



the Plan

Summer 2016

Trailing by One Point. No Time on the Clock. Two Free Throws.

by James B. Twining, CFP®

The market decline of early 2016 was not anywhere near the magnitude of a bear market such as we experienced in the year 2000 or in 2008. Yet it had some of the same feel as past events. Times like that are never easy for investors, who must confront their concern that maybe this time the market won't recover. Part of our job is to share with you a perspective based upon reason rather than emotion, in an effort to alleviate your concerns and fears.

At Financial Plan, we believe in the importance of discipline and process. To impress upon you the concept, I will recount an article I read, describing how the greatest athletes in the world compete at the highest level. It tells a story about the need for calm and focus during the high-pressure moments in a basketball game.

"Imagine yourself playing in a championship basketball game. Your team is trailing by one point. You are fouled just before the game clock goes to zero. You have two free throws. Make both and you win. Miss them and you lose".

What do you do to contain the pressure and focus on the task? The great athletes look to process. While each process may be different, each one reflects a personal routine a player has performed thousands of times in practice. For instance, you start your routine as you approach the free throw line; you take a deep breath and imagine the ball going through the hoop; you step to the line and find the exact spot (usually a nail right behind the painted line) where your right foot will anchor; you look at the back (or front) of the rim and notice the paint peeling or the net missing a connecting loop—or anything else to help you concentrate and calm your mind; and you take the ball from the referee and continue your routine. You dribble twice and flip the ball in the air, take a couple of knee bends, find the grooves on the ball, and spread your fingers across it. You feel the texture of the ball, the rough orange leather and the smooth black rubber on the grooves, and finally time the motion so that your body, the release of the ball, and the follow-through of your hand are all in perfect sync as the ball elevates and descends to the basket.



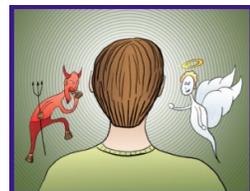
Steve Nash; best free throw shooter of all time

The effective athlete does not hope for an outcome or get nervous or scared as the moment approaches. He or she immediately falls back on the tried and tested routine performed countless times in a more serene environment (practice). Following the routine dulls the noise of the crowd and brings clarity of mind.

The same lessons apply to the seasoned investor. A chaotic market is akin to what the visiting team experiences in a gym, where opposing fans and players are doing everything possible to distract you. You stay focused on a routine burned into your nature through coaching and repetitive practice.

The components of a seasoned advisor's routine are similar: developing an investment policy, the regular review of financial goals and the science of markets, and the communication of timeless principles that takes place with investors regardless of market conditions. These and other actions are all part of the process developed to summon that muscle memory needed in stressful times. Just as the great athlete navigates through the moments of pressure in any athletic event, the actions are part of the routine that allows the individual to navigate through a chaotic market like we have today."

I think the article makes a good analogy. Here is another: Each of us has a little angel on our right shoulder and a little devil on our left. The little angel is an investor, and the devil is a speculator. Our little angel is well behaved. Every once in a while she calmly says "be true to your principles, keep the faith, be disciplined, have patience and fortitude."



The little devil on the other hand, is a raucous, noisy little instigator. When times get stressful, he sneers: "See, I told you things were going to get bad. You lost money this year. You better **do** something!" The experts we hear seem to back up the little devil. The talking heads, newsletter authors, and magazine headlines say things like "here are the top ten mutual funds to invest in **now!**" Or "gold is likely to double in value, buy gold **now!**" or "the economy is likely to enter a recession this year. Is it time to sell everything and move into cash?"

We try to silence the little devil, and stick to our time-tested principals. We know it is the wise thing to do. But when the market does drop in value, it gets harder to shut him up. He starts to scream "**DO SOMETHING NOW!**" Many investors finally succumb to the temptation and make costly mistakes.

I assure you that often the best reaction to pessimism, bad news or a bad market is to do nothing at all. Stay with your principles. Be patient. We expect to have bad markets; it is a reality that all investors must face. Our financial plans anticipate bad markets; they are accounted for in the numbers that we illustrate in your projections.

If you find yourself tempted beyond your ability to resist, please call us. We are here to talk you off the ledge.



On a Personal note

Jamie and Jeanne

Here is the entire unruly family mob at my mom and dad's beach house in Neskowin, Oregon over the 4th of July. We spent a lot of time playing with the kids on the beach.

That is my sister Jane next to Jeanne in the red blouse, and my sister Lori in white next to her. My sister Lacy is the gal in light blue with the curly hair. My mom and dad are in the middle in blue and red...doing very well for age 85!

The rest of the crowd consists of various relations and hangers-on....like my nieces and nephews, my kids, their spouses, and their kids! The numbers keep growing; we're trying to figure out what is causing it...



Dave and Bonnie

We have had a FANTASTIC summer. I think we are making up for last summer when we were stuck at home working on our remodel. The kids especially have thanked us over and over for all the fun things that have transpired. David & I are celebrating our 20th wedding anniversary in just a few weeks and we are super grateful but even more grateful for our parents who are BOTH celebrating their 50th wedding anniversaries. Hence, we spent a week out in Branson, Missouri with all of David's family trying to celebrate his parents to the best of our ability. We took in as much of Branson as we could and their awesome shows and were so impressed with how family oriented they were. Then David's parents took our middle son home with them for a week while we visited some close friends in the south of Georgia. David's parents have done this with each of our kids as they have turned 12/13 and spent one on one time with them, speaking into their life and imparting values and observations of life. It was a precious time and then we celebrated with this "rite of passage" ceremony. We will celebrate with my parents for a few days up in Whistler, BC at the end of August with my side of the family. As far as our Anniversary—hmmm... we've been gone enough, I think we'll have to do our celebrating next year :)



David's parents



Dennan's Rite of Passage Ceremony



Bonnie's Parents

Devin and Stephanie

The Wolfpack has been having a great summer! Bike riding, swimming lessons, berry picking, and playing at parks has kept the kids busy this summer. You can always tell summer is here when their hair starts to bleach out and their skin turns golden brown.

In June we were lucky enough to have my childhood friend, Brian, and his family visit us from New Mexico. We showed the "desert kids" beaches, lakes, and sea life. We also played tourist in Seattle for a day checking out the Pacific Science center, harbor cruise, aquarium, and the Space Needle. Needless to say it was a busy day!



Nate and Lisa

This past month, I was extremely humbled to be awarded the Will J. Griswold Club Service Award for the Rotary Club of Bellingham. It is one of the three major awards given each year, and reflects a dedication to the Rotary creed of "service above self." The Rotary organization is an incredible group that does an amazing amount of work both locally and across the globe; I'm honored to be a member of such a great organization.



My beautiful wife and I also celebrated our 8th wedding anniversary. We took a two-day trip to Harrison Hot Springs in BC and spent time relaxing in the hot pools and beautiful scenery. As an amazing stay-at-home mom, she needed the break (and drink) more than I did!