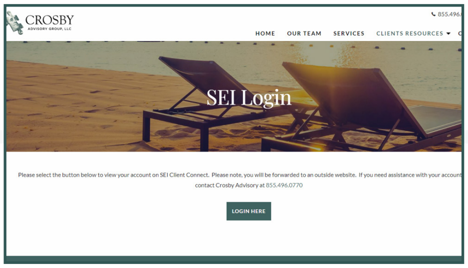
THE SUMMIT

for friends and clients of the
Crosby Advisory Group, LLC
June 2018

introducing the new... **CROSBYADVISORY.COM**

You can now access your investment account from crosbyadvisory.com. A link to your log-on page can be found under the client resources section of our website. Additionally, this fall our platform is getting a makeover which we believe will enhance your experience!



NON-NEGOTIABLES

On a morning in May I was waiting in a client's shop as he and his manager went over the day's objectives. Around me his employees were moving in all directions, firing up equipment and getting products ready for shipment. The manager whistled, and a team of workers followed him out into the warehouse. As my client walked toward me with a noticeable limp from a recent back injury, I jokingly said, "It looks like you could use a few more things on your to-do list." He smiled above his pain and said, "Yeah, I have fires to put out, jobs I can't get to, not enough help, soccer practice, homework to review and more curveballs than I can swing at, but I love it."

In my client I saw myself and many of the people I serve. During quiet hours just before the New Year I, like many people, list ways in which I will improve over the coming year. Then around spring, when life begins to become a scramble, it becomes a bit harder to keep those goals in focus. "What is your strategy", I asked. "I have learned to be ok with my best effort, even when my best effort wasn't good enough. I have learned to stop trying to control the things I have no control over, and I have learned to not sacrifice my non-negotiables." "What are those", I asked. He said, "My non-negotiables are those things that I refuse to set aside, no matter how packed my day becomes. Each day I'm going to take time to say thank you for what I have and I'm going to spend time with my kids and family." "I like that", I said. When I returned to the office, the first thing I did was pull out a notecard and write down three non-negotiables for myself. It felt wonderful.

#1 OVERSIGHT IN RETIREMENT INCOME PLANNING

The number #1 oversight in retirement income planning in my opinion is the failure to account for inflation. What is inflation? Inflation is a measurement that tracks the prices of goods and services that we purchase such as clothing, food, beverage, medical care, housing, energy and transportation over a period of time.

According to the Bureau of Labor Statistics the period from 2000 to 2017 was marked by an annualized inflation rate of 2.14%. That inflation rate is lower than the historic yet none the less problematic for a retiree who does not plan for it. In terms of spending power $1.00 in 2000 had the equivalent spending power as $1.46 in 2017. In other words, a person who retired in 2000 would have had to increase their income by almost 50% by 2017 to be able to afford the same lifestyle as they did when they first retired.

Check out our podcast, "Dynamic Wealth", to learn ways to protect our money against inflation.
http://crosbyadvisory.libsyn.com/inflation

PODCAST

IS THERE A COST TO AVOIDING VOLATILITY?

In general, you will have the greatest long-term success by selecting an investment strategy that is right for you and sticking to it through thick and thin. Trying to time the market by selling off your holdings in anticipation of a short-term market high is a cardinal sin of the disciplined investor. We don't intentionally incur transaction costs and/or taxes just to avoid short term volatility. Consider a report by JP Morgan: In its 2015 "Guide to Retirement," JP Morgan Asset Management illustrates what can happen to investor returns when they miss out on good days in the investment markets. For instance, if an investor stayed fully invested in the S&P 500 from 1995 through 2014, they would've had a 9.85% annualized return. However, if trading resulted in them missing just the ten best days during that same period, then those annualized returns would collapse to 6.1%

Let's move out of percentages and into real money. $100,000 invested in 1994 to 2014 achieving a 9.85% annualized return would have grown to $595,338 over those 19 years. If the investor missed the 10 best trading days and only received a 6.1% return the investor would have ended up with $308,029. The math of compounding is a wonderful thing, but it can be painful if we don't allow our investments to fully compound. In essence, our second investor traded $287,309 to avoid short-term volatility. That is expensive to say the least.

It is for this reason that we stay invested. We don't sell out of investments prior to our target date. However, I don't believe there is anything wrong with allowing cash to accumulate during times of extreme volatility. Dividends from your investments get paid to a money market within your investment account, which are then moved to specific investments to maintain the ratio of stocks, fixed income and sometimes precious metals that are part of your unique strategy. There might be months or quarters that we allow the cash to accumulate more than others. By doing so we can provide the account with a bit more stability without interfering with current holdings. This is a strategy we may use for moderate to conservative investors who are looking to limit volatility more than an aggressive investor that has many years until they will need the money and therefore are unconcerned with short term loss. With history as a teacher, those who trust their investment plans to work for them and remain dedicated will benefit greatly long-term.

Before the toys get theirs...

This time of year we begin to see motorcycles, boats and ATVs come out of storage. Insurance coverage is added back on and engines are tuned up. Before we put coverage on our seasonal vehicles, ensure coverage is already on the one thing that makes the toys we love possible: ourselves.

Learn how life insurance can provide certainty to your accumulation plan.

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