# Why doctors should focus on goals, not returns to become wealthy

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During client reviews, I often see a focus on ñperformanceò over the last short term period (a quarter or a year).  I suppose it is our nature to attach meaning to specific calendar events and times (our birthday!), but seeking out evidence of investing ñskillò by doing so is very misleading.  The entire focus of this article is to convince you to stop looking at performance over any period much shorter than almost a lifetime.

The evidence is clear and unmistakable that almost nobody can ñbeatò the returns of general market asset classes by picking out specific stocks.  Let me say it againð  this is fact, over and over.

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Market index investing beats the experts more than two thirds of the time no matter how often you check.  The small minority of investors that beat the market indexes either do so for a short period (or then lose it all back) or are unpredictable in advance.  This is not to say we are not all ñactiveò investors, as every allocation we make is a choice to concentrate in certain areas (domestic vs foreign, stocks vs fixed income).  It is also not to say that there are not some markets at some times that may bear some active investment skills-Iôm just saying that the majority of the time a passive inexpensive approach works best.

When to know if you need to refinance a mortgage

Ironically, it is the kiss of death to be lauded for beating the market in the financial press. Invariably, these managers do poorly in the years soon after their adulation.

If you will believe me (and you should), you should be predominantly buying large market indexes all over the world and accepting that you will do as they do.

In any given time period (again, an artificial measurement when ñperformanceò is considered), some will do well and some will not.  Thatôs the beauty and pain of diversification.

## Should you own real estate as an investment?

Although we can ñtiltò towards asset classes that look cheap or have not done well, it is one of the hardest things to do. It is also one of the hardest things to explain to those I invest for. Why am I buying what is doing poorly? Why not buy more of what is going up?

Only understanding that the investing process is many years to many decades explains this behavior.

We should all focus on our goals and not on our returns. We have a strong likelihood of achieving goals and little chance of controlling returns.

## When does a simple IRA make sense for your practice?

For most of us, our goals are to accumulate a satisfactory retirement portfolio that will offer some financial security in the time we stop working. Reaching this goal is accomplished by saving more than investing. True, the early savings have the most potential to grow over the longest time, but they are also usually the smaller amounts of money that we accumulate early in our earnings careers. The key is a long steady persistence of savings with disciplined investing.

It is actually easy to become wealthy slowly. It is very hard or impossible to do so quickly by focusing on returns. Believe me, please.

## The key to saving money is like watching paint dry

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