



S.F. EHRLICH
ASSOCIATES, INC.

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Managing Your Money

STAN'S WORLD—FINDING YOUR HAPPINESS

When clients hire us as their personal financial advisors, we assume a multi-faceted role. Depending on the client's needs, our responsibilities might include crafting a financial plan; putting together a balance sheet; examining cash flow and expenses; investing, managing, and rebalancing investment assets; linking up with related professionals on the team, to include attorneys and accountants; and a myriad of other actions. We want clients to be reassured; from simple questions to life-changing events, we're here to help.

In terms of financial plans, there are many online programs available where you can input spending and asset information. In turn, you'll receive a projection, outlining whether your assets and cash flows will cover your expenses for the rest of your life. Unfortunately, it's never that simple, for the interpretation of the data often dictates whether a plan will work. Of even more importance, however, is whether the financial elements within that plan will help to bring you joy as you move through retirement.

There are, for example, times when a plan works on paper but should never be put into practice. There are times when the numbers fit neatly together, but for what purpose? If you're going to spend your working years accumulating assets for retirement, shouldn't you enjoy the years after you've stopped working? After all, what's the point of working at a joyless job if you won't benefit from the dollars you earned while doing so?

Along those lines, there are times when we, for want of a better term, have candid conversations with clients about their spending. While spending may bring someone happiness, it's also possible that out-size spending will cause them to outlive their assets. There is no joy when one must sell a home far sooner than planned and then is severely limited in what they can afford to do.



STAN'S WORLD — FINDING YOUR HAPPINESS (CONT'D)

We often try to elicit from clients whether the life that's outlined on a spreadsheet is really the life they want to live. What if we could figure out how you could afford to move closer to your family? Would you do that while living in a smaller home? What if moving to a different community would allow you to spend more time fishing and hiking? What if you found a retirement community where you could feel safe, meet new friends, and engage in a host of new activities?

A financial plan should be interactive. Like investments, you don't just set it and forget it. Life isn't constant; why would your plan be?

Some clients are better at expressing their wishes than others because they know exactly what they want. "When I retire, I'm going to..." is a straightforward comment. In those instances, the money either works, or it doesn't. And if it doesn't, our job is to try to fit the square peg into the round hole: How can we use the dollars you have to achieve the lifestyle you want to live?

If this sounds like a pitch for happiness, perhaps that's because it is. Aging offers a different perspective on life. It allows seniors like me to use lessons I've learned from my life and the lives of our clients and apply those lessons to inform others.

We can't control a lot, but we have a say in how we'll live each day. If you're thinking about a career change or a move, we're here to help.

WHEN WE REFER TO INVESTING, WHAT DOES IT MEAN TO SAY 'OVER TIME?'

People who trade the stock market frequently aren't concerned about performance over time. They're concerned with performance each week, day, or even hour. However, when you're a long-term investor, reference is often made to how the market performs 'over time.' Long-term investing, by definition, implies a longer duration.

Even long-term investors understand that stock markets are volatile. It's common, for example, for markets to have intra-year losses but still end the year with a positive return.

The chart below¹ shows market volatility in one, five, 10 and 20-year rolling periods. As you can see, how the market may perform over longer periods of time is easier to predict than how the market may perform over the next 12 months.

Over the time periods reviewed in the chart, investors experienced annualized returns in the stock market from +47% to -39%. Over a three-year period, the range falls from +28% to -3%, +19% to -1% over any 10-year period, and +6% to +17% over any 20-year time frame.

If you plug in the bond market, a 50% equities and 50% fixed income portfolio has significantly less volatility over any of the above-cited time frames, but volatility nonetheless.



WHEN WE REFER TO INVESTING, WHAT DOES IT MEAN TO SAY ‘OVER TIME?’ (CONT’D)

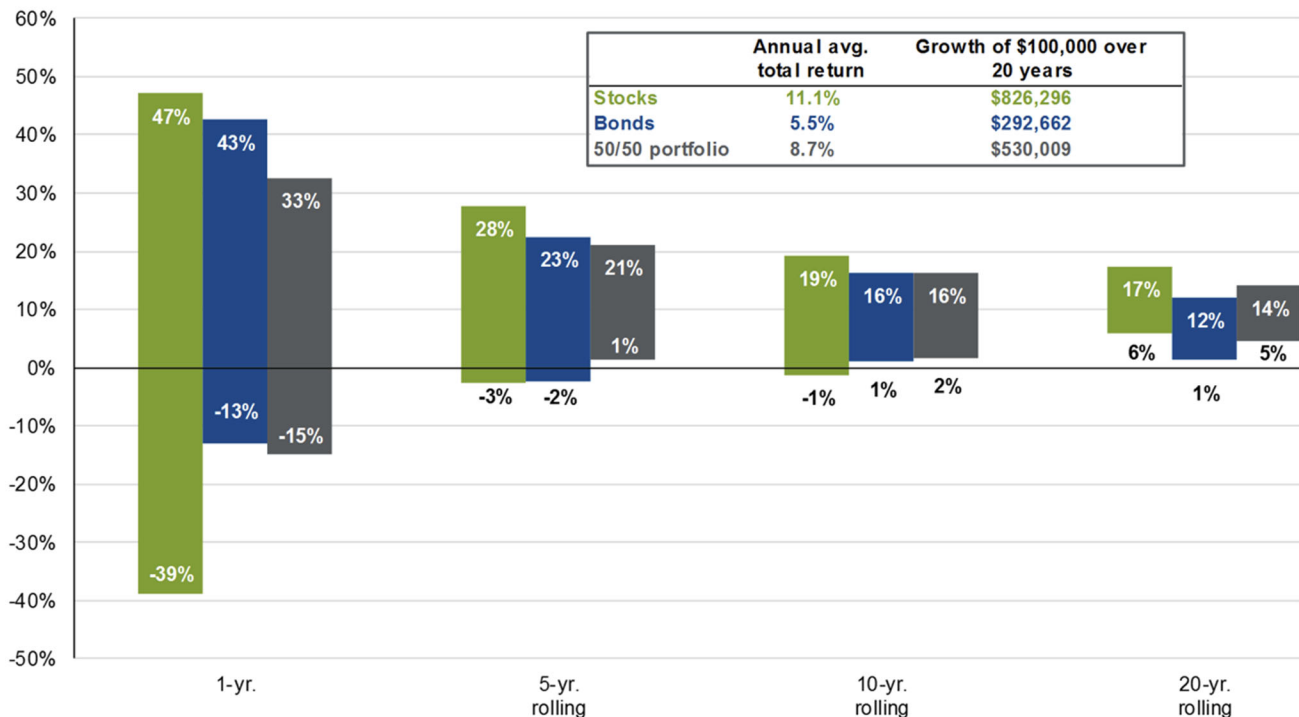
Thus, we almost always discount short-term volatility when discussing returns over time. Admittedly, it’s not always easy, but focusing on longer time frames makes the journey less stressful.

Time, diversification and the volatility of returns

GTM U.S. 65

Range of stock, bond and blended total returns

Annual total returns, 1950-2022



Source: Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2022. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Bloomberg Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2022. Guide to the Markets – U.S. Data are as of October 31, 2023.

J.P.Morgan
ASSET MANAGEMENT

WE WANT OUR CLIENTS TO REMAIN CLIENTS FOR A LONG TIME. A REALLY LONG TIME.

The AARP Bulletin² recently included an article on Super Agers. By definition, a “super ager is someone over 80 with an exceptional memory – one at least as good as a person 20 to 30 years younger.” Based upon the research cited in the article, super agers are quite rare, comprising less than 10% of the population.



WE WANT OUR CLIENTS TO REMAIN CLIENTS FOR A LONG TIME. A REALLY LONG TIME. (CONT'D)

One of the most well-known super agers is Norman Lear, the award-winning television producer and director. (For the seniors among us, think: All in the Family.) Lear is 100 years old, and you would never believe it if you saw him interviewed on TV.

As we age, we worry about health and memory. While many of us assume we can't control as much as we'd like, this article offers clues as to the steps you can take to work towards becoming a super ager. Read on for seven secrets that might help you to become a super ager...

1. "Super agers control their blood sugar and blood pressure. Super agers tend to have healthier blood pressure and blood sugar levels than the general population. They control both through medication and by eating a high-nutrient diet. Older adults who follow an eating pattern rich in whole grains, veggies, leafy greens, nuts, berries, and fish, and low in red meat, butter and sweets – slowed brain aging by 7.5 years and kept thinking and memory sharper..."
2. "Super agers talk to their friends – a lot. Older adults who connected every day with others had less shrinkage in key brain areas than those who seldom had contact with pals and relatives...Perhaps that's why memory declined fastest and furthest in people who felt lonely most often..."
3. "Super agers avoid stress and prioritize mental health. A recent three-year Danish study found that depression doubled risk for dementia, and a 2023 study found that those with high stress levels had a 37 percent higher risk for memory problems compared with those reporting low stress levels. Another study found that older adults with depression who got treatment – including medication and talk therapy – were up to 32 percent less likely to develop dementia over 10 to 14 years than those who didn't."
4. "Super agers prioritize sleep. During slumber, your brain clears away toxic waste that builds up early in the development of Alzheimer's disease. A 2022 Canadian study found that trouble falling or staying asleep three or more nights per week for three months boosted the risk for worsening memory in older adults. But don't rely on drugs: Chronic use of prescription sleep drugs boosted the risk for dementia by 48 percent..."
5. "Super agers protect their vision and hearing. A University of Washington study found that at-risk adults who received hearing aids showed thinking and memory losses that were 48 percent slower compared with those who didn't. Another study found that those who had cataract surgery had a 29 percent lower risk for dementia compared with those who did not have the procedure."



WE WANT OUR CLIENTS TO REMAIN CLIENTS FOR A LONG TIME. A REALLY LONG TIME. (CONT'D)

6. “Super agers don’t exercise more, but they push themselves physically. Spanish researchers found that what distinguished super agents most profoundly was they have greater speed, mobility, agility and balance than typical older adults – despite reporting the same exercise frequency. One reason may be that super agers tend to do more demanding activities such as gardening or stair-climbing. In other words, walking a mile is good for you; walking fast for a mile to get your heart rate up is better.”
7. “Super agers do more than Wordle. Super agers do crossword puzzles and Sudoku games more often than normal agers, but they are also more likely to frequently read, listen to music, travel, play games and attend lectures and concerts. “Variety is beneficial,” says brain-game researcher Aaron Seitz of Northwestern University. “Your brain needs to do a lot of different things. If we want to do them well, science and common sense suggest exercising it in a lot of different ways.”



S.F. EHRLICH
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S.F. Ehrlich Associates, Inc. has been providing financial advice on a fee-only, independent basis for over 25 years.

Managing Your Money is compiled entirely by Stanley F. Ehrlich and John Zeltmann.

Questions or comments are always welcome (and encouraged!).

Did we mention? If you have a friend or family member who you think might benefit from a discussion with us about financial planning and asset management, please pass along our phone number and email address. Long-term growth is not only crucial to portfolios, it's also critical to a business.

If you have a friend, co-worker, or relative who's in need of financial advice due to a pending or actual job loss, please give them our contact information. We're always glad to speak **pro bono** with people who need a hand.

CLIENTS: Please remember to contact S.F. Ehrlich if: a) there are any changes in your financial situation or investment objectives, b) you wish to impose, add or modify any reasonable restrictions to our investment management services, or c) you've changed your permanent residence.

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- 1 "Time, diversification and the volatility of returns." Slide 65, Guide to the Markets, J.P. Morgan. October 31, 2023.
- 2 Dorin McDowell, Jeanne. "Super Agers: How They Live Longer; Think Stronger; Enjoy Life More." AARP Bulletin, Nov. 2023.

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