Fourth Quarter 2023

Stop Procrastinating and Take Action

It’s always easy to second guess decisions we should have made that would have left us wealthier today. We should have bought that empty lot, Uncle Joe’s gold coins, a rental property for the kids during college, Microsoft or Apple stock in the 1980s, and so much more. All too often procrastination played a role in our failure to act. We may have been waiting for prices to pull back, for the market to turn up, or for an expected bonus to arrive. But the biggest reason people procrastinate when it comes to making financial decisions is the fear that they will be wrong.

Procrastination is the practice of avoiding, delaying, or postponing actions even if delaying action could have negative or undesirable consequences.

When it comes to investing, three basic fears tend to feed procrastination:

1. You’re afraid of losing money.
2. You don’t think you know enough to evaluate the investment or the financial advice you receive.
3. You experience anxiety, fear, or doubt about money-related matters or about your ability to manage your money.

Any one of those fears can be overwhelming. Put all three together and they can paralyze your ability to act. If you let that happen, you endanger your ability to ever achieve financial security.

Life has risks. Investing has risks. There is always the chance that you will have a bad investment and lose money. But not investing simply guarantees that you lose the buying power of your money to inflation. Achieving financial security requires that we put our money to work earning money at a rate that outpaces inflation and creates value over time.

In 2013, legendary investor Warren Buffett offered a very simple do-it-yourself investment plan for individuals. Dollar-cost average by making regular investments – monthly or annually - split 90% between a S&P 500 ETF and 10% short-term Treasury bonds. The S&P 500 allocation provides market-based returns; Treasury bonds provide a cash buffer for holding on during down markets and recovery.

Based on historical returns, Buffett's investment plan works given sufficient time, i.e. 15-30 years. The catch is that there will be periods of significant downturns and losses. Few people have the fortitude to continue investing during major market downturns such as 2000-2002, when the S&P 500 lost more than 50% of its value and took 10 years to return to breakeven.

That's where investment advisors earn their fees. Our job is to help your money make money. Not every investment will be profitable. But if we can help you stay invested for the long term, make regular contributions to your portfolio and avoid procrastinating when it comes to financial decisions, the odds of your success increase significantly. We have also made a profession of following financial markets, studying investment strategies that have succeeded and working with clients to design portfolios that meet their risk tolerance and financial situation.

If procrastination is undercutting your ability to build financial security, talk with your financial advisor and put together a plan to overcome your hesitations. Your future could well depend upon doing so.

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