



## Managing Your Money

### STAN'S WORLD—SOMETIMES IT'S THE LITTLE THINGS

A friend recently told me he was thinking about purchasing a new car. He said the six-year-old car he drives is fine, but he wants another car. He wants a new car. His words: "I'm 76, how many more new cars will I get a chance to buy?"

Piggybacking on his thoughts, and amid a bathroom remodel, I asked a variation of the same question: "How many more new toilets will I get a chance to buy?"

After extensive research at the Library of Congress (more accurately, a simple question to the salesperson at the plumbing supply store), I was directed to a Kohler Intelligent Toilet. After all, who wouldn't want to own the Maserati of flushing?

Only plumbers with doctorates can install an Intelligent Toilet, so I found a professorial type who I believed could handle the phone-book thick installation manual. After days of attentiveness to detail, the toilet was installed, connected, and ready for use.

When I was handed the control box (yes, there's actually a control box), I was tentative in my handling. What if I press the wrong button, setting off a delayed reaction that might injure me hours later? Worse, what if I were to cause permanent damage to the Westfield public works system?

I slept at my desk for three days while I read the owner's manual. Finally, I stood up and confidently walked towards my bathroom. With trepidation, but a modicum of confidence, I selected one button and pressed it. Moments later, the toilet...flushed!

There's a sense that those of us of a certain age (and we know who we are) aren't capable of keeping up with technological changes. Well, as a proud representative of my peer group, I'm here to say those naysayers are all wrong.





## STAN'S WORLD – SOMETIMES IT'S THE LITTLE THINGS (CONT'D)

I've built on that initial feeling of toilet exuberance by accomplishing so much more. I even learned, by patiently watching and listening, that the Intelligent Toilet flushes itself! And the lid opens and closes...on its own! And it does other things, which I probably shouldn't write about in a newsletter that may be read by the Securities and Exchange Commission. (Okay, maybe I'll mention just one thing, but I'll use a car analogy to derail any examiners who might be reading along.)

Let's say, for example, you were sitting in your car, and you wanted to wash your, er, back seat. Imagine if you were to press a button and your back seat was bathed in warm water. And imagine, if you will, that you could do the same to your front seat! Are you kidding me?

I will concede there are other controls on the panel, with little squiggly illustrations, that I have yet to master. Overall, however, I now have a high degree of confidence in my toilet technology abilities. I may not understand third-grade math, TikTok, or the simplest of video games, but if I can make inroads on mastering Intelligent Toileting, there's hope for us all.

Here's to a great year in 2024!

## CHALLENGING TWO LONG-STANDING NORMS IN FINANCIAL ADVICE: HOME-BUYING AND LONG-TERM CARE INSURANCE

**Housing:** While there have been periods of time when owning a home was a costly endeavor (most recently during the housing crisis of 2008-2009), the argument of rent vs. buy has usually fallen on the side of 'buy.' Beg, borrow, or steal a down payment, pay mortgage and property taxes religiously, and cash out when it's time to move on. That sounds almost as American as hot dogs, baseball, and apple pie. Until now.

The Wall Street Journal<sup>1</sup> recently reported that "Home-Buying Math No Longer Adds Up." In fact, "It is now less affordable than any time in recent history to buy a home, and the math isn't changing any time soon." There are multiple reasons why:

- Prices that moved higher during the pandemic and aren't coming down;
- Historically low mortgage rates rapidly moved higher with inflation;
- Demand for homes currently exceeds supply.

While rents have also increased, the Journal notes, "The average monthly new mortgage payment is 52% higher than the average apartment rent."

Thus, for the first time in years, building equity in a home may not currently be as attractive an option for many first-time and young buyers. If you have adult children who might be in the market looking for a home, share the sobering news, and have them do the math before they buy.



## CHALLENGING TWO LONG-STANDING NORMS IN FINANCIAL ADVICE: HOME-BUYING AND LONG-TERM CARE INSURANCE (CONT'D)

**Long-term care insurance:** The gold standard for aging seniors concerned about care as they age is owning a long-term care insurance policy. Long-term care insurance policies provide payments to cover the costs of an aide in your home, along with the care should a stay in a nursing or extended care facility be required. But the gold standard is in jeopardy<sup>2</sup>.

As a result of a lawsuit that was settled in March 2023, Genworth, the company with the largest block of long-term care insurance policies, agreed to provide a variety of options to existing policyholders. These options range from alternative policies with lower premiums and fixed (or reduced) benefits to maintaining existing policies but face premium increases that range from 130 to more than 600 percent!

Unlike car insurance, premium increases for long-term care policies are class-based. If an individual gets in a car accident, for example, there's a high probability his/her auto insurance premiums will increase. In the long-term care insurance space, every member of the class gets the same rate increase once approved by the state insurance commissioner.

With premium increases causing policies to be prohibitively expensive for many policyholders, it will be incumbent for policy owners (and their financial advisors) to determine which reduced benefit will be the most beneficial to cover potential future long-term care needs.

For many, this will be a difficult balancing act. For others, the notion that long-term care needs were covered forever will be wiped away.

## THE BEST OF CHARLIE MUNGER

Who hasn't heard of Warren Buffett, the so-called Oracle of Omaha? The man was known for making great investments and making billions along the way for himself and his shareholders. Warren Buffett is the brilliantly successful chair of Berkshire Hathaway.

If you dig just a tad deeper, you will find that Buffett had a crony, a sidekick who spurred him on to some of his greatest investments. A man with an extraordinary ability to select companies and people, and propel both to immeasurable heights. While Warren Buffett is certainly the face of Berkshire Hathaway, Charlie Munger served as the able-bodied and brilliant vice-chair.



## THE BEST OF CHARLIE MUNGER (CONT'D)

Munger recently passed at the grand old age of 99. Other than leaving behind an extraordinary portfolio of companies at Berkshire, along with his own fortune, Munger also left us many lessons that we can all use to enhance how we invest and live our lives. Herewith is a sampling<sup>3</sup>:

- “A lot of people with high IQs are terrible investors because they’ve got terrible temperaments. And that is why we say that having a certain kind of temperament is more important than brains. You need to keep raw irrational emotion under control. You need patience and discipline and an ability to take losses and adversity without going crazy.”
- “Investing is not for the faint of heart, and sometimes, temperament outlasts talent.”
- “A life free of regrets is the best that anyone could ask for really.”
- “Envy is a really stupid sin because it’s the only one you could never possibly have any fun at. There’s a lot of pain and no fun. Why would you want to get on that trolley?”
- “Remember that reputation and integrity are your most valuable assets—and can be lost in a heartbeat.”
- “People calculate too much and think too little.”
- “Sometimes, one needs to look at the bigger picture instead of just formulas.”
- “Develop into a lifelong self-learner through voracious reading; cultivate curiosity and strive to become a little wiser every day...Go to bed smarter than when you woke up.”
- “How to find a good spouse? The best single way is to deserve a good spouse.”
- “If I can be optimistic when I’m nearly dead, surely the rest of you can handle a little inflation.”
- The best armor of old age is a well spent life preceding it.”
- “You’ll do better if you have passion for something in which you have aptitude. If Warren Buffett had gone into ballet, no one would have heard of him.”
- On success: “It’s so simple. You spend less than you earn. Invest shrewdly, and avoid toxic people and toxic activities, and try and keep learning all your life...”



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*Managing Your Money* is compiled entirely by Stanley F. Ehrlich and John Zeltmann.

Questions or comments are always welcome (and encouraged!).

**Did we mention?** If you have a friend or family member who you think might benefit from a discussion with us about financial planning and asset management, please pass along our phone number and email address. Long-term growth is not only crucial to portfolios, it's also critical to a business.

If you have a friend, co-worker, or relative who's in need of financial advice due to a pending or actual job loss, please give them our contact information. We're always glad to speak **pro bono** with people who need a hand.

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- 3 Cheema, Ramish. "25 Best Quotes from Charlie Munger." Yahoo! Finance, Yahoo!, [finance.yahoo.com/news/25-best-quotes-charlie-munger-160218373.html](https://finance.yahoo.com/news/25-best-quotes-charlie-munger-160218373.html). Accessed 5 Jan. 2024.

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