

Flourish Wealth Management

Quarterly Newsletter

News From Flourish

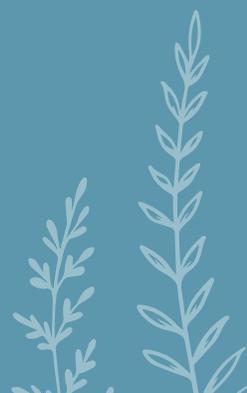
JANUARY 2022

Happy New Year! I hope that the holiday season was joyful and found you and yours in good health and good spirits. While this season continues to bring us sad news on the Covid front, I am hopeful that the coming Spring will bring us a sorely needed light at the end of the tunnel. We had quite a busy holiday season and are enjoying having a slightly less packed schedule as this first month of the New Year unfolds.

I am excited to announce that our team is growing! This last quarter we welcomed Renee Jingyu Xu as our new Portfolio Management Associate and we have welcomed Grant Shaffer, our former intern, as Associate Wealth Manager. We also added Michelle Sedlacek who is the Director of Operations, a new position at the firm focused on enhancing our current services and processes along with leading new initiatives and strategic opportunities.

This quarter I am sharing an article that we published a few weeks back that I think can be helpful for this time of year. As we enter 2022 with resolutions to improve aspects of our life that may need more attention than they are currently getting, there is a good chance that relationships and communication could use a little TLC. This quarter's article can offer some guidance on how or where to start that communication.

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QUARTERLY ARTICLE

Three Financial Conversation Starters to Improve Your Relationship in the New Year

Resolve to Level-Up Your Finances and Your Relationship in 2022



By: Kathy Longo, CFP®, CAP®, CDFAs®
President and Founder

Some of the most common New Year's resolutions focus on the topics of love and money. Why not combine the two this year and resolve to have important financial conversations with your spouse or partner in order to strengthen both your relationship *and* your finances?

These discussions aren't always easy, but they're always worthwhile. Commit to making this important financial resolution and check out the three conversation starters for you and your significant other listed below.

Option #1: Make it About the Data

Statistically speaking, the American Psychological Association has collected data showing that 31% of adults say money causes conflict in their relationship. What's more, **36% of couples** who chose to divorce cite money problems as the main reason for the split. These numbers are disheartening, and possibly reason enough to encourage you and your partner to communicate more openly about money. However, **Fidelity Investment's 2021 Couples & Money Survey** also showed that couples who make decisions about their finances together experience positive benefits.

So, if you want to avoid becoming one of the negative statistics – and find yourself among the positive ones instead – tell your spouse or partner about this data.

Use these numbers as an opening to have a serious, honest conversation about how money might be affecting your relationship. Here are a few examples for talking points:

- How does your current money situation, whatever it may be, make you feel?
- What do you like and dislike about your partner’s approach to money?
- How would you both like to improve your money partnership?

These talking points probably require a bit of forethought, so it may be best to schedule a time to have this conversation when you’ve both been able to prepare.

Option #2: Discuss ‘Big Picture’ Plans

Financial conversations can feel dry and boring when they’re all about monthly budgeting and cash flows. That’s probably one reason why so many couples fail to discuss small daily money decisions, like whether to order dinner or how much to spend on a birthday gift for a family member. However, these seemingly insignificant decisions compound over time, meaning they have serious power to influence your quality of life and financial fitness in the future.

So, if you and your significant other dread “boring” money conversations, try to change your mindset by focusing on the big picture of your financial future together. Want that dream retirement? Great – now sit down and discuss the six pieces of your unique financial puzzle that are necessary to make your big dreams a reality:

- **Income** – What are the key sources you have in place?
- **Expenses** – What is essential and what is discretionary?
- **Investments** – Do you have an asset allocation strategy in place to support your goals?
- **Insurance** – Do you both have sufficient life insurance? What about disability or long-term care?
- **Debt** – Do you mostly have ‘good’ debt like a mortgage or ‘bad’ debt like credit cards? What’s your strategy to tackle it?
- **Other Financial Obligations** – Do you have children, grandchildren, or other dependents to consider in your financial planning?

As you discuss these six pieces of your financial puzzle, consider which parts you share and which you have kept separate. Does your strategy still make sense? Do you both fully understand what you need to do with respect to savings or insurance to support your joint financial and life dreams?

This conversation can be a long one, but it doesn’t have to take place all at once. If you feel yourselves getting lost in the details or having trouble focusing, take a step back and remind yourselves of what you’re working toward. Maybe it’s a vacation home in your favorite city. Maybe it’s the ability to retire early and travel. Whatever your dreams are, let them lead you forward together and keep you both engaged in this important conversation.

Option #3: Have a ‘W’ Conversation

When it comes to all aspects of your finances, including both short-term and long-term goals, do you both know what you’re responsible for? Clarifying the ‘who’ and the ‘what’ of your joint financial strategy is important, especially because life changes all the time. Discuss the ownership of your household expenses. Delegate accountability over small and large goals. Reassess your savings strategy. In short, make sure that your joint and individual efforts are covering all the necessary bases.

Further, get clear on the 'where' by making sure you each have an understanding of the full picture. For example, one of you may be responsible for making monthly contributions to a [Roth IRA](#) designed to support you in retirement, but you should both know where the account details are so you can log into the account and view your portfolio's performance.

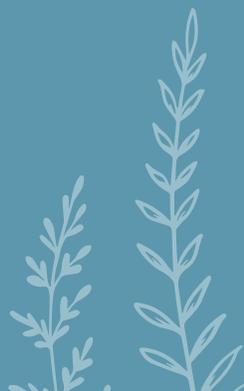
If there are issues of trust or past irresponsibility around money in your relationship, the 'W' conversation is a good way to check in with one another to ensure you're both meeting your financial responsibilities. Frame the discussion as a way to ensure you're truly moving forward together as a team to accomplish your goals. Make it a point to celebrate your progress rather than just pointing out areas where improvement is needed.

Final Thoughts on Resolving to Discuss Money as a Couple

Money is a complex topic and relationships can be complex, too. So, if the idea of having a financial discussion with your significant other fills you with anxiety or makes you feel vulnerable, remember all the benefits that await you once you start communicating more openly.

Couples who discuss finances together tend to have healthier finances *and* healthier relationships. Resolve to have the important money discussions with your spouse or partner in the New Year and watch both areas of your life flourish.

For more tips on having money discussions with your loved ones, check out my podcast, [Flourish Financially with Kathy Longo](#).



MARKET COMMENTARY

4th Quarter 2021



By: Jay E. Pluimer, AIF[®], CIMA[®]

Director of Investments

Headwinds including high inflation rates, increasing infection rates, and political stalemate were not enough to stop the stock market from posting solid returns to end the year. Fourth quarter returns favored US Large Caps which posted returns of over 28% for the year, significantly outperforming US Small Caps (15%) and International Stocks (12%). The only stock market to lose money in 2021 was Emerging Markets which fell 2%. We continue to see strong economic fundamentals to support these returns as corporate earnings consistently exceeded expectations and consumer spending remained strong. Although US Large Caps have generated strong returns in 4 out of the last 5 years, there is still optimism for additional gains in 2022. It is harder to make a positive case for bonds in the current environment, however, especially after posting negative returns throughout the year.

We will be monitoring a few different themes in the first part of 2022. Inflation is grabbing a lot of headlines with rates of 6% and higher. The positive aspects of inflation are strong economic growth and rising wages, although higher prices can be a tough pill to swallow. We are seeing proactive steps by the Federal Reserve which has dropped any mention of inflation as “transitory” and will be raising interest rates throughout the year. There is also optimism that the supply chain issues caused by the pandemic will be resolved with increased vaccinations and lower hospitalization rates. Foreign markets should be in a good position for higher economic growth rates and strong relative performance after lagging US markets for most of the past decade. Although the consensus opinion is that the pandemic will moderate during the summer, COVID has proven to be more persistent and disruptive than expected multiple times

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in the past. The combination of inflation, ongoing pandemic, and supply chain issues will likely create a more volatile market environment in the first part of the year until rising interest rates put a lid on inflation rates. Both stocks and bonds have historically made money during periods of moderate inflation in the past, and we are optimistic that history will repeat itself in 2022.

For more information on investments and the markets you can reference our [Fourth Quarter Market Review which is immediately followed by the 2021 Annual Market Review](#).

If you found this content helpful, I encourage you listen to my weekly podcast, Flourish Insights, available on [Apple Podcasts](#), [Alexa](#), or wherever you get your podcasts.

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. Have a safe, healthy, and happy winter and we'll be in touch with our weekly newsletter!



Sincerely,

Kathy Longo, CFP®, CAP®, CDFA®

& the Flourish Team