2021 **WHITE PAPER**

Things Financial Advisors Don't Tell You

When it comes to helping people reach their goals, most financial advisors tend to focus on areas like investing, tax planning, and other money-related topics. We are no exception. After all, these things are critically important if you want to save for retirement, start a business, travel the world, or simply leave a legacy for your family.

However, we've learned a very valuable lesson over the course of our careers: Achieving the things you care about most requires more than just money. There are certain habits and behaviors that, while not directly related to finance, can spell the difference between reaching your goals or not.

In our experience, people rarely hear about these from their advisors. Although we are not life coaches, we'd like to share some non-financial lessons we've learned. It's our belief that applying these lessons makes working towards your goals both easier and more rewarding. Let's call them "Things Most Financial Advisors Don't Tell You".

So, without further ado, here it is:

Table of Contents

CHAPTER 1 - The Importance of Avoiding Burnout 3

CHAPTER 2 - Managing Your Most Precious Asset 5

CHAPTER 3 - The Importance of Prioritization 7

CHAPTER 4 - Financial Harmony in the Home 9

CHAPTER 5 - The Importance of Asking Questions 11

CHAPTER 6 - The Importance of Gratitude 13

Bibliography 15

MINICH MACGREGOR
WEALTH MANAGEMENT

1 - The Importance of Avoiding Burnout

Burnout, of course, is a "physical or mental collapse caused by overwork or stress."[1] Anyone who has ever worked a demanding job or raised children has probably experienced it at some point or another. But what does this have to do with your financial goals?

In a word: Everything.

You see, there's a reason we call it "working towards your financial goals." Because it's a lot of work! It's not uncommon to take decades to accomplish what you value most.

During that time, you may work at the same job for many years. Or, you may change jobs frequently. You may set aside money for the future only to be forced to use it when times are tough. As a result, there may be occasions where the daily grind just doesn't seem like it's getting you anywhere. In other words, you get burned out.

Some common symptoms of burnout include:

- Fatigue that just doesn't seem to go away
- An inability to complete projects, or get started on new ones
- Apathy about your job or your goals
- An increase in addictive behavior (like eating unhealthy foods or watching too much TV)
- A drop in efficiency, competence, or productivity in your work

1 - The Importance of Avoiding Burnout

Here's why this matters from a financial standpoint:

People who are burned out often start making short-term decisions that delay their long-term goals. For example, instead of investing for the future, they start spending more on instant gratification. Instead of planning ahead and being proactive, they procrastinate. Instead of making consistent, steady progress towards the things they want most, they get side-tracked by things they only want right now. That's why, as financial advisors, we try to teach our clients how important it is to do everything you can to avoid burnout. Here are a few methods we've found effective:

Take the idea of time management seriously. Time management might seem dry and boring, but in truth, it's an incredibly useful skill that helps you get more out of your day while doing more of what you love! There are several methods, but most have the following in common: Setting aside specific times and time limits for specific activities every day.

Take smart vacations. Going on vacation is a common remedy for burnout, but some vacations are more therapeutic than others. If you're trying to avoid burnout, don't go somewhere far away that you've never been to. Those types of destinations, while rewarding, can also cause a lot of stress. (Ever wanted a vacation from your vacation?) Instead, revisit somewhere you know you'll enjoy and have little trouble navigating.

Make physical and mental health your first priority. Take power naps every day. Work out. Eat healthy. Schedule times to pursue your passions. The more you take care of yourself, the more armored you'll be against burnout. After all, you shouldn't have to wait until retirement to start enjoying life!

Delegate/ask for help. Burnout is often a result of trying to do too much by yourself. While society often lauds "the rugged individual" or "do-it-yourself" types, the truth is, you are not alone. Don't hesitate to delegate responsibilities to family members or ask neighbors and coworkers for help with projects! It can make a huge difference in avoiding burnout.
As you can see, working towards your financial goals involves more than just money. It involves taking care of yourself so that you keep moving forward, step by step, day after day.

2 - Managing Your Most Precious Asset

Do you know what your most precious asset is?

It's not your house. It's not your car. It's not your investment portfolio.

It's your time.

Benjamin Franklin once said:
"If time be of all things the most precious, wasting time must be the greatest prodigality, since lost time is never found again, and what we call time enough, aways proves little enough."

You've probably seen or heard a lot of fancy terms related to your finances. "Asset management," for example, or "Investment management." You get the idea. But just as important is the concept of **time management.**

The definition of time management is, "The act of planning and exercising control over the amount of time spent on specific activities, especially to increase effectiveness, efficiency, or productivity."[1] Look at those words again. Planning. Control. Effectiveness. Productivity. All things that can have a big impact on how much money you must achieve what you want most.

The art of time management is essentially the art of prioritizing your life. It's the art of recognizing which activities are most important in terms of reaching your goals. Some activities will bring you closer; others will move you further away. Many activities, of course, will have no effect either way. Let's call them "A" activities, "B" activities, and "C" activities. "A" brings you closer to your goal, "B" keeps you stationary, and "C" moves you further away.

For example, let's say one of your most cherished goals is to travel to the country your ancestors came from. "A" activities could include creating a plan for getting there, setting aside money specifically for the trip, or learning that country's language. "B" activities, meanwhile, could be anything from going to the grocery store, to playing a round of golf once a month, or sleeping.

Some examples of "C" activities? How about buying that new $1,000-version of the phone you already have? Or deciding not to plan, but just wing it, instead?

As you can see, "B" and even "C" activities are NOT inherently bad! In many cases, those activities can be fun, rewarding, or even necessary. But when you prioritize "B" activities over "A" activities, or when you spend your time or money mainly on "C" activities, then your most cherished goal will always be a fantasy instead of a reality.

2 - Managing Your Most Precious Asset

Time management, then, is the process of:

- Determining what you need to do to get where you want to go. (These are your "A" activities).
- Making those activities be your first priority on a daily, weekly, and monthly basis.
- Filling up the remainder of your time with "B" activities after the "A" activities are done.
- Being very cautious about when you spend time or money on "C" activities.

As you may know, we help people plan for retirement. In our experience, people who don't practice time management end up planning for retirement this way:

First, they dream about what they'd like to do in retirement, and then decide it'll probably happen "some day."

Then they start thinking about what to do for the weekend.

A few months or years later, they read a book or article on retirement planning and think, "This makes sense, I'll have to get on that sometime."

Then they turn on the TV.

Occasionally, they remember to save or invest a portion of their income, between bouts of buying the latest thingamajig that everyone else seems to have.

Then, before they know it, they're in their sixties, and realize they're nowhere close to being ready for retirement.

The point is, time is an asset. But like all assets – money, property, personal skills – if you fail to manage it properly, it will go to waste and be lost forever. That's why, when it comes to accomplishing what really matters, time management is just as important as money management.

And that's something most advisors just don't bother to tell you.

3 - The Importance of Prioritization

Once there was a farmer who woke up early to milk his cows. On the way to the barn, he noticed his fence was broken. So, he went to his shed to get his tools, only to find he was out of nails. On the way to town to buy more, the fuel light in his truck came on. As he filled up at the gas station, he noticed a shoe store across the street advertising a special on men's work boots. As his own were starting to wear down, he went to buy a pair. Then, he went to the hardware store. Once inside, he remembered his tractor needed a tune-up, so he bought the equipment he needed and drove home. Upon arriving, the sound of clucking hens reminded him to collect their eggs. After finishing that, he turned his attention to his tractor. By the time he finished, the afternoon was making way for the evening. "Still time to fix the fence," he thought, when he realized he'd never actually bought the nails. So, back to town he went to get more.

The stars were out by the time he finally fixed the fence. Exhausted, the farmer went inside and kicked off his boots. But just as he sat down, his wife asked him why they had no fresh milk.

Groaning, the farmer rubbed his eyes and wondered why there was never enough time in the day to do what needed doing.

This is an extreme example – and obviously no self-respecting farmer would work like this – but it illustrates an important point. Too often, many people start the day – or the month, the year, or even an entire phase of their life – with a goal in mind, only to be distracted and side-tracked. The result? We fail to achieve what we originally set out to do. We fail to realize our most cherished dreams.

There are two main culprits behind this.

1. **We don't plan ahead.**

In the story above, the farmer probably would have felt a lot better about his day if he'd laid out a plan. But instead, he started going around in circles, always making decisions based on what he saw right in front of him.

Many people do this with their finances, too. For instance, maybe you decide it's time to pay off your debt. But then you notice the roof needs repaired, so you pay for that. Then you get frustrated because your personal computer is old and slow, so you buy a new one. By that time, your money is running low, so you decide to just wait until your tax refund comes. But when the refund comes, you're burned out from work, so you go on vacation instead. Meanwhile, your debt just grows and grows.

3 - The Importance of Prioritization

When we plan ahead, we can determine what we want to accomplish, what steps it will take to get there, and when and in what order we execute those steps. Done correctly, this ensures we do more of what we actually want to do.

2. We don't prioritize.

This is the culprit many advisors don't talk about.

Let's take the farmer again. Obviously, everything he did needed to get done – but some things were probably more important than others. The fence, maybe, could have waited. Buying new boots could have waited. Or perhaps he could have made a list of everything he could do without going into town, and a list of everything that required going into town. Then, he could have prioritized which tasks to do first, and in doing so, gotten a lot more done with a lot less effort.

Taking time to prioritize our goals, needs, and short-term wants has a similar effect. It ensures that we allocate our time and our money as effectively as possible. For instance, some people may find that investing their money for retirement is a lower priority than starting a rainy-day fund. Others, meanwhile, may get the most bang for their buck if they prioritize minimizing their taxes over, say, earning more money.

Life is hectic, and it seems like we always have a million-and-one things to do. Thankfully, the solution doesn't always require beating our heads against the wall because we're trying to "work harder." Sometimes, the solution is to work smarter – by planning and prioritizing how we spend our time and money.

4 - Financial Harmony in the Home

Ever heard the saying, “No man is an island”? It means no one is so self-sufficient that they don’t benefit from the help and comfort of others. It also means that no one is so isolated that their actions affect only them. The decisions we make – including those related to our financial goals – always have an impact on other people.

One of the saddest and most common obstacles people must overcome is a lack of financial harmony in the home. This can happen when two or more persons (usually spouses, but not always) have:

- Competing goals
- Different attitudes about money
- An unequal relationship
- A lack of communication

According to one study, finances are “the leading cause of stress in a relationship.”[1] Often, the cause of that stress is no one’s fault. Maybe one spouse lost their job, or a partner is up to their neck in medical bills. But sometimes, that stress is entirely avoidable.

For example, let’s take a hypothetical couple, Bob and Betty, and go through some common scenarios.

Competing goals. Betty wants to start a business, but Bob wants to travel. How do they allocate the time and money it takes for each to do what they want?

Different attitudes about money. Bob is a natural risk-taker and prefers to invest in riskier assets that offer potentially higher rewards, so they have more money to do all the things they want in life. Betty is more conservative and wants to ensure they never lose their hard-earned savings, so their family will always be protected. Neither approach is necessarily wrong, but how do they create a balance so both can sleep well at night?

An unequal relationship. The classic example here is when one person in a relationship “handles the finances” and the other…doesn’t. This could mean, for example, that one decides where every dollar goes while the other has no input. Or, it could mean that one pays all the bills and balances all the checks, while the other spends impulsively. How do Bob and Betty leverage both their skill sets while balancing the workload and ensuring both have an equal voice? (Often, this problem is the main culprit behind financial disharmony).

A lack of communication. This one stems from – and worsens – the others. Bob and Betty have different goals – and they don’t talk about it. Which means no planning and no prioritization, just competition for limited time and resources. Bob and Betty have different attitudes about money – and they don’t talk about it, which means each one’s habits stresses the other one out. Bob and Betty have an unequal relationship – and they don’t talk about it. Which means one of them will always feel overworked, unappreciated, and unheard.

Maybe even un-loved.

4 - Financial Harmony in the Home

Any of these situations can destroy financial harmony in the home, and when that happens, it makes reaching both individual and family goals so much harder and less pleasant. In many cases, it means some family members never even get to try. That's why financial harmony is so important. Because when you have it, loved ones work together, each lending their talents and experiences so that everyone gets to achieve what they want in life.

None of this, of course, is meant to suggest that you don't have financial harmony in your home. We simply want to show how important it is, not only for a family's financial success, but for their sheer happiness, too. But what if you don't have financial harmony in the home? What's the solution?

Well, we are not relationship counselors, and there's no way to cover this entire subject the way it deserves in just one short writing. But in our experience, there are two simple steps you can take. The first is to work with an experienced financial advisor who can help create a plan for your entire family. A good advisor can help put your entire picture in view, so everyone can understand the "what, when, where, why, and how" of working towards your goals in life.

The second is even more important, and you've probably already guessed it: Communicate. Have a discussion with your family about goals, feelings, and opinions about money. When you're all "reading from the same sheet music," the result can be glorious music instead of strident cacophony.

We hope you enjoyed this. Next, we will take a look at why working towards your goals is like driving in an unfamiliar city – and how to make the ride go much smoother.

5 - The Importance of Asking Questions

You're driving on one of those remote, dusty highways where it seems like there are more buzzards than other cars. It's been hours since the last town of any size, which is concerning because according to your carefully laid plans, you should have reached your destination by now. There's no internet, and you swear the GPS on your phone is down. You check your roadmap, but you have a sneaking suspicion you took a wrong turn sixty miles back. Meanwhile, the other people in the car are drumming their fingers and asking questions like, "Are you sure this is the way?"

Then, a lifeline! You see a small town up ahead. The sign says, Welcome to Backwater, Population 76.

Now, you have a choice. Do you keep going, trusting in your own navigational skills…or do you stop and ask for directions?

Here's another scenario. You're shopping for a new car at the local Toyofordvolksler Motors dealership. As soon as you hit the lot, a salesman comes out. "I know just what you need," he says, and steers you by the shoulders to a car. "This model has been specifically built for your exact gender, age, family situation, political party, and favorite breakfast cereal. You could spend months looking at other options and not find anything better. Here's a pen."

Do you sign the lease…or do you ask questions?

These are two – admittedly extreme – examples of a dilemma people face on the road to their financial goals. To ask questions…or not? In our experience, many people fall into one of two potholes.

The Do-It-Yourselfer. Most of the time, independence and self-reliance are great virtues. But for the DIY crowd, it's easy to take them too far. Refusing to ask for directions is the classic example, but it can be even more damaging when applied to your finances.

The fact of the matter is, no one knows everything there is to know about finance. Unless you want to devote thousands of hours of your life to monitoring your investments, researching the tax code, familiarizing yourself with the ins-and-outs of estate law, or constructing a painstakingly thorough plan for reaching your goals, doing everything yourself isn't an option. There are so many options to choose, potential roadblocks to avoid, and possible shortcuts to use, that it makes more sense to stop and ask for directions.

5 - The Importance of Asking Questions

You see, we all have different life experiences, which means we all have different areas of expertise. Those who take advantage of this fact are often the ones who go further, faster. Now, sometimes this means consulting with professionals like tax planners, estate planners, and investment advisors. But it can also mean having the humility to ask your friends, family, and neighbors for advice. If someone you know did a great job paying off their student loans and getting out of debt, ask them how! If someone you know got a killer deal on their mortgage, ask them how! Leaning on others for the occasional tip or insight isn't weak or shameful. It's smart.

The overly credulous. While thinking you know everything is dangerous, equally dangerous is believing everything you hear without question. When it comes to reaching your goals, there is never a one-size-fits-all approach. There is no philosophy, strategy, or school of thought that works for everyone. And just as everyone has their own skills, everyone also has their own biases and blind spots.

What does this mean? It means that when someone gives you advice, whether they're a professional or not, take time to ask questions. Questions like:

- How did you come up with this idea?
- What makes you think this is right for me?
- Why this and not that?
- Are there any alternatives for me to consider?
- What happens if this doesn't work?
- What are the downsides?
- What are the risks?

Remember, being careful is not the same as being cynical. Just as you would never buy the first car a salesman tries to push on you without doing a little digging, never blindly accept financial advice without asking questions first.

There's an old proverb that says, "He who asks a question is ignorant for a minute. He who does not remains ignorant forever." We think there's so much truth to that saying! So, as you travel along the highway of life, remember: Never stop asking questions.

It's the surest way to complete your journey.

6 - The Importance of Gratitude

When it comes to achieving success in life, our actions are not the only thing that matters. Equally important is our attitude.

Everyone knows how powerful a “can-do” attitude can be. And we’re all familiar with how far a “never quit” attitude will take us. A positive attitude is usually necessary just for basic happiness. But in order to reach our goals and achieve a rich, fulfilling life, perhaps the most important attitude we can have is an attitude of gratitude.

Science itself has proven how important gratitude is. For example, here are the results of one study that we think is particularly enlightening.[1]

Those who kept gratitude journals on a weekly basis exercised more regularly, reported fewer physical symptoms, felt better about their lives as a whole, and were more optimistic about the upcoming week compared to those who recorded hassles or neutral life events.

Participants who kept gratitude lists were more likely to have made progress toward important personal goals (academic, interpersonal, and health-based) over a two-month period compared to subjects keeping the other kinds of lists.

Participants in a daily self-guided exercise focusing on gratitude, compared to those who focused on hassles or on ways they were better off than others, were more likely to report having helped someone with a personal problem or having offered emotional support to another.

In a sample of adults with neuromuscular disease, a 21-day gratitude intervention resulted in greater amounts of high-energy positive moods, a greater sense of feeling connected to others, more optimistic ratings of one’s life, and better sleep duration and sleep quality, relative to a control group.

Another study found that having an attitude of gratitude can help us make better financial decisions as well.[2]

> In [a] study, 75 participants were assigned to one of three groups: The first was asked to spend five minutes writing about an experience that made them feel grateful, the second was tasked with writing about something that left them feeling happy, and the third was asked to focus on the events of a typical day.
>
> Next, they were asked to make a series of choices that would either result in receiving an amount of cash immediately or a greater sum in the future.
>
> Those in a happy or neutral mood opted for instant gratification: On average, they required $55 up front to forgo receiving $85 in three months. However, the grateful group exhibited significantly more patience and self-control, needing $63 to give up future gain—a 12% difference over the other groups.[2]

6 - The Importance of Gratitude

In essence, people who focused on gratitude showed more patience and foresight than those who did not.

Our experience as financial advisors has confirmed this. Throughout our careers, the people we've worked with who focused on being thankful, giving back, and counting their blessings over simply counting their money were far more likely to reach their financial goals. We think the reason for this is that an attitude of gratitude helps us feel better about ourselves, our situation, and our future. That, in turn, makes us more likely to do the things we already know lead to success:

- Asking for help when we need it
- Creating financial harmony in our homes
- Managing our time more effectively
- Managing stress and avoiding burnout

As we already mentioned, an attitude of gratitude also helps us have more patience and foresight. It helps us "see the big picture." It helps us know what's truly important – which means we can focus on working towards what we want most as opposed to what we only want right now.

Most advisors won't tell you this, but it's true: Gratitude for what we have is one of the best ways to achieve what we want.

We hope you've enjoyed our thoughts on the habits and behaviors that can help us achieve our financial goals. We wish you nothing but success in pursuing yours!

MINICH MACGREGOR WEALTH MANAGEMENT

Bibliography

CHAPTER 1

[1] Vanessa Loder, "How to Prevent Burnout," Forbes, January 30, 2015. HYPERLINK "https://www.forbes.com sites/vanessaloder/2015/01/30/how-to-prevent-burnout-13-signs-youre-on-the-edge/" https://www.forbes.com/sites/vanessaloder/2015/01/30/how-to-prevent-burnout-13-signs-youre-on-the-edge/#4f241d604e3d

CHAPTER 2

[1] "Time Management," Wikipedia.org, accessed July 10, 2019. HYPERLINK "http://en.wikipedia.org/wiki/Time management" http://en.wikipedia.org/wiki/Time_management

CHAPTER 4

[1] "Fighting with your spouse? It's probably about this," CNBC, February 4, 2015. HYPERLINK "https://www cnbc.com/2015/02/04/money-is-the-leading-cause-of-stress-in-relationships.html" https://www.cnbc.com/2015/02/04/money-is-the-leading-cause-of-stress-in-relationships.html

CHAPTER 6

[1] Robert A. Emmons & Michael E. McCullough, "Highlights from the Research Project on Gratitude and Thankfulness: Dimensions and Perspective of Gratitude," HYPERLINK "http://local.psy.miami.edu/faculty/mmccullough/Gratitude-Related%20Stuff/highlights_fall_2003.pdf" http://local.psy.miami.edu/faculty/mmccullough/Gratitude-Related%20Stuff/highlights_fall_2003.pdf

[2] Molly Triffin, "How Practicing Gratitude Can Transform Your Finances," Forbes, HYPERLINK "https:/www.forbes.com/sites/learnvest/2014/11/25/how-practicing-gratitude-can-transform-your-finances/" \l "7b50b357397f" https://www.forbes.com/sites/learnvest/2014/11/25/how-practicing-gratitude-can-transform-your-finances/#7b50b357397f

MINICH MACGREGOR
WEALTH MANAGEMENT