

# Flourish Wealth Management

## Quarterly Newsletter

### News From Flourish

JULY 2020

The first six months of 2020 have been some of the most challenging in my career. Unfortunately there are no promises that the second half will be any better as we continue to battle a global pandemic while preparing for a contentious US Presidential Election. However, the challenges have also provided time for reflection, perseverance and creativity in problem solving as our team works together to adjust, adapt and change in the face of adversity and uncertainty.

While I have no intention of using my quarterly newsletter as a pulpit, in light of recent events, especially those that have transpired in my own neighborhood in Minneapolis, I feel it is important to address the nationwide discussion we are having about race, justice and equality in our country.

#### BLACK LIVES MATTER: WHY I STAND WITH BLM AND THE DEMAND FOR JUSTICE AND EQUALITY

In the era of COVID-19 we have been given another reminder just how unequal our society can be for communities of color.

The rise of this deadly pandemic and the shutdowns it has necessitated have proven difficult, dangerous, and draining for all of us. For some communities, however, this time of hardship and uncertainty has been magnified and exacerbated by underlying inequalities that have existed in this country since its inception.

Long before the Coronavirus, and viral videos, and Jim Crow laws, and the Civil War, Black people have been suffering. This country was built at the expense of Black communities, Black families, and Black lives. To

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acknowledge this does not diminish anybody else's suffering, but to fail to acknowledge it is to increase the suffering of many.

The killing of George Floyd by Minneapolis Police, preceded by Breonna Taylor, Philando Castile, Tamir Rice, and Eric Garner to name only a few, has served as a catalyst for the greater American populace to remember just how dangerous it can be to be non-white in America, and how the power of the State can be used injudiciously and without regard for human life.

The United States makes up 4 percent of the world's population and yet its prison population is one quarter of the entire world's. Of the 2.3 million people living behind bars on American soil 37% of them are Black. Black people are incarcerated at more than 5 times the rate of whites.<sup>1</sup> The discriminatory policies of the justice system in our country need to be addressed, else it is not "justice" but "apartheid" that should be used as a word to describe this system.

*Black Lives Matter* and for too long, Black people have been told to wait their turn to get a fair shake. Life, liberty and the pursuit of happiness are not simply ideas, they are rights and should be accessible to all. I stand with Black Lives Matter in protest of racial injustices and inequality and I support the actions of the movement to perpetuate real change, now. #Blacklivesmatter

I realize that not everyone may share my views on this topic, and all are entitled to their opinion. As the mother of two latino children and as a business owner in my community, I feel that it is my duty to express my opinions, thoughts and feelings and to state my stance in solidarity with such an important movement.

In the coming pages the topic will shift from social issues to your financial picture during these unsteady times. Director of Investments, Jay Pluimer, has put together the Market Commentary for the most recent quarter; we will also share an article I wrote that I thought was timely given how much change and uncertainty seem to surround us right now. It is titled: A World in Transition.

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On a personal and professional note, there are a few exciting announcements that I would like to share:

## FLOURISH ON ALEXA

In just a few short weeks, we will be launching *three* Alexa Skills! Flourish Insights, Flourish Wealth Management and the Flourish Financially Challenge will be new and available skills on your Amazon devices beginning next week. We will send out a formal announcement with instructions as to how you can enable the skills and how you or your friends and family may be able to use the skills to learn more about us, schedule a meeting and gain badges and special gifts by playing the Flourish Financially Challenge. Flourish Insights will be investment focused with Jay Pluimer, Director of Investments providing regular commentary on markets and the economy.

I am excited to be able to continue to provide our clients, colleagues and friends new ways to communicate with us and to hear from us.

## OUR GROWING TEAM

As I announced in my last newsletter, Joey Fenwick, CPA, has been a wonderful addition since joining our team this past January. Joey and his wife along with their son, Emerson (21 months), welcomed a new baby girl, Kennedy Ray on June 30<sup>th</sup>. We are also pleased to have two more members who jumped on board this last quarter.

Kate Mueller, our new Client Services Associate, joined the firm in May. Kate has fully embraced the team structure at Flourish Wealth Management that is focused on delivering personalized client relationships. She enjoys the opportunity to talk with clients and colleagues while working as a team to support the long-term success of the clients. Kate is originally from Chamberlain, South Dakota, and moved to the Twin Cities after completing her degree at the University of Nebraska, Lincoln. [Please learn more about Kate here.](#)

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Grant Shaffer, Flourish's Summer Intern, joined the firm this June and has really helped to provide support to our team while earning college credit at University of Wisconsin. He is currently a Senior at the University of Wisconsin – Eau Claire with a double major in Finance and



Information Systems. The summer investment internship at Flourish will be an opportunity to learn about the Wealth Management industry, actively participate in the team's investment approach, and support a variety of important projects. [Please learn more about Grant here.](#)

Last but not least, we cannot forget our furriest addition, our new puppy, Sunny. She is a welcome addition to quarantine at our house.

## Q2 2020 QUARTERLY ARTICLE

# A World in Transition

During a time of such uncertainty, focusing on the things you can control can lead to better decisions for the long-term



**By: Kathy Longo, CFP®, CAP®, CDFA®**  
President & Founder

If someone had told you at this time last year that you'd be spending your summer reeling from a global health pandemic that forced you to be inside for 12 plus weeks with every member of your family, an unprecedented economic downturn and recession that will likely last through the months to come, a civil rights debate that would bring the world into a conversation that needed to be had a

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long time ago, you likely wouldn't have believed it. Last year at this time, while things were assuredly not perfect, none of this could have been predicted.

And that's the thing about predictions: they are uncertain. Just as we cannot time the markets (a topic that Jay will discuss later in this newsletter), we cannot really predict what outside forces will impact our lives, livelihood, and social existence. For all these things we cannot control, though, we can find strength and resilience in knowing that there are things we can control, too.

## Taking Back the Reins

We can control what information we take in as truth. We can control what we eat and drink, along with how we sleep, exercise, meditate and practice self-care. We can control how we treat others and how our emotions affect the way that we react to the things happening around us. Of course, we have to be intentional about all of these things. Otherwise, we risk falling into patterns that leave us susceptible to poor decision-making. For example, a pitfall we all fall victim to at times: confirmation bias.

## Understanding Confirmation Bias

We have a natural tendency to want to maintain our own opinions and viewpoints, even when evidence might point us in new directions. We feel anchored to our beliefs because they feel safe and they are part of our identity. This is risky, though, because it leads us to only seek out information that confirms our existing biases. So, if you believe coronavirus is a hoax, then you might be seeking only the information that seems to confirm your theory. If you believe your investments are in peril, you may latch onto evidence that supports that feeling, even if there is legitimate evidence to the contrary.

These are only examples and should not be taken as opinions or references to specific individuals or our own views for or against them, but the point is that confirmation bias leaves you vulnerable. In challenging times when you must make important decisions about your

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financial future, be intentional about seeking out all of the information that will help you make an informed decision, even if it's in opposition to your own beliefs.

## Why is this Meaningful?

Knowing that confirmation bias exists – and actively working against it – is a way to gain control over your financial future, even in uncertain times. Coronavirus, economic uncertainty, volatile markets and racial injustice may be causing you intense anxiety, but you are not powerless. You can combat worries with mindful meditation, escape the confines of quarantine by safely getting outside for fresh air, and actively work against racial injustice by writing letters, peacefully protesting, supporting social justice organizations and using your vote to make a difference.

When it comes to your finances, in particular, you can exercise control in multiple ways. You can plan for the unexpected, actively work against your investment biases, choose how you use your money, and feel empowered to communicate with your loved ones about your money values and your financial future.

In short, understanding your own biases gives you an additional layer of control. It reminds you to be cautious about how and where you are getting your information, as well as how you use that information to make important life decisions. When you make a concerted effort to focus on the truth and the things you can control, you'll have all you need to make decisions that serve your best self.

Yes, the world is in the midst of enormous transition at the moment. But, when you dig deep and focus on what you can control, you can continue making positive life and financial choices that will serve you long after this challenging time has passed.

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## Market Commentary

Second Quarter 2020



**By: Jay E. Pluimer, AIF®, CIMA®**  
Director of Investments

It has been a year of extreme volatility with one of the worst quarters in stock market history followed by one of the best. Most of the recovery has been led by US Large Cap stocks, although Small Caps actually posted better performance during the second quarter (but from a bigger dip to start the year). Bond investments have been consistent throughout the year, providing protection in the first quarter along with moderate upside returns throughout the first half of the year. However, uncertainty continues to be an important theme for investors as the global pandemic is still creating shutdowns and limiting economic activity while demonstrating that COVID-19 is still a health threat to take seriously. Trade tensions have escalated between the US and China, virtually wiping out progress from the Phase I trade agreement, with additional volatility expected over the next few months with a contentious upcoming Presidential election. We are closely monitoring daily and weekly market movements while maintaining a long-term perspective with periodic rebalancing when available.

A recurring conversation during the first half of 2020 has been whether to stay invested through the ups and downs of the markets or try to time the market by going into or out of cash. The topic of market timing is particularly relevant in this situation when you can look back at the market top on February 19<sup>th</sup>, the market bottom on March 23<sup>rd</sup>, and the subsequent recovery (although there is a lot of uncertainty about market direction over the next 6 to 12 months). Historical evidence demonstrates that accurately timing the market is extremely difficult because it requires a well-timed sale to get out of the markets and an

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equally well-timed buy to get back in. Missing a few days of strong market performance through poorly timed trades can significantly limit long-term investment returns. In addition, some investors with taxable accounts face potentially significant tax implications from getting out of the market, along with transaction costs for all investors by trading into and out of the market. Long-term evidence supports the commitment to stay invested even during difficult periods like we just experienced, incorporating a disciplined approach to portfolio rebalancing and Tax Loss Harvesting (where available).

We send our wishes for good health and safety during these difficult times. For more information on investments and the markets you can reference 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. We hope that you had a safe and happy Independence Day and that your summer, despite being different than most, is filled with joyous moments and memories for a lifetime.

Sincerely,



Kathy Longo & the Flourish Team

<https://www.prisonpolicy.org/reports/pie2020.html>