

# PROSPERITY

WEALTH STRATEGIES

APRIL 2022 NEWSLETTER



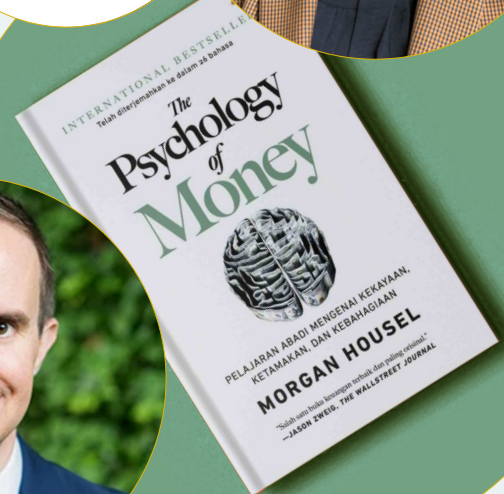
## THE SATISFACTION OF HAVING ENOUGH

I was recently invited to become a member of the Collaborative WIM (Women in Investment Management), an international organization of women in finance.

In January I served as a facilitator for their virtual book club, discussing "The Psychology of Money" by Morgan Housel. In addition to meeting Mr. Housel, a talented economist and writer, I enjoyed getting to know some amazing women in finance from around the globe.

One of the chapters in Housel's book covers the concept of 'enough', an interesting and dichotomous topic that deeply resonates with me.

Quantitatively, financial independence models determine the likelihood of success (enough) based on reasonable assumptions for inflation, market returns, and life expectancy. While the equations are complex, the math is straightforward and numbers don't lie.



➡ **The other concept of 'enough' is qualitative, and difficult (if not impossible) to model or calculate. It's a feeling of contentment. Of peace. This is the part of 'enough' that fascinates me.**

I believe peace and prosperity go hand in hand. The desire for peace and prosperity is universal, but the journey is unique to each person. During these volatile times in the market, it's important to revisit the topic of 'enough' in light of the planning work we've done.

➡ I look forward to reviewing and updating your plan in 2022.





Events like this (and the accompanying news coverage) make us feel the need to take action - to do something.

➡ But we have done something.



➡ We did all of this to prepare for periods of market volatility. To ensure that you have 'enough' to get through difficult times in the market.

But you may be thinking: this time is different. While yes, the cause may be different, the resulting uncertainty is the same. We've been through this before – uncertainty is a fact of life. Without uncertainty we wouldn't have opportunity.

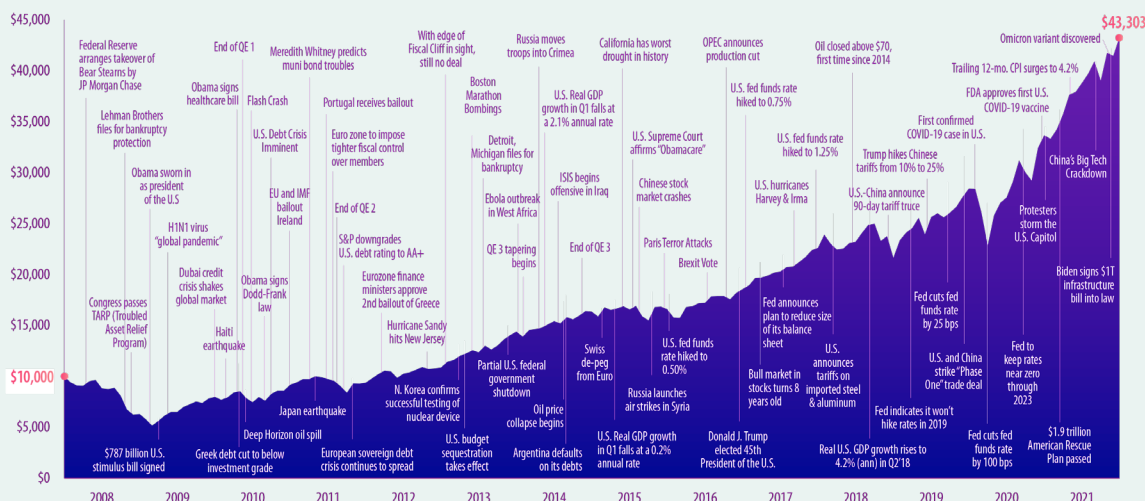
## Crisis and Events

S&P 500 Index: 2008 – 2021



This chart shows the growth of \$10,000 based on S&P 500 Index performance over the last several years. We believe looking at the market's overall resiliency through several major crises and events helps to gain a fresh perspective on the benefits of investing for the long-term.

THE AVERAGE ANNUAL TOTAL RETURN OF THE S&P 500 INDEX FOR THE PERIOD SHOWN BELOW WAS 11.04%.



Source: Bloomberg, First Trust Advisors L.P., 1/1/2008 - 12/31/2021. **Past performance is no guarantee of future results.** This chart is for illustrative purposes only and not indicative of any actual investment. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. Stocks are not guaranteed and have been more volatile than the other asset classes. These returns were the result of certain market factors and events which may not be repeated in the future.

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THIS CHART ILLUSTRATES THE NUMEROUS CRISES AND EVENTS THAT OCCURRED SINCE 2007, EACH OF WHICH YIELDED PERIODS OF UNCERTAINTY. DESPITE THE SHORT-TERM MARKET FLUCTUATIONS, THE S&P500 GREW BY AN AVERAGE OF 11% PER YEAR, A REMINDER THAT WE MUST REMAIN CALM AND PATIENT AND NOT ACT HASTILY.



# Happenings...

I was elected President-Elect of the Financial Planning Association (FPA) of Michigan for the 2022 term. I remain passionate about empowering and advancing women in finance and continuing my role as the Chair of the Women & Finance Knowledge Circle.



## FEATURED IN



"I've found that preparing to provide care to another person takes a village, and I do not advise anyone to go it alone," said certified financial planner Nicole Gopoian Wirick, founder of Prosperity Wealth Strategies in Birmingham, Michigan.

READ THE FULL ARTICLE AT: [HTTPS://WWW.CNBC.COM/2022/03/18/MOM-OR-DAD-MOVING-IN-WHAT-TO-KNOW-ABOUT-BECOMING-A-CAREGIVER.HTML](https://www.cnbc.com/2022/03/18/mom-or-dad-moving-in-what-to-know-about-becoming-a-caregiver.html)

## FEATURED IN

≡ **TheStreet** | Retirement Daily | Robert Powell, CFP®

### RETIREMENT DAILY GUEST CONTRIBUTOR

Everyone Needs an Estate Plan

## MANAGING RISKS, GIFTING, AND LEGACY PLANNING

BY NICOLE WIRICK, JD, CFP®

Transitioning wealth to the next generation requires a strategy. An important component of

financial planning analyzes one's ability to achieve financial independence by determining if there is a high likelihood of achieving goals without depleting resources, based on attainable spending and savings targets. Once this is accomplished, prudent planning dictates assessing risks that could derail the plan, such as a premature death, disability or long-term care event. Risk assessments are fluid, changing based on your needs, position in life, and situations.



READ THE FULL ARTICLE AT: [HTTPS://WWW.THESTREET.COM/RETIREMENT-DAILY/YOUR-MONEY/MANAGING-RISKS-GIFTING-AND-LEGACY-PLANNING](https://www.thestreet.com/retirement-daily/your-money/managing-risks-gifting-and-legacy-planning)

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# INFLATION HEDGING... QUICK FIXES BEWARE; BACK TO THE BASICS OF YOUR PORTFOLIO COMPOSITION



➡ Inflation is a concern for most Americans, especially as they go to the gas station and grocery store, finding it's more expensive to drive to work, feed their families and pay their bills.



➡ Inflation is also a concern for the fixed income portion of an investment portfolio. Rising interest rates reduce the value of existing bonds because new bonds are available yielding a higher rate. The price must be reduced or discounted to sell existing bonds.

➡ The longer the term of the bond, the greater the interest rate sensitivity and the larger the discount that needs to be applied to entice a buyer. In the current environment, long-term bonds go to the clearance bin, which is why we reduced the duration of the bonds in your portfolio last year. I believe that bonds should act as the ballast or cushion of the portfolio. This is not the part of the portfolio to take on any additional risk because the return profile just isn't there. We invest in bonds because they are a good stock diversifier.



➡ Stocks are the engine of your portfolio; we invest with the goal of portfolio growth. Your stock allocation is intended to serve as a long-term hedge against inflation, even though it might experience short-term volatility as investor anxiety rises. Companies offset higher input costs by increasing the price of their goods or services, especially value companies, which historically tend to perform well in rising interest rate environments. That's why we increased our value stock allocation last year – to prepare for what might lie ahead.



➡ If stocks are a good inflationary hedge, then why do some people gravitate to 'exclusive' (read: unnecessarily complicated, illiquid, and expensive) pre-packaged financial instruments that only seem to emerge as a 'magic potion' during periods of markets volatility? They're human. They feel the need to do something. Volatility is uncomfortable and the desire for exclusive and exotic investments to solve the problem may feel good in the moment.

➡ So I'm here to remind you: when it comes to your money, be boring and stick to the basics: globally diversified, multi-asset class, low-cost, liquid investments that are aligned with your financial plan.

As always, it's my pleasure to help you achieve  
peace and prosperity!

*Nicole*



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