What March Madness Can Teach Us About Your Financial Plan



Who’s the “Cinderella” team you have busting brackets in this year’s March Madness?

Everyone loves a good underdog story, but the history of the Big Dance tells us that the clock strikes midnight more often than not. There are more than 350 schools in Division 1 men’s basketball. But 60 of the 84 National Championship games played since 1939 have been won by only 15 teams, headed by perennial powerhouses UCLA (11 titles), Kentucky (8), North Carolina (6), and Duke (5). A hot streak might propel a surprise school through an extra round or two of the tournament. But much like a solid financial plan, schools that have consistently built their programs for the long run tend to get the best results.

Here are three more traits of successful teams that can make your financial program a consistent winner.

1. Good coaching.

In the middle of the "madness" are young men trying to make the best decisions on a huge stage under unimaginable pressure. The teams that come out on top usually have a coach who can cut through the noise, bring out the best in his players, and keep everyone focused on the big goal. For UCLA, that was the legendary John Wooden, who won more titles as a coach (10) than any other coach – or team!

For your family, we'd like you to think of us as your "financial coach." You can rely on our expertise and experience to guide you through everything from market volatility to major life transitions. And we can use our WaterRock Way process to reevaluate your financial goals and keep you progressing towards them.

2. Balanced players.

While all-time great players like Kareem Abdul-Jabbar, Magic Johnson, Larry Bird, and Michael Jordan have all left their marks on the NCAA Tournament, no one wins the championship by himself. The best teams have players who complement each other, fill in each other's weaknesses, and give their coach flexibility to adjust to different challenges through every stage of the tournament.

We help folks achieve a similar balance in their financial plans. A diversified portfolio can provide options and some stability when the markets are unsettled. You'll also have more levers to pull if you need to make a major adjustment to your financial plan, such as buying a new home, paying for college, or making an unexpected early transition into retirement.

3. Strong defense.

Does defense really win championships?

According to a 2018 study by the NCAA, a team's offensive efficiency is actually more important to its success in March.

But in 2021, the Harvard Sports Analysis Collective found that the most successful teams also tend to have smaller gaps between their offensive efficiency and their defensive efficiency. In other words, the best teams don't just outscore their opponents, they also have the ability to protect their leads and lock down games when it matters the most.

You can think of earning and investing your money as the offensive part of your financial game plan. Protecting your wealth is the defensive part. In addition to balanced saving and investing strategies, it's common in our planning process to create "emergency buckets" that can cover 6-12 months of your expenses in a pinch. We also tie insurance and estate planning into your plan so that you, your loved ones, and your money are better positioned for life's ups and downs.

Sports contain many valuable life lessons, but your financial planning is more important than any game. And we're confident that our process can help you pursue something bigger than any trophy: a confident financial future.

Don't Let the Stock Market Spook You



As if the Halloween season isn’t scary enough, ongoing market volatility has been unsettling investors. But much like the temporary frights, you experience when walking through a haunted house, navigating the market’s ups and downs is all part of the journey towards a better financial future.

Answer these three questions and the things that go BOO! in your portfolio right now might feel a little less frightening.

1. What am I really afraid of?

Anytime problems feel overwhelming, it’s a good idea to try to shrink the issue down to size. So, instead of just feeling “afraid” about the market’s bumpy 2022, try to pinpoint what, specifically, has you spooked.

For example, are you worried that you won’t be able to retire in the next six months because there’s a dent in your nest egg?

Are you a new retiree and you’re worried that market volatility, combined with inflation, is going to reduce your

purchasing power and standard of living?

Is your company struggling in this uncertain economic environment and you're worried about a potential layoff?

There's nothing that any of us can do about market volatility. But if you're anticipating a change in your income stream, you can adjust your budget. If your job doesn't feel stable, you can brush up on your resume and start reaching out to your professional network.

And if the path towards retirement is unclear, you can meet with your financial advisor and review how your plan is designed to support you no matter what's happening in the markets.

2. What adjustments can I make and what opportunities are available?

Again, one of the most powerful ways to take control of your money is to review your household budget. Look at your last six months of bank and credit card statements and you'll probably find a subscription you're not really using or a bad habit that you can correct, like eating too many expensive carry-out meals.

You should also consider talking to your financial advisor about potential adjustments to your saving, investing, or withdrawal plan. Perhaps now is the time to tap into a retirement savings bucket so that you can keep living your best life while you wait for the markets to stabilize. Or, your advisor might be able to help you identify some "buy low" opportunities that will grow in value over time.

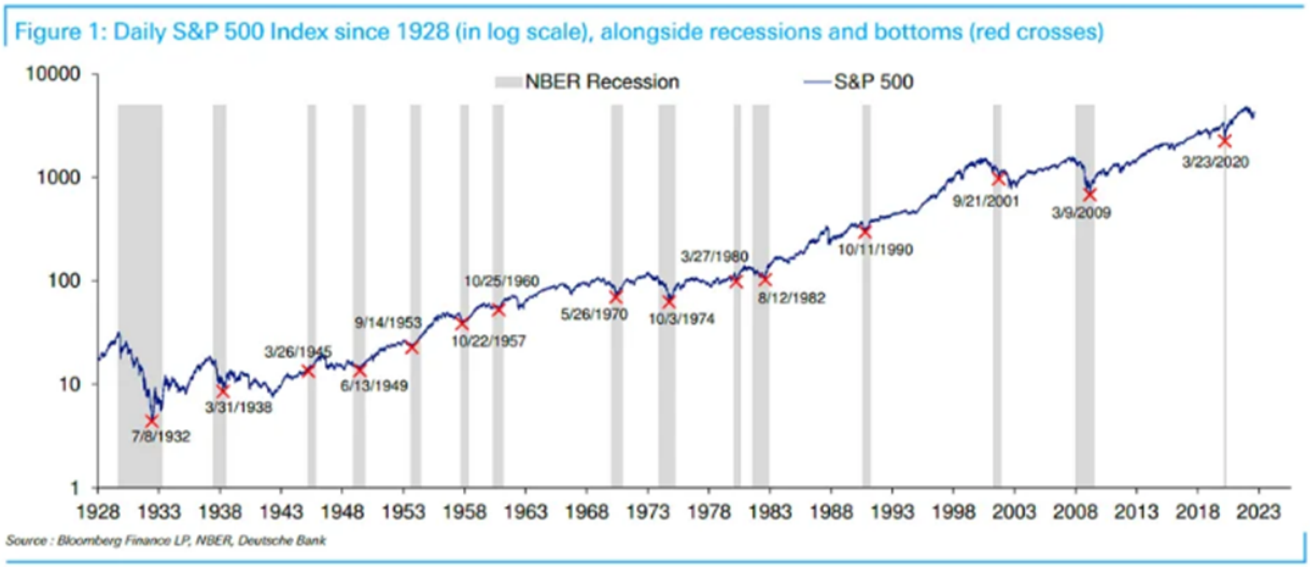
3. What does the big picture look like?

Fundamentally, most investors understand that volatility is a temporary pain we endure on the way to long-term growth. But the combination of high inflation, the war in Europe, COVID

variants, political and economic turmoil in Great Britain, our own contentious elections, and the possibility of a recession have many nervous investors concerned that this time might be different.

It's important to remember that while Gross Domestic Product numbers suggest we might be nearing a recession, other important economic data, such as low unemployment and a high number of job openings, [show that the economy may be stronger than cable news and social media would have you believe](#).

To widen our lens even further, take a look at this chart of daily S&P 500 returns since 1928.



Source: https://finance.yahoo.com/news/two-ways-of-thinking-about-this-chart-of-stocks-and-recessions-132828658.html

There are many scary and tumultuous points on this timeline, from the Great Depression and World War II to 9/11 and the Great Recession. And while the S&P 500 experienced significant losses when the economy did slip into a recession, it also has, historically, recovered those losses and continued to grow.

However, it's very possible that stock market scares are going to continue after Halloween, and potentially into next year.

If you’re still having nightmares about your nest egg, let’s talk soon about our market outlook and your financial plan.

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