup>, CIMA<sup>®</sup>  
Director of Investments

Market performance took a step backward in the fourth quarter of 2018. There were a variety of headwinds that led to a difficult market environment with negative equity returns in October and December. Many of these issues had been relevant throughout the year, including trade war arguments, rising interest rates, uncertainty about long-standing global alliances, and geo-political disruption in multiple countries. A couple important notes included cautions about future earnings from large US Technology companies which have played a large role in strong overall market performance over the past couple of years. The end result was negative returns for almost every investment except cash for 2018. [As noted in our market update in early January](#), down markets are an expected part of investing and need to be put into appropriate context to balance the negative emotional impact.

The positive market returns to start 2019 are a good sign that investors continue to find upside opportunities in the stock market. A key incentive to put money back into equities is the reasonable US market valuations which dropped by over 25% during the past year despite strong corporate earnings. We expect to see high levels of market volatility over the next few months as a reflection of geo-political uncertainty in the US (government shutdown), UK (Brexit), and China (slowing growth rates). The average number of days when the market moves up or down 2% in a day is 11, which seems high compared to the 0 days experienced in 2017 and low compared to the 20 days in 2018. (Part of the pain from 2018 is that 15 of those 2% days had negative returns.) All of these themes support the importance of a diversified portfolio with a plan to meet cash flow needs to support patience with short-term market movements. We also expect to see more reward in



2019 from a diversified portfolio that includes an appropriate allocation to fixed income along with exposure to global markets.

[Quarterly and Annual Market Reviews.](#)

## 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 2019!



**Sincerely,**

Kathy Longo & the Flourish Team

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<sup>i</sup> <https://www.health.harvard.edu/staying-healthy/seven-steps-for-making-your-new-years-resolutions-stick>

<sup>ii</sup> <https://www.nerdwallet.com/blog/2018-new-year-money-report/>

<sup>iii</sup> <https://money.usnews.com/money/blogs/on-retirement/articles/2017-05-26/6-important-steps-to-take-before-retirement>

<sup>iv</sup> <https://www.cnbc.com/2018/03/21/heres-how-to-make-your-retirement-a-reality.html>