



## Managing Your Money

### STAN'S WORLD—DOG GONNIT! (ACT 2)

Stan's World has gotten more interesting of late but in a good way. Before sharing more, let's recap - in one word - the singular highlight from the last Stan's World: Puppy!

As mentioned, John drove to Maine on March 3 to pick up two English Cream golden retrievers. (English Cream means they're white in color.) Keeping John company on his ride back to New Jersey were two quivering brothers, each weighing about 9 lbs.

Over the past couple of months, as measured by weight gain, New Jersey has agreed with these two guys, as Sully (our puppy) is already up about 8 lbs. and on the way to 70 to 90 lbs. Of some significance is that I've picked up Sully about 3,500 times over the past month, and kneeled and bent about 2 million times. Suffice it to say that yoga, Pilates, an elliptical, and a NordicTrak bike only modestly prepared me for endless squatting and lifting. (I truly mean endless...)

Aside from my new, extraordinarily buff appearance (admittedly, an assessment made only by me), Sully has provided that which every dog owner knows: affection and unconditional love. (The unconditional love is most prominent when you're holding his dog bowl filled with food. I'm also counting thousands of bite marks as affection.)

Having a puppy is hard work, and I'm not sure I would recommend it to all seniors. (I might recommend a dog, but not necessarily a puppy.) Sully gets walked in the rain. He gets walked in the dark. In the sun. In the snow. In the cold. Sometimes late at night, other times early in the morning. My free time has dwindled to zero. By 9 pm, I'm so tired I can't spell S-T-A-N. (We once had three kids, two cats, and a big dog, all simultaneously. Now, there are two of us, and one of him, and he's winning!)



## STAN'S WORLD— DOG GONNIT! (ACT 2, CONT'D)

Suffice it to say that, like new parents, Sully dominates the conversation. To have room for pictures of Sully, I've deleted all the pictures of my grandchildren on my iPhone. (I'm sorry, but I need space for Sully's photos, Sully's videos, and videos of Sully with his brother, Teddy.) If you have children, you may remember conversations from when they were little, focusing on certain, um, bodily functions. Yep, that's us now.

Aside from the physical workouts and unconditional love, I may be benefiting in another way from having Sully around. Recently, I spoke to my doctor about whether I might need some sort of medication to lengthen my sleep pattern, as the evidence is becoming more and more convincing that we all need a certain amount of REM sleep to function at our peak self. While I can't confirm if I've ever been at my peak self, I can confirm that I haven't slept this much in decades. (If I sound crisper during our next call, thank Sully.)

If you're wondering how this relates to personal finance, let me assure you it doesn't. Except it does. In my eyes, personal finance has always meant so much more than money. It includes good health, a sound mind, and improving your odds for increased longevity. If buying a puppy contributes to any of those goals, then I win. What's the point of working for decades, saving money, and attempting to grow your portfolio, if you won't enjoy the fruits of your labor? If you're not going to buy a puppy to bring you joy, what is your plan?

## TAP YOUR CREDIT CARD'S PERKS AND PROTECTIONS

Utter the words "credit card," and reactions can run the gamut. At one end of the spectrum are people who never use a credit card because they do not want to end each month with debt. They focus on paying for all purchases with cash, or by using a check or debit card. (When a credit card balance is not paid in full when due, typically high interest charges begin to accrue.)

At the other end of the spectrum, some people have learned to use credit cards in the most effective ways imaginable. There are even websites to help you (a) research the best credit cards for your usage and interests, and (b) learn when and how to use the miles/points you earn using said credit cards. (As an aside, the story is told that the man behind The Points Guy, Brian Kelly, borrowed \$10,000 from his parents in 2010 to start a credit card blog. Two years later, Bankrate.com purchased that blog for over \$20 million! Yes, there's money in credit cards!)

While many credit card users know how to accumulate points to pay for hotels, flights, and certain other 'stuff,' there are also benefits you may not be aware you have, and many can even save you money<sup>1</sup>.



## TAP YOUR CREDIT CARD'S PERKS AND PROTECTIONS (CONT'D)

**Travel Help:** “Insurance for trip cancellation or interruption kicks in if your prepaid or non-refundable flight is canceled...Although the coverage limits vary, you will generally get the most comprehensive insurance benefits with travel cards that have annual fees.” In addition, “your card may also offer benefits that can get you through airport security or customs quicker. Several travel cards offer a statement credit to cover TSA PreCheck or Global Entry. As a bonus, your card may cover you for CLEAR, the biometric identification scanner at the airport, in full or at a discounted rate.” Some card issuers also offer travel agency features. Finally, “If you decide to book a rental car through your credit card travel portal or directly with a credit card company, you may also have rental car insurance as a perk.”

**Dining and Entertainment:** “Food-delivery memberships and discounts are among the trendy benefits now...” to include, sometimes, a complimentary or discounted, DashPass. Credit cards also offer discounts for streaming services (think Disney+, Hulu) or media (Sirius XM, New York Times). If you like to attend concerts or sporting events, some companies offer their cardholders early access to purchase tickets. Perhaps you’d even like to play on a private golf course? And if you love a good museum, look for discounts with the card(s) you hold.

**Shopping:** Digital coupons abound if you purchase items through your card website. Not only might you get a statement credit, but some issuers allow you to build up points that can be exchanged to purchase even more ‘stuff.’ If online purchases are damaged when you receive them or stolen by a porch pirate, some cards offer insurance from theft. Others offer replacement insurance if an item is broken within 90 days of purchase. Further, warranties may also be extended past the period offered by the manufacturer, a benefit many cardholders often overlook.

**Credit Monitoring:** “Your benefits may include credit monitoring and identity-theft protection...” These services may “track your Social Security number, scan the “dark web,” and send alerts about credit inquiries or new accounts.” You may also receive alerts if your credit score changes. Also, check to see if your card covers you for identity theft protection, a very valuable benefit if your identity is ever stolen. Are you paying extra for insurance on your new smartphone? If you bought it with certain credit cards, that protection might already be offered.

**Fraud Protection:** Perhaps the best benefit of all involves fraud protection. “If someone uses your credit card fraudulently, federal law limits your liability to \$50. American Express, Discover, Mastercard, and Visa assume all liability for unauthorized purchases.” Even more protection against fraud is afforded to certain cardholders who can disguise credit card purchases with virtual credit card numbers when buying online. Thus, a security breach at the merchant where you made a purchase would not result in your credit card number being stolen.



## DID YOUR PLAN WORK?

You're probably familiar with the name Dimensional because there are likely one or more Dimensional mutual or exchange-traded funds in your portfolio. We also often cite research from Dimensional in our newsletters and memos we write to our clients.

Dimensional was founded on the philosophy that there are certain financial characteristics, or factors, that can be reliable predictors of future performance. There is no active trading; all decisions are based on exhaustive research. At Dimensional, the research staff are the rock stars, not the fund managers. Their long-term horizon and research-driven philosophy align perfectly with what we think is best for our clients.

Thus, it should come as no surprise that we again cite Dimensional as we work through the latest crisis to face investors: bank failures.

To paraphrase David Booth (Dimensional's founder), consider December 2019, when "Unemployment, interest rates, and inflation were at historically low levels."<sup>2,3</sup> What would you have done with your portfolio if someone had told you:

- A global pandemic (COVID) would hit.
- FAANG stocks (e.g., Facebook (now Meta), Amazon, Apple, Netflix, and Google) would soar, and then drop.
- Meme stocks would soar (e.g., AMC and GameStop), and then drop.
- Bitcoin and other cryptocurrencies would soar, and then drop.
- Inflation would spike to the highest level in decades.
- Russia would invade Ukraine, causing geopolitical uncertainty.
- Multiple bank failures would upend the U.S. banking system.

Our hunch is that you would have directed us, as your financial advisors, to sell everything and go to cash. Perhaps you would have just cashed out and shoved dollars under your mattress. In other words, knowing these events ahead of time would have probably caused you to predict that your portfolio would lose a lot of money, thus jeopardizing your future. Fortunately, at least going back 39 months, you would have been wrong.

Look back at the value of your portfolio on December 31, 2019, and compare it to the value on March 31, 2023. Which is higher? To quote Booth: "The conclusion I hope you reach is that it's unrealistic to think you can outguess markets."



## DID YOUR PLAN WORK? (CONT'D)

Statistically speaking, even if you had attempted to tiptoe your way through all the market-rattling events listed above, it's almost certain you would not have fared nearly as well as you did. (To quote Professor Kenneth French, a director on Dimensional's board: "When choosing my own investments, I remind myself that most overconfident investors don't realize they are, and that client (trading) fees pay for most investment manager's yachts.")

If you planned to grow your portfolio over the past three-plus years by staying in the markets and periodically rebalancing, then, yes, your plan worked.



S.F. EHRLICH  
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*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 "Tap Your Credit Card's Perks and Protections." *Kiplinger's Personal Finance*, Jan. 2023.

2 Booth, David. "This Has Been a Test: Developing a Financial Plan You Can Stick with." *Dimensional*, 20 Dec. 2022.

3 French, Kenneth R. "Five things I know about investing." *Dimensional*, 17 Mar. 2022.

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