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4th Quarter 2017 Market Review

How to Make Resolutions Come True

This is the time of year for resolutions and self-improvement. As your advisor, I'd like to help you achieve your resolutions for 2018—at least the financial ones! But change doesn't happen just because you know that you *should*. Change occurs due to the concrete steps you take to achieve it. We all know that good intentions just aren't good enough: for example, when you see the charge go through for a monthly gym membership that hasn't been used for weeks.

There are a few ways I can recommend to make your resolutions come true. They're very simple—but not necessarily easy.

Create systems, not goals. Say you have your number in mind to achieve by retirement age. It's a big goal, and it feels difficult to achieve, maybe impossible. It's far off on the horizon—so what difference does it make if you don't tackle it today? It's tempting to procrastinate—but that is one sure way to *not* make progress. As the expression goes: how do you eat an elephant? One bite at a time.

Instead, create systems that achieve your goals as a natural by-product. Break down your big, scary goals into achievable steps to reach the finish line. For example, when it comes to your saving goals: pay yourself first. This is so simple, and it works, but you actually have to DO it. Make your savings automated, so you're never tempted by the money hitting your account and being available for another purpose. One way to do this now is to save a portion of the bonus you got for 2017 and dedicate a portion of the raise you got for 2018 to your regular savings schedule. The same idea applies if you want to reduce your debt—automatically schedule your increased payments, or just add a little extra toward the principal for your monthly debt payments. Set it and forget it, and you'll be pleasantly surprised at the cumulative effect of your efforts and the steady progress you make over time.

This past year in the markets was a perfect example. In 2017 the market advanced to new highs on a regular basis, with the Dow surpassing 20,000, then 22,000, up to nearly 26,000 now. But there was not one big day when this all happened. It was the result of many incremental increases that built on each other. Remember, though, that the price of the Dow is not a signal to buy or sell. It's just a price.

A long term bull market like this can tempt investors to deviate from their system. Some may take on excess risk because they feel the bull run will never end. Others may hold off on investing, waiting for a decline to buy. The truth is, the person who has a system to reach his or her goals will fare better than those who allow their path to be determined by chance or factors they cannot control. While we really enjoy seeing the market do as well as it did this year, don't let the numbers give a false sense of security, or wait for a correction to invest. Instead focus on your own timeline for your goals. Time keeps ticking, so don't miss your train. Just start moving on your goals!

Have a passion behind your purpose. We all know intellectually that saving more is good, and overspending is bad. It can feel like a hard rule to follow, but it's actually a powerful tool you can harness, using the power of time and compound interest.



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Even a small amount of savings can have a big impact over time. Whenever you pay a little more toward your debt or save a little more, visualize your goal in a very concrete way. Perhaps for you, your retirement savings are buying you less time working and more time with your loved ones. Or maybe you'll use the extra monthly savings you negotiated on utilities, insurance, or other big recurring expenses to provide your children with a quality education. Optimize your expenses, and allow your savings to grow and compound over time. So many people view saving and investing as boring, dry numbers. But when you think of it in terms of the potential to achieve your financial dreams? It's a lot more exciting and motivating. You have to put one foot in front of the other, taking incremental steps with the passion you feel for your big dreams.

Dream with your eyes open. Most people close their eyes to think about what their future will look like. But what if you tried walking around your own house with your eyes closed? How successful do you think you would be? So don't step into the future that way. Dream with your eyes open. Rather than thinking of your goal as something far-off and hard to attain—achieve a little piece of it today.

For example, if you dream of buying a vacation home one day but it isn't prudent for you to do so yet—why not spend the vacation you would take anyway in the area where you would like to buy the home? If you've always wanted season tickets for your favorite sports team, why not buy one or two games to enjoy per year? There is probably a way to get a taste of your dream without jumping in with both feet yet. Our Communications & PR Coordinator Carla LaFleur, for example, has a long term goal of owning a horse, truck, and trailer. While she saves for that, she leases a horse she rides several times a week—a fixed cost that is predictable every month, unlike the actual cost of horse upkeep. When her horse Lefty colicked, she was glad to not be on the hook for potential tens of thousands of dollars for surgery (which, thankfully, was not needed).

Use this glimpse of your future as the motivating force to achieve it. Design the life you want to live tomorrow and live a little bit of it today while you're working towards that goal. Of course, I would caution you not to sacrifice needs for wants, or put yourself in a worse financial position for the future by living beyond your means today. But living a piece of your dream is what will keep you motivated to achieve more, and may teach you about a few opportunities or pitfalls along the way that you may not have known about otherwise.

Start the year dreaming with your eyes open. We are here for you at Halpern Financial to bridge the gap from your dreams of today to your realities of tomorrow. Have a productive, healthy, and wealthy start to the year, and as always, feel free to reach out with any questions.

Commentary Disclosure

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