

## BEHAVIORAL & FINANCIAL INSIGHTS

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Though intended to pertain to finances, the message below can also provide some wise perspective when dealing with the stress of non-financial headlines.

### **Amplifying the Present**

It is human nature to focus more on the present than the future, which is in line with our basic instinct of survival.

We focus on the present because that is where “life happens” — the here and now. It’s where we feel emotion, where we experience pleasure, pain, anxiety, and peace. Every day we face tradeoffs that not only impact our lives today, but potentially for years to come. Because of our nature, we often choose those things that bring immediate gratification, postponing more arduous or painful things into the future.

#### **Investing Discipline**

Perhaps the most frequent and material tradeoff investors face is whether to sell when markets go down and the outlook is bleak (to receive immediate emotional relief), or to remain disciplined to the strategy even as account values go down. The former is easy, whereas the latter requires conviction, perseverance, and a healthy dose of emotional maturity. The tradeoff comes down to the perceived comfort today versus the potential for greater returns, down the road.

*“The real key to making money in stocks is not to get scared out of them.”*

- Peter Lynch

#### **Patience is Key**

We tend to extrapolate the present into the future, as if things will never change. When times are good, we feel good and may underestimate the risk. When things are bad, it’s about how much worse things are going to get – especially when you have intentionally exaggerated headlines that feed into doom and gloom.

But things change – they always do. We don’t know when or what may cause the change, but markets and economies are cyclical. What may seem smart today could end up being unwise and costly down the road. That is why your plan, and remaining anchored to it, is so important. It provides a well-constructed bridge from the present to the future and helps make sure the decisions made today will be in your best interest tomorrow.

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