

BEHAVIORAL & FINANCIAL INSIGHTS

The Power of Remembering

I trust you had a most enjoyable Memorial Day Weekend!

Memorial Day is a time of remembering, reflecting, and honoring those who gave the ultimate sacrifice for the freedoms we enjoy today. This conscious act of remembering often brings on feelings of gratitude, love, and a desire to do good to others. It is both positive and empowering.

While remembering can be very powerful with respect to certain holidays or important dates, such as anniversaries and birthdays, we don't have to wait for a special day to unleash the power of remembering.

We can remember an individual, a circumstance, or any event in our life to get greater meaning and purpose from it. And, ironically enough, when we take time to remember and reflect on the past, we often develop better perspective to tackle the future.

Remembering and Investing

As investors, we can also remember lessons we learned from the stock market, especially from the outcomes of our own prior decisions. Every investor has made mistakes; the question is whether we remember those mistakes and have a plan to improve on them in the future, or if we are doomed to repeat them.

For example, investors have a knack for selling en masse near market bottoms – often as a result of impatience, though typically out of fear. That is because it is darkest near the bottom and imagining any recovery may seem like nonsense. To try to validate their emotion-driven action, they say, “this time is different.”

And so, perhaps one of the most important things to remember during a period of temporary losses, especially those that may be swift and severe, is how much you have gained over the past five or ten years. Taking a longer view can help us put the current commotion in proper perspective.

And that is the power of remembering. Whether it is remembering where our freedoms came from, important people in our life, or how the markets work, remembering refocuses and improves our perspective and, therefore, can improve our future decisions – in life or with respect to investing.

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Steven W. Lieberman is the President and CEO of The Private Client Group Wealth Management, LLC. Investment advisory and financial planning services are offered through Summit Financial, LLC, an SEC Registered Investment Adviser ("Summit"), doing business as The Private Client Group (4 Campus Drive, Parsippany, NJ 07054. Tel. 973-285-3637). The Behavioral Finance Network and Summit Financial, LLC are not affiliated companies. 06302022-0429