

# TIPS FROM YOUR FINANCIAL COACH

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## How a Financial Plan Helps You Endure Market Volatility

**Your investment portfolio is specifically designed to give you the best chance of achieving your personal finance goals. Unfortunately, the market doesn't care about your tolerance towards volatility or your goals.**



### The Market Has a Mind of Its Own

A key characteristic of a well-designed financial plan is the consideration of market volatility — and for good reason.

For example, let's say in 2000 you were 55 years old and wanted to retire in a decade. You, with the help of your financial planner, calculated that your portfolio needed to average annual returns of six percent to reach your retirement goal by 2010.

Unfortunately, after the market downturn of 2008, that carefully designed portfolio meant nothing. In fact, you may have entered 2010 with an investment balance not much higher than what you started with in 2000.

Building wealth over time may sometimes seem like a futile effort, but a well-designed financial plan can help you brave the ever-changing ebbs and flows of the market.



### A Living, Breathing Plan

A financial plan can give you a better idea of how to meet your goals. Any good financial plan is dynamic. People often see their financial plans as fixed in stone. You do not want to wander too far away from your goals — but goals change. And as your goals evolve, your plan must change too.

Life changes can affect your financial goals as much as market changes. You may get a new job, enter a new tax bracket, or buy a home. You may have a baby, get a divorce or inherit assets. You may decide to file for Social Security early at 62 or delay filing until age 70.

Here's the truth: There's no way to predict what mix of assets will produce your target return for the next decade or two, but you can build a plan that will account for a variety of different scenarios that life throws at you.



# What Should You Do?

Your best first defense is to be aware of what's happening in the world by using the resources you have around you. Keep in touch with your financial team. With a prudent financial plan and the right supporting resources, you will decrease the risk of being blindsided by unexpected factors that could negatively impact your financial situation. Focus on what you want to do with your money — not fleeting trends and short-term noise that could pull you off track.

Another thing that could potentially derail your best-laid plans are emotions. Emotions can distract from goals by driving you to deviate from your plan. Instead of letting market movements dictate your actions, always look to your plan for guidance.

A good plan that's carefully laid out in partnership with your financial planner will walk you through various simulations so you make rational decisions well before emergencies arise.



## Enjoy the Security a Financial Plan Brings

There's no way to see into the future, but there is one thing you can confidently predict: Markets will always be unpredictable.

It's your financial planner's job to collaborate with you on a thoughtfully designed plan tailored to accomplish your unique goals and priorities, and that also accounts for any issues that could derail your plan. This allows you to endure the inevitable bad times with confidence.

So if you have a plan, stick with it, and make sure it's updated as your goals shift. If you do not have a plan yet and are just focusing on investing advice, you're missing out on the sense of security that a quality financial plan will provide.



SAGINAW  
2000



FRANKENMUTH  
2004



LANSING  
2010



MIDLAND  
2014