



FEBRUARY 2016

ENGAGEMENT

Written by David Ferrucci

With Valentine's Day around the corner, consumers in the US will spend about \$20 billion for the occasion. That's a lot of chocolate and roses! February 14th also happens to be one of the most popular days of the year to propose marriage; which often requires raising the ante from candy and flowers to precious metals and diamonds! Once the question is popped, the average length of engagement is a little more than one year. A year of meticulous planning for every hour of the wedding day; sometimes, planning every minute of the Big Day. While engagement requires planning, planning also demands engagement; and, it's through our interactions with others that we find opportunities to build relationships.

When browsing through stores, we are often greeted with the simple question, "Can I help you?" For many years, Paul and I have offered a similar introductory greeting, though our prompt is more direct: *Can we add value to your financial life?* The answers, of course, vary greatly, and many rich conversations have flowed from this springboard. Yet, another query moves the dialogue closer to engagement, like popping the question: *Is there an opportunity for a lasting and meaningful relationship?* I love to dissect this question and highlight three words in particular: *lasting, meaningful, and relationship.*

First, *lasting* links us to the initial question of adding value to one's financial life; that we will provide value both ongoing and over the long-term, especially as life presents challenge and change.

Next, *meaningful* implies significance. I suppose, in the parlance of Valentine's Day, this could imply passion! However, in this context, meaningful refers to those people, places, and things we are truly passionate about. Wallace Stegner, one of my favorite American

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• George Vaillant, M.D.

*Lasting
&
Meaningful
Relationships*

authors, wrote, "Do what you like to do. It'll probably turn out to be what you do best."

And, finally, *relationship* speaks to a harmonious partnership with consistent aims. George Vaillant, director of the decades-long Harvard Study of Adult Development, asserts, "Successful aging can best be achieved in relationship."

Yes, February 14th offers a fun time to recognize and remember those we love. Yet we can also carry that underlying spirit with us throughout the year; the spirit with which we pursue our passions in life and build our relationships. Dr. Vaillant encapsulates this spirit well: "Play, create, learn new things and, most especially, make new friends. Do that, and life will seem a joy."

Happy Anniversary!

As you will read in the following pages, Paul is celebrating a special anniversary this year! Congratulations Paul! The words above ring true for me: Life truly seems a joy having you as both a brother and business partner. Thank you!!

MARKETLIGHT

Written by Paul Ferrucci

Last month, in his *Ten Logs* essay, David talked about how challenging it is to keep New Year's resolutions. Sometimes, even when aiming for the simplest of goals – like stacking a pile of wood – distractions can blind our long-term vision. So far, 2016 has started with a distraction that is hard to ignore!

Let's take a look at some of the recent headlines from the Wall Street Journal and New York Times:

- "Stocks Sink, Investors Flee"
- "U.S. Oil Hits Lowest Level Since 2003"
- "Global Stocks Continue Selloff"
- "Plummeting Global Markets"

This month marks my 25th anniversary with The Ferrucci Company; twenty-five years of headlines, both good and bad. Thinking back, the list of market *catastrophes du jour* is long, including: Asian Contagion (1997); Dot-Com Bubble (2000); Lehman Brothers' Collapse (2008); Flash Crash (2010); Greek Debt Crisis (2010-present); and, shutdown of the U.S. Government (2013). Amidst these frightful financial events, some investors cry, "*Forget about that pile of logs, I'm worried about my pile of money!*"

Worry is a strong emotion, one that seems to stem from feeling as though we don't have control over one thing or another. Through the past quarter-century, I have learned many truths about investing, yet the most important realization is that nobody can control the market; neither the flashy guru on TV with the booming voice, nor the veteran Wall Street sage, nor Federal Chair Janet Yellen or Warren Buffett. So, if we can't control the financial markets, what *can* we do? The answer reminds me of elementary school: Follow the Rules!

Rule # 1: Diversify

While admitting we cannot control the markets, we *can* purposefully structure our portfolios among numerous and varied stocks, bonds, and cash. To us, this diversified approach is synonymous with balance!

Rule # 2: Discipline

This is tricky for most, as it often flies in the face of human nature. Most economic theory assumes that financial markets behave rationally, and such theory ignores the fact that humans - an emotional species -

are at the helm of our markets. The typical emotional response to a volatile stock market ("*What if...?*") makes it challenging for many to stay the course. This ties into David's anecdote about stacking wood; being disciplined means always keeping your focus on the long-term vision. Being disciplined means we *can* stay the course!

As I glance at a chart of the different financial events during my twenty-five years as a counselor and advisor, I also see the rebounds that have followed each occasion. At the moment, there seem to be a number of headlines that could land on this timeline of "major" events: the declining price of oil, China's lagging economy, and the race for the presidency. Though important on many levels, we have to be careful not to let these events, and their corresponding headlines become distractions. Distractions from the people, places, and things most important in our lives. Regardless of the headlines, we will continue to follow the rules above; you can keep doing what you love to do!

The Ferrucci Company is a wealth management boutique where families turn for financial guidance and leadership, freeing them to pursue their most important goals and values.

David Ferrucci: Over twenty-five years ago, David began helping individuals, couples, and families make balanced – and smart! – financial decisions. Earning Bachelor's and Master's degrees from Trinity College, he focused his studies within the field of behavioral finance; an academic discipline that factors human elements into traditional economic assumptions. David also earned a Master's degree from Columbia University, where he examined the complex relationship between personal finance and family dynamics. Currently, he is pursuing a Master of Philosophy degree through Wesleyan University, deepening his understanding of personal, family, community, and global matters as they relate to finances. Today, David's expertise lies in the macro-economic realm of coordinating, synchronizing, and advancing individual and family goals.

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balance is a monthly feature written by Paul and David Ferrucci,
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