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ASSOCIATES, INC.

March 31, 2021

Managing Your Money

STAN'S WORLD—YES OR NO?

We're coming up to 25 years since I started our financial planning practice. Over those years I've offered advice to clients about their finances, as well as counsel on a multitude of finance-related (and often some very un-related) subjects. As I think back to many of those conversations, I realize how often I used the word "NO."

Some of my NO's were easy, and they'll continue to be NO's in the future. If a client wants to buy a very speculative investment. (NO!) If a client thinks he/she knows how to time the stock market. (NO!) If a client wants to buy a vacation home because he/she vacations in (fill in the blank) once a year. (NO!) If a client wants to loan money to a relative who's out on parole (NO! Actually, that one gets a Hell NO!).

Conversely, and somewhat surprisingly, there have been times I supported spending that I knew would ordinarily be difficult to justify, as life has taught me that the road to and through retirement is not always a straight line. I will, for example, enthusiastically support someone who wants to make a career move or even start a new business, especially if they've reached a point where by getting up every morning is a struggle. While the money they're earning may be good, what if their health deteriorates due to their job and they're never able to spend the riches they were paid? So long as we have a plan in place, I'll be one of their biggest cheerleaders.

And then there are circumstances that unexpectedly arise in life, typically involving health issues, when we have to look beyond the numbers: Should you take a vacation that you probably can't afford? (YES!) Retire a year earlier than projected? (YES!) Buy a new car knowing it might be the last one you'll ever purchase? (YES!)

I suspect post-COVID, we may have to find creative ways to get to YES with more frequency. While we can't assume a pandemic will sweep through our society again during our lifetime, neither can we assume that our attitudes will revert to their pre-COVID state after life gets back to its (new) normal. While just my hunch, I think more of us will see life as being a tad more fragile than the way we previously viewed it.



STAN'S WORLD—YES OR NO (CONT'D)

Are we all willing to work an additional X years until we get to enjoy extended travel? Are we all willing to defer gifting to family members until portfolios have risen Y percent? Are we all ready to remain in our current homes if working remotely means the ability to work from anywhere?

I think it's just as risky a bet to assume nothing will change as it is to assume everything will change. As financial planners, we can project future cash flows on beautiful, multi-colored charts, but that doesn't mean reality will plot them as drawn. When I sit with clients for a planning meeting, I often joke the data we present will change before they get up from my desk. Little did I realize how quickly everything could change.

Regardless of your age or work status, if you've spent the past year rethinking the life trajectory that you're on, and you're looking to get to YES a tad sooner than otherwise planned, why don't you give us a call? While the numbers we graph don't always work as hoped, sometimes we really do find ways to fit square pegs into round holes.

A YEAR AT HOME: BY THE NUMBERS

From Emily Barone at TIME Magazine¹, "It was a year ago that the COVID-19 pandemic seized control of our lives. While essential workers remained on the job, the rest of America, confined to quarters, tried to come to terms with a life on pause. Working, learning, and passing the time almost entirely from home meant changes in habits, health, relationships, and plans for the future. Numbers don't tell the whole story, of course, but these at least describe the contours of the lives we lived."

- "People passed time on puzzles; purchases tripled in 2020 according to distributor Puzzle Warehouse;
- After plummeting last spring, home sales soared in the second half of the year to levels not seen since 2006;
- 40% of consumers tried home-delivery apps or curbside pickup for the first time during the pandemic;
- 39% of couples who had planned a 2020 wedding pushed or canceled the reception; 15% postponed the wedding;
- Residential electricity use in April through July was 10% higher than normal, costing households an extra \$6 billion;



A YEAR AT HOME: BY THE NUMBERS (CONT'D)

- In January, the savings rate was 20.5%, up from 7.6% a year earlier, yet 2 in 5 adults have had to tap into savings or borrow money;
- Sex-life quality declined last spring for 44% of adults, according to one online survey; 14% reported an improvement;
- Vehicles traveled 430 billion fewer miles on US roads in 2020, a drop of about 13% from 2019;
- A toilet-paper frenzy doubled sales last March. More recently, toilet-paper sales have sunk below pre-pandemic levels;
- Air travel dropped from 4.5 billion passengers worldwide in 2019 to 1.8 billion in 2020;
- Worker burnout among US employees at large companies jumped from 42% pre-pandemic to 72% by August;
- 77% of kids ages 5 to 12 spent at least four hours a day on devices in August vs 35% pre-pandemic. And 8% topped nine hours;
- While about 20% of US adults are getting less sleep during the pandemic, some 10% are getting more sleep;
- In June, almost 7% of services listed on US insurance claims related to telehealth, compared with just 0.16% in June 2019;
- 269,896 pets were adopted from rescue groups in 2020 (36,000 more animals than in 2019);
- In March 2020, the average adult spent 13.5 hours per day looking at screens – up 3 hr. 20 min. from 2019;
- Home Depot sales jumped 21% in 2020, while leads for remodeling pros on Houzz.com were up 60% last summer from 2019;
- Initial data from five states show that divorce rates have declined during the pandemic by about 22%;
- While 1 in 6 health clubs and gyms closed in 2020, Peloton's quarterly revenue ending June 30 jumped 172%;
- 78% of Americans delayed at least one medical service in the three months leading up to February 2021;
- The online marketplace Etsy sold 53 million face masks from April to September;
- Americans spent more time baking – sales of yeast quadrupled in March 2020 and nearly doubled for all of 2020;



A YEAR AT HOME: BY THE NUMBERS (CONT'D)

- The average household watched 11 hours of streaming video on demand in July – nearly double from a year earlier;
- Hand sanitizer purchases increased 261% in March 2020 and were up 624% for all of 2020;
- Public-school buildings closed to all 50.7 million K-12 students last March. Today, 1 in 5 of those kids does virtual-only school;
- Food orders through delivery service DoorDash hit 816 million in 2020, more than tripling the company's 2019 orders;
- E-book and audiobook checkouts via the public library app Libby are up 51% and 23%, respectively, since last March;
- From May to August, 13% of households spent money on vacations, down from 30% in the same 2019 period; and
- Online sales of pajamas grew 143% from March 2020 to April 2020, while those for pants and bras fell 13% and 12%.”

WAIT BUT WHY?

A client recently shared a blog post from the blogging website *Wait But Why* (<https://waitbutwhy.com/>) that we would like to share with you in the following pages. While it only takes a few minutes to scroll through, it has the potential to leave you pondering. To make the post more meaningful, substitute your age for the age of the author. Do the math on how many of ‘whatever’ you have left.

Pay careful attention to the last section: Relationships. If you use the author's methodology and apply it to your life, you may view some of your relationships somewhat differently.

The Tail End

by Tim Urban



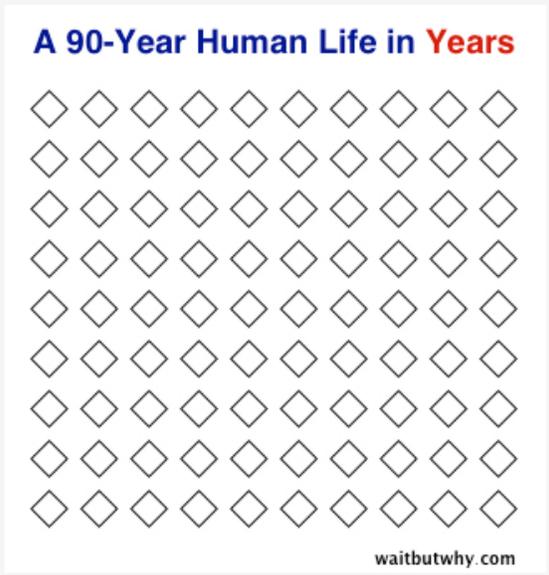
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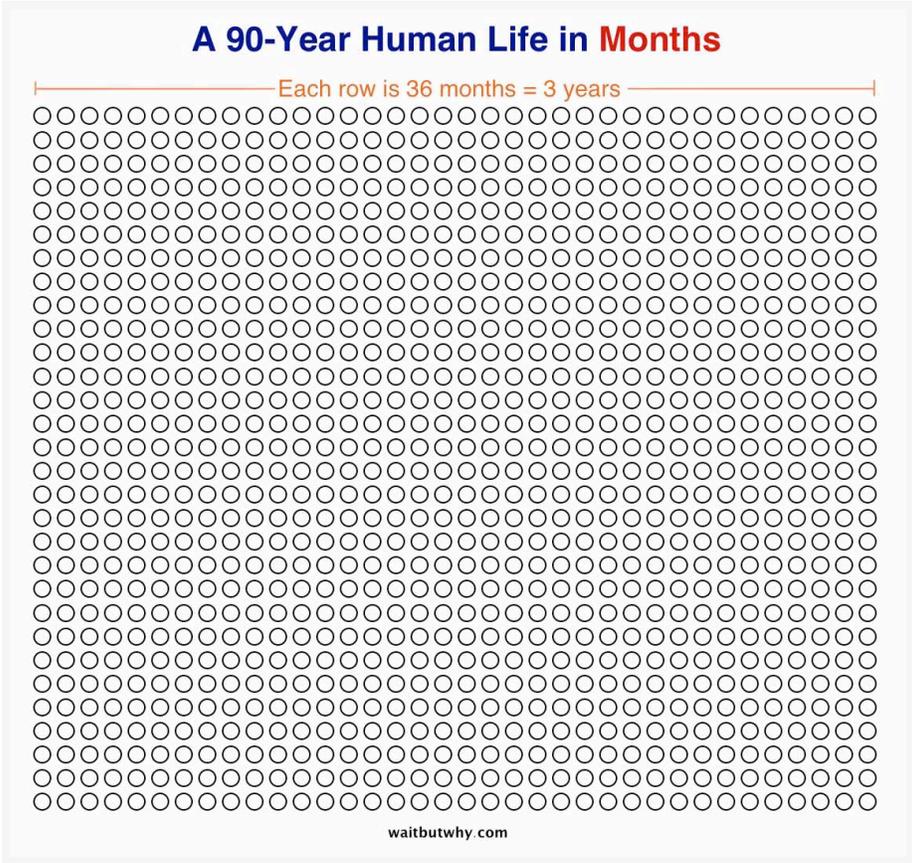


WAIT BUT WHY

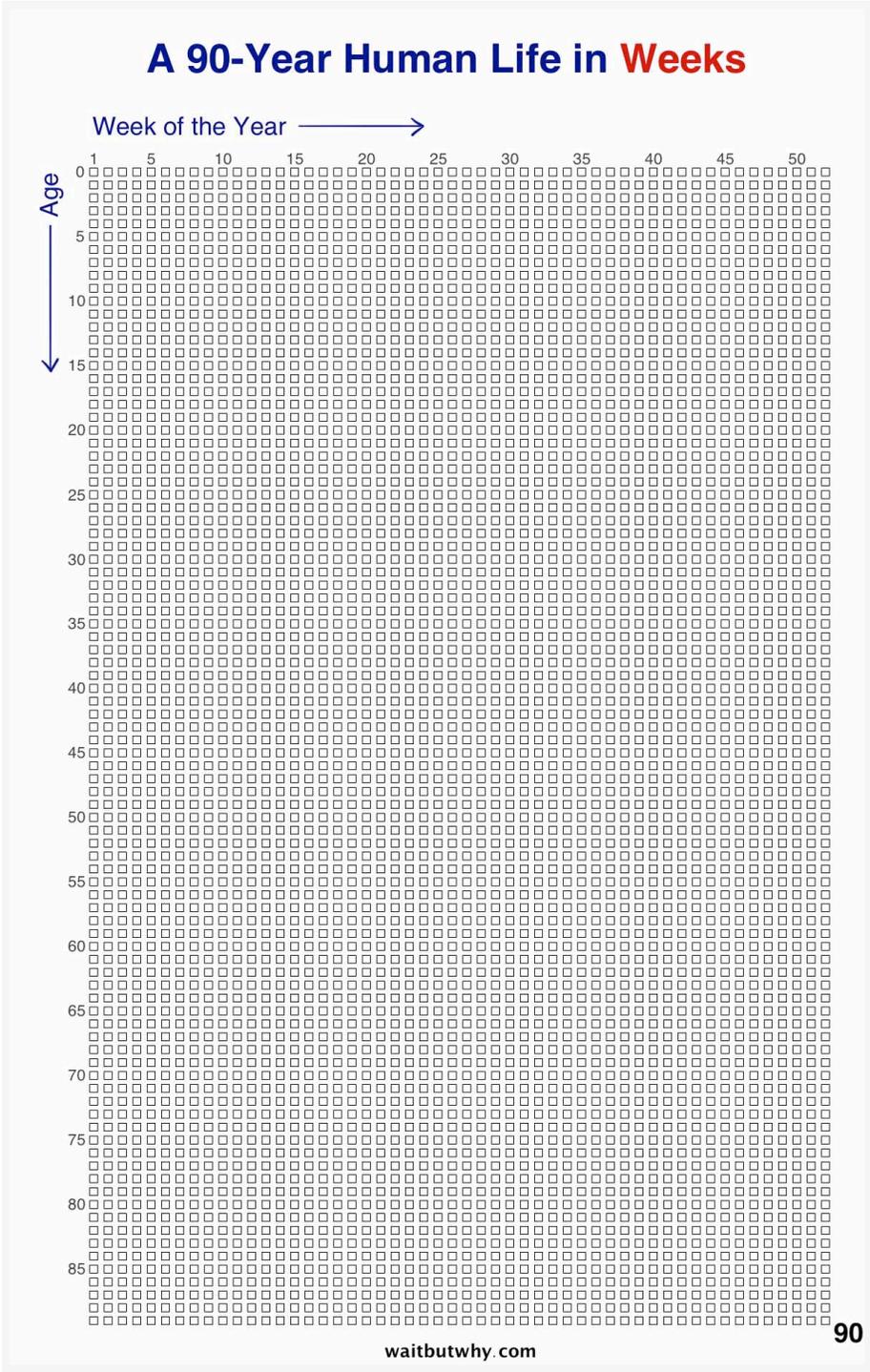
In a post last year, we laid out the human lifespan visually. By years:



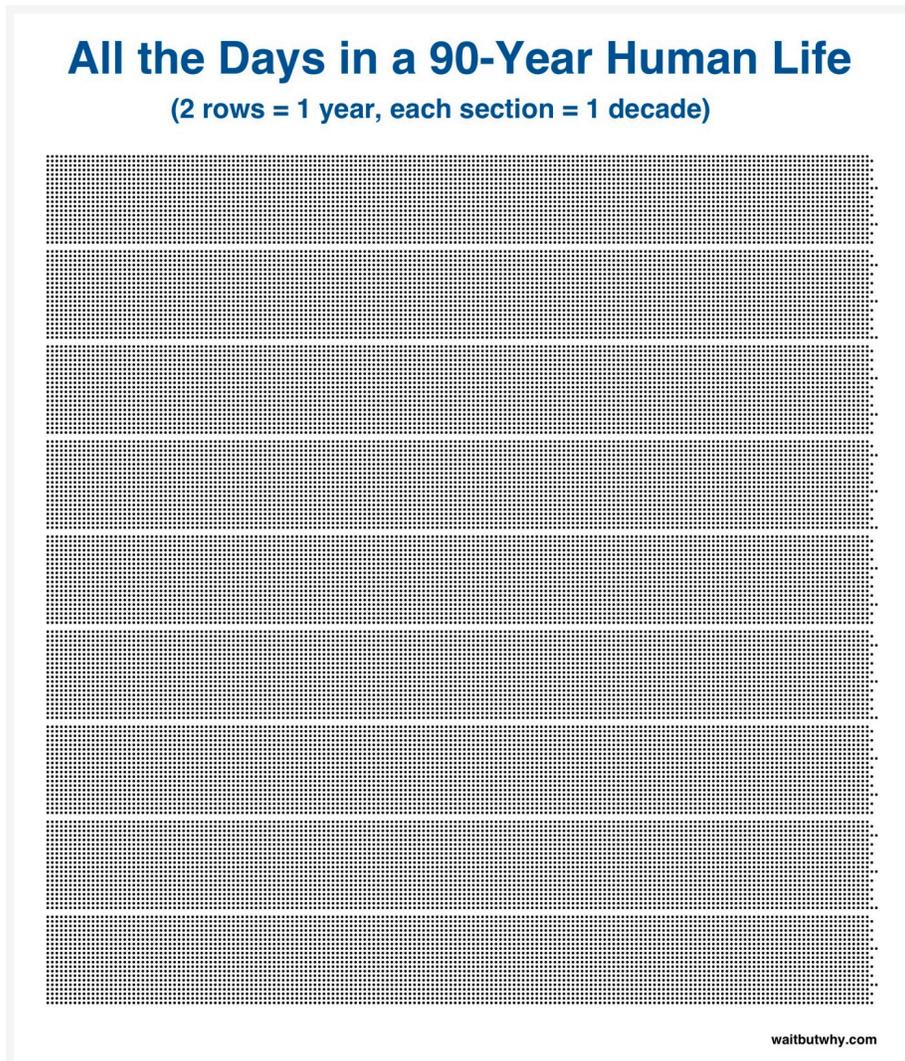
By months:



And by weeks:



While working on that post, I also made a days chart, but it seemed a bit much, so I left it out. But **** it.

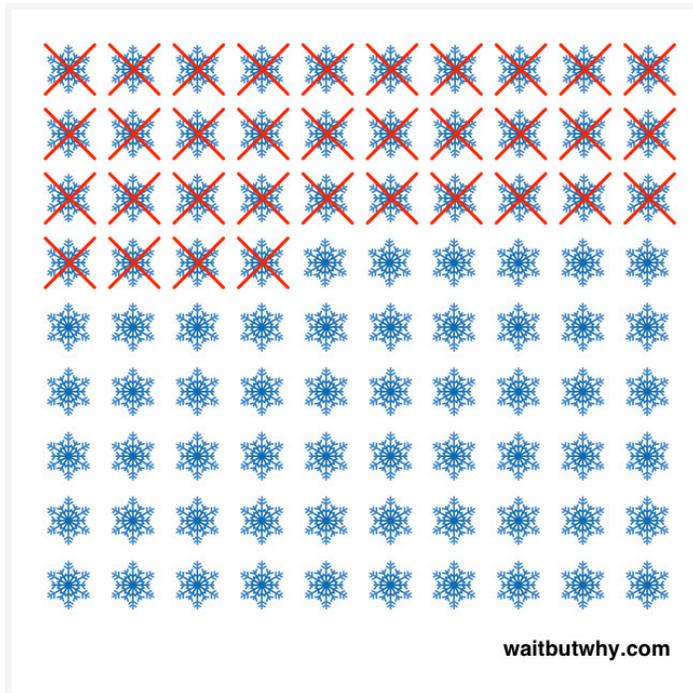


The days chart blows my mind as much as the weeks chart. Each of those dots is only a single Tuesday or Friday or Sunday, but even a lucky person who lives to 90 will have no problem fitting every day in their life on **one sheet of paper**.

But since doing the Life in Weeks post, I've been thinking about something else.

Instead of measuring your life in units of time, you can measure it in activities or events. To use myself as an example:

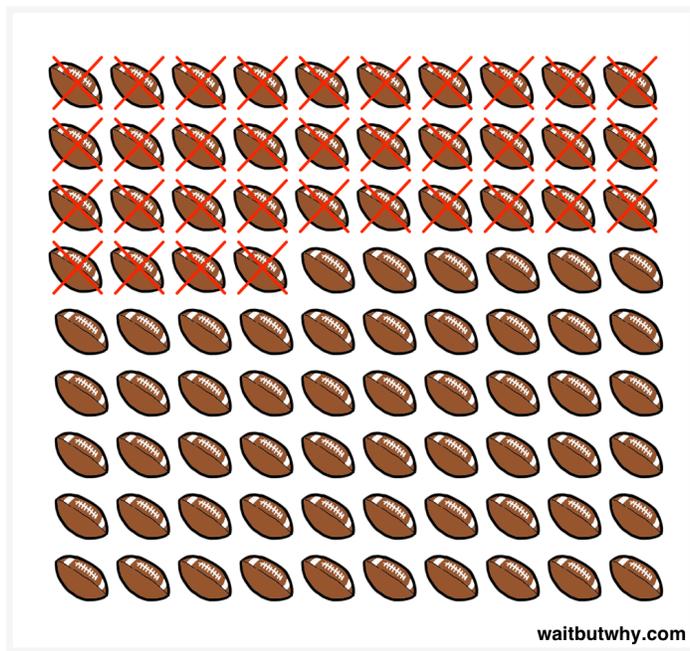
I'm 34, so let's be super optimistic and say I'll be hanging around drawing stick figures till I'm 90. 1 If so, I have a little under 60 winters left:



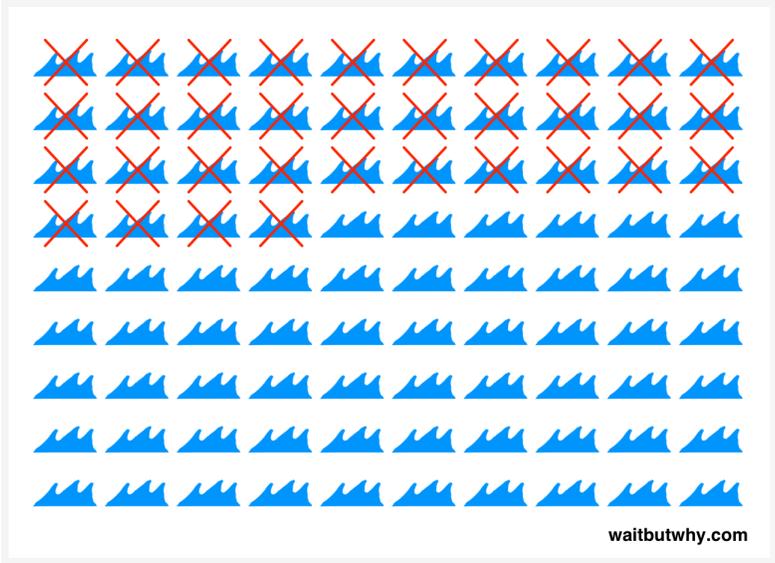
1

In order to help me not jinx myself with this post, please mentally add an "If I'm really lucky" before each of the following statements.

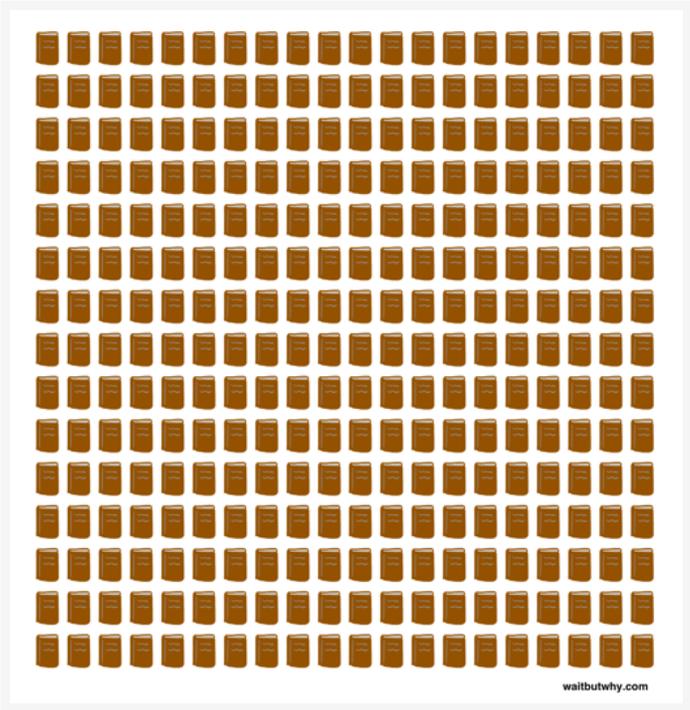
And maybe around 60 Superbowls left:



The ocean is freezing and putting my body into it is a bad life experience, so I tend to limit myself to around one ocean swim a year. So as weird as it seems, I might only go in the ocean 60 more times:



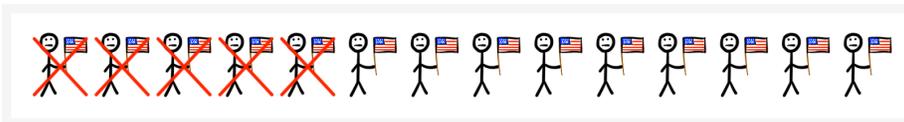
Not counting Wait But Why research, I read about five books a year, so even though it feels like I'll read an endless number of books in the future, I actually have to choose only 300 of all the books out there to read and accept that I'll sign off for eternity without knowing what goes on in all the rest.



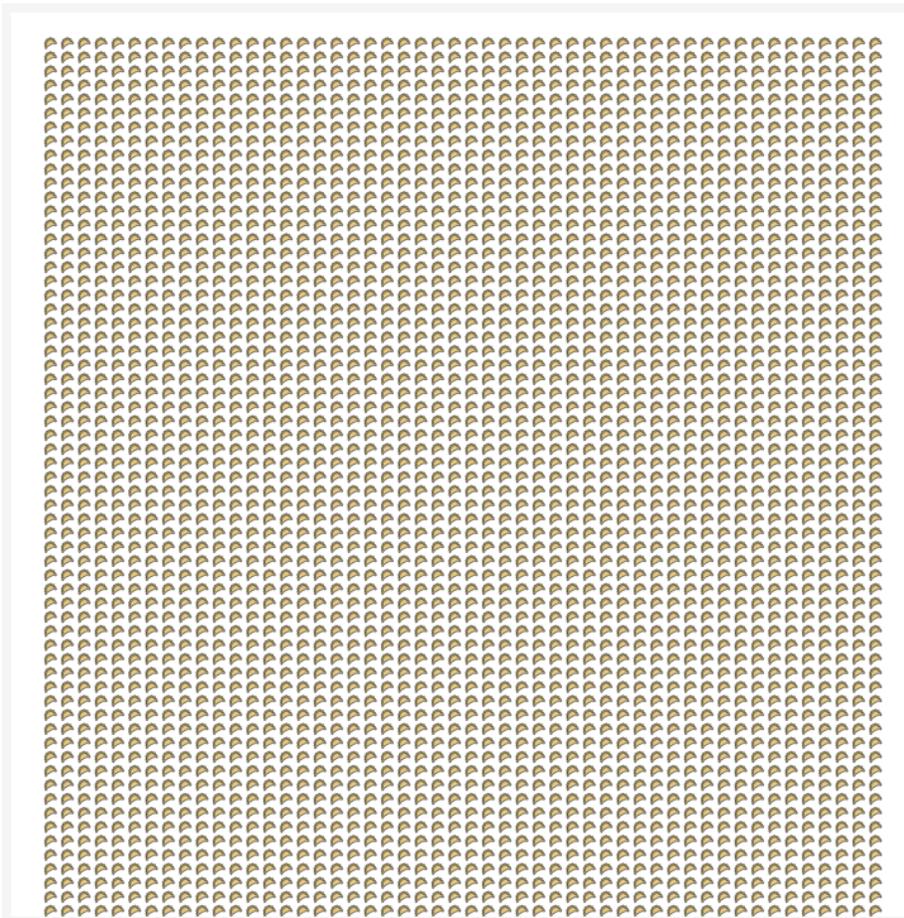
Growing up in Boston, I went to Red Sox games all the time, but if I never move back there, I'll probably continue at my current rate of going to a Sox game about once every three years—meaning this little row of 20 represents my remaining Fenway visits:

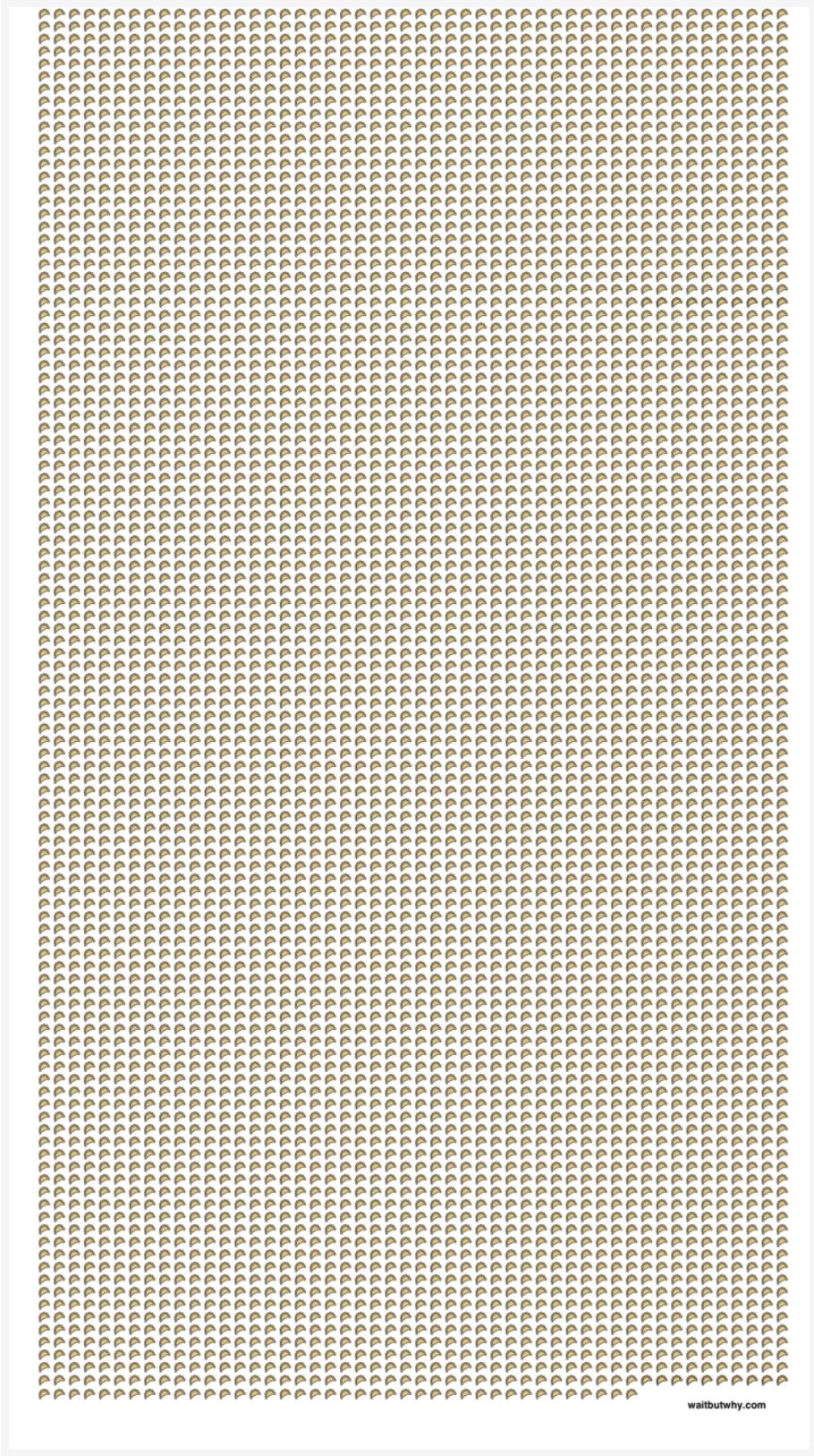


There have been eight US presidential elections during my lifetime and about 15 to go. I've seen five presidents in office and if that rate continues, I'll see about nine more.



I probably eat pizza about once a month, so I've got about 700 more chances to eat pizza. I have an even brighter future with dumplings. I have Chinese food about twice a month and I tend to make sure six dumplings occurs each time, so I have a ***** of dumplings to look forward to:





walbutwhy.com

But these things aren't what I've been thinking about. Most of the things I just mentioned happen with a similar frequency during each year of my life, which spreads them out somewhat evenly through time. If I'm around a third of my way through life, I'm also about a third of my way through experiencing the activity or event.

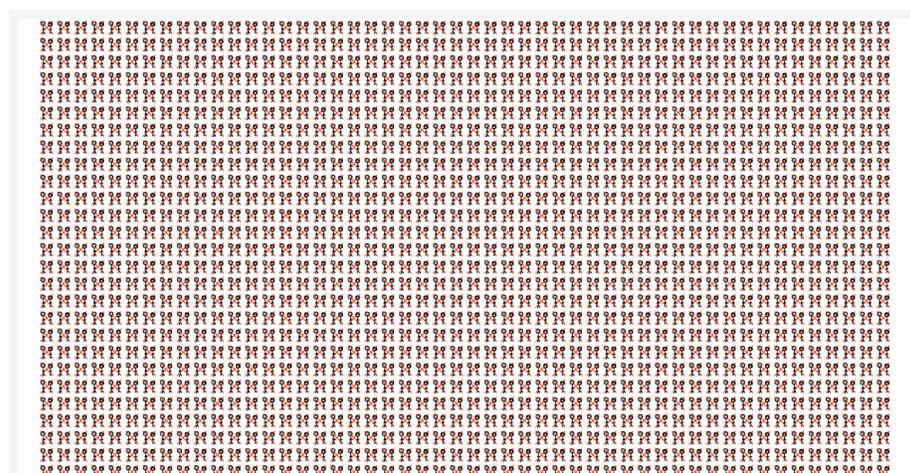
What I've been thinking about is a really important part of life that, unlike all of these examples, isn't spread out evenly through time—something whose [already done / still to come] ratio doesn't at all align with how far I am through life:

Relationships.

I've been thinking about my parents, who are in their mid-60s. During my first 18 years, I spent some time with my parents during at least 90% of my days. But since heading off to college and then later moving out of Boston, I've probably seen them an average of only five times a year each, for an average of maybe two days each time. 10 days a year. About 3% of the days I spent with them each year of my childhood.

Being in their mid-60s, let's continue to be super optimistic and say I'm one of the incredibly lucky people to have both parents alive into my 60s. That would give us about 30 more years of coexistence. If the ten days a year thing holds, that's 300 days left to hang with mom and dad. Less time than I spent with them in any one of my 18 childhood years.

When you look at that reality, you realize that despite not being at the end of your life, you may very well be nearing the end of your time with some of the most important people in your life. If I lay out the total days I'll ever spend with each of my parents—assuming I'm as lucky as can be—this becomes starkly clear:



It turns out that when I graduated from high school, I had already used up 93% of my in-person parent time. I'm now enjoying the last 5% of that time. We're in the tail end.

It's a similar story with my two sisters. After living in a house with them for 10 and 13 years respectively, I now live across the country from both of them and spend maybe 15 days with each of them a year. Hopefully, that leaves us with about 15% of our total hangout time left.

The same often goes for old friends. In high school, I sat around playing Hearts with the same four guys about five days a week. In four years, we probably racked up 700 group hangouts. Now, scattered around the country with totally different lives and schedules, the five of us are in the same room at the same time probably 10 days each decade. The group is in its final 7%.

So what do we do with this information?

Setting aside my secret hope that technological advances will let me live to 700, I see three takeaways here:

1) Living in the same place as the people you love matters. I probably have 10X the time left with the people who live in my city as I do with the people who live somewhere else.

2) Priorities matter. Your remaining face time with any person depends largely on where that person falls on your list of life priorities. Make sure this list is set by you—not by unconscious inertia.

3) Quality time matters. If you're in your last 10% of time with someone you love, keep that fact in the front of your mind when you're with them and treat that time as what it actually is: precious.



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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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¹Barone, Emily, and Lon Tweeten. "29 Numbers Showing How COVID-19 Pandemic Changed Our Lives." Time, Time, 17 Mar. 2021, time.com/5947302/covid-19-data/.

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