



Managing Your Money

STAN'S WORLD – BECAUSE I SAID SO?

If you're a parent, you may recall the first time your child used your own words against you. That's the moment you knew just saying "Because I said so" would no longer get the response you wanted. From that day forward, you would have to use logic to get the preferred behavior from your children. (I'm aware I've omitted screaming, threats, bribery, and, in extreme cases, crying.)

In our last newsletter, I wrote about the need to have intra-family meetings to discuss the finances of senior parents. I failed to mention that Pearl and I have never had one with our family, leading to me being called out by one of my children. "How can you tell your clients to do something you've never done with us?" Suffice it to say, it was game, set, match; she was right, and I was wrong.

To correct my omission, I am putting together an information sheet that our family can use should anything unfortunate occur to Pearl and/or me. What am I including?

- A condensed version of our balance sheet detailing assets and liabilities (and a note about where a more detailed version is kept).
- Monthly income and spending. (It's important for your children to know whether you're running out of money. When parents run out of money, it can adversely impact their children.)
- Information about our long-term care insurance policies.
- Where to find relevant websites and passwords. (We use a password manager, which we routinely suggest to clients.)
- Where to find the QuickBooks ledger I maintain for our monthly expenses.
- The names and contact information for our attorney, accountant, and financial advisor. (Yes, my list will include John's name so my kids know that John will handle all Schwab-related activities and accounts and be able to offer advice on a myriad of other estate issues.)
- The name and contact information of our primary physician.



STAN'S WORLD — BECAUSE I SAID SO? (CONT'D)

- How much to feed Sully, our dog. (This is redundant since Rebecca and John own one of Sully's litter mates. But if you have a pet, this should serve as a reminder not to forget to include information about the veterinarian you use, medications that pet is given, and any other appropriate information. After all, our pets are members of the family.)

Sadly, a call this month from a client's family member reinforced the need for us and all seniors to have a family meeting and review this material - sooner rather than later. Getting incapacitated, or worse, is not usually done on a pre-determined schedule. When the unexpected occurs, it's incumbent that a designated family member understands how to access cash, passwords, legal documents - including the all-important power of attorney - and healthcare proxies. Absent that information, it isn't easy to help a person desperately in need of assistance.

When a loved one falls ill, time shouldn't be wasted on finding documents or checkbooks. When a loved one falls ill, all efforts should be spent on that person's care. Diverting time to rummage through cabinets to find a checkbook to pay an important bill wastes precious time.

THE DIFFICULTY AND REWARDS OF STAYING THE COURSE

Over the years, we've repeated on numerous occasions "that time in the stock market is more important than timing the stock market." One works; the other rarely does.

The market's rapid rise over the past ten years has many market observers calling for a bear market, a correction, or X number of years of sideways growth. Other prognosticators believe this is a new era and that artificial intelligence will make companies more profitable, thus lifting stock prices. Like most other predictions, the truth is likely somewhere in between the two extremes. Imagine, however, if you could do well, regardless of which prediction came true.

If we turn the clocks back to 1996, how likely is it that you would have stayed invested in the stock market if you knew that the next 25 - 30 years would bring a global pandemic, five bear markets (with drops in the S&P 500 ranging from -20% to -55%), irrational exuberance, bubbles, and a lost decade? If we predicted all those events would occur, but the S&P 500 would still grow by an average of 10% per year, would you have believed us? Surprise, surprise, it happened.



THE DIFFICULTY AND REWARDS OF STAYING THE COURSE (CONT'D)

The authors of the article¹ “The difficulty and rewards of staying the course” aptly note that short-term actions can work against long-term objectives, but there are ways to overcome significant market events. The key takeaways from their paper:

- “Don’t let headlines and short-term performance scare you out of the market: Regardless of whether the past one, two, or four quarters have been positive or negative, between 60% and 80% of the time, the next one, two, or four quarters had positive results. Said differently, making investment decisions based solely on fear caused by recent performance can be risky, as the outcome is not likely to be in your favor.”
- “Always be prepared for volatility: When an eventual bear market does occur, it’s reasonable to expect extreme two-way volatility (for example, strong positive and negative returns).”
- “Know the power of having a plan and sticking to it: A financial plan that is well-balanced; aligned with...your time horizon, investment goals, and risk tolerances, and strategically followed and rebalanced, is extremely challenging during market sell-offs, even for the most experienced investors and advisors.” By moving to the sidelines during volatility, it’s likely an investor will be out of the market during some of its best days, potentially resulting in a long-term negative impact to his/her portfolio.
- “Strategic asset allocation has historically worked, if you stayed invested.” The risk of missing financial objectives is significantly higher by trying to time markets. Rebalancing plays a critical role in helping to achieve long-term goals. Buying equities when markets are down, and selling equities when markets move higher, results in less volatility over time. More importantly, rebalancing can help investors remain in the market and capture returns when the market outperforms.
- “Make tuning out the noise your investing superpower! There’s always uncertainty in markets, and fear is a powerful force that is difficult to overcome. For clients, higher wealth with less variability – which comes from staying invested and not trying to time markets – increases their chances of financial success.”

SHOULD YOU PAY FOR IDENTITY THEFT PROTECTION?

If you think your name, Social Security number, address, and other identifying information are not available on the so-called dark web, reconsider your position. In fact, if we just assume a lot of our personal information is already available for sale, we can act accordingly.



SHOULD YOU PAY FOR IDENTITY THEFT PROTECTION? (CONT'D)

Assuming we're all potential targets for identity theft, it makes sense to ask: Should you pay for identity theft protection? Kiplinger's Magazine² asked that same question and had the following to report:

"Identity theft plans typically include some combination of account monitoring, alerts and restoration support. In other words, they don't stop criminals from targeting you – they just respond to identifying theft once it has happened."

The article notes that when an individual knows he has 'someone' who will clean up identity theft, it can lead to subscribers becoming careless. Neglect can include reusing the same simple passwords to access multiple websites, sloppily opening email attachments, and responding to unsolicited phone calls.

"According to Aura, a company that provides identity theft protection plans, you don't necessarily need ID protection services. While monitoring and fraud alerts are valuable ways to protect your identity, they don't do anything you can't do on your own." Even with identity theft protection, "...it can take years to...restore your identity." If the theft incident includes the loss of funds, it can also take years to retrieve those funds as well, even with identity theft protection.

What can you do on your own:

- **Use a password manager.** Be prepared for a time commitment when starting with a password manager. You must input each individual website and password. Once you've entered all your passwords into the program, you'll have to log into the password manager to find them when you want to log into one of those websites. But password managers will generate complicated passwords, which are likely superior to your current passwords. Also, the program will alert you when the same password has been used multiple times if you're intent on using your own. (Repetitive passwords make it easier for hackers to log into multiple secure websites. That's why every website that is password protected should have its own unique password. To repeat: Every website that is password protected should have its own unique password.)
- **Check with your credit card company** to see if it offers alerts and restoration services, as many companies offer similar services at no additional cost. Also worth noting, if you're the victim of credit card fraud, it's likely "... you will not have to pay a single dollar due to a fraudulent charge made on your account."
- Ask your **homeowner's or renter's insurance** company if your policy includes protection for financial accounts.
- Install and update **antivirus software**. Many programs on the market include automatic updates so you can be protected since hackers improve their programs minute to minute.



SHOULD YOU PAY FOR IDENTITY THEFT PROTECTION? (CONT'D)

What can you do on your own:

- If you receive an official notification, such as via letter, that your personal information may have been hacked through a third-party website, **sign up for any credit monitoring service** that may be offered. Caution: if you receive an email stating that your personal information was stolen from a store, like Target, for example, do not respond to the email. Rather, go to the Target website for any alerts about a hacking incident. If that doesn't work, call the toll-free number listed on the legitimate Target website (i.e., Target.com). You can be hacked by people who are pretending to alert you of a hack, which is the ultimate insult.
- **Set up a credit freeze** with the three national credit bureaus (Experian, Equifax, and TransUnion) so no one can get a credit card using your name. (Remember to take the freeze off, however, if/when applying for credit.)

Finally, never forget the tried-and-true methods that we've preached over and over:

- Use **unique and complex passwords** for every account.
- Where available, use **multi-factor authentication** to log into any sensitive account, including all financial and credit card accounts. (An example of multi-factor authentication is when a company texts the cell phone of record with a unique set of numbers you must enter on their website before allowing access to the account.)
- **Never open attachments** from unsolicited emails.
- Never respond to requests made from **unsolicited** phone calls.

If confronted with a situation where a hacker may be involved, **STOP**, do nothing and call a friend (or your financial advisor). There is rarely anything so urgent that it can't wait a few hours or until the next day.



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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.

CLIENTS: Please remember to contact S.F. Ehrlich if: a) there are any changes in your financial situation or investment objectives, b) you wish to impose, add or modify any reasonable restrictions to our investment management services, or c) you've changed your permanent residence.

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¹ Kinniry Jr., Francis, et al. "The Difficulty and Rewards of Staying the Course." Vanguard.Com, 28 Mar. 2024.

² Brady, Sarah. "Is Identity Theft Protection Worth It?" Kiplinger, 9 Jan. 2025.

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