

# PROFESSIONAL FINANCIAL SERVICES, INC.

*"DESIGNING AND PROTECTING WEALTH"*

*ONE PLAN AT A TIME*

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October 30, 2018

Mr. Robert E. Tucker  
10913 Lawyers Road  
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Dear Bob:

## 2019 Month at a Glance Calendar

Enclosed is your Halloween and planning "treat". Over the years it has become a popular item with many of my clients, and I hope you find it useful. However, if not, please feel free to pass it along to other family members, colleagues or friends.

## Human Nature, Risk, and Reality

Professionals of all types- business executives/owners, athletes, medical professionals, musicians, etc., etc., etc. – have one thing in common. They know and never forget the critical importance of "the basics". There are, in my opinion, some basics in investing that never lose their importance.

One is that "Risk" is NOT just a word. One's tolerance for risk is a serious matter that should not be treated lightly. In thinking about risk, it is important to consider the reality of human nature and its impact on how one feels about risk.

We're going through the longest Bull Market in history. It started about March 9,2009. Notwithstanding the ups and downs reported for stock investments every business day, markets generally continue to rise. When stock investments (including stock mutual funds) do well, investors tend to get comfortable. When asked about risk, the comments are often, "Oh, yes, I'm perfectly comfortable with 70%, 80% or more in equities (stocks). After all, I've made "X%" per year for the last several years."

Conversely, when some look at their 401(k) or other investments, they may grow disenchanted with their returns. They may be in cash, bonds, etc., but all they focus on is that they aren't making much. So, to remedy the situation, they look at other funds that are doing great in the stock market and switch to them. This action may indicate that one is "chasing return".

A REGISTERED INVESTMENT ADVISOR

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Here's what I absolutely believe (but cannot guarantee). There will absolutely be a correction-perhaps significant - at some future time. I'm talking about a hit to equities that occurs for an extended duration-not just a daily or weekly blip. It may be painful to some. Those that chased stock returns may be especially hard hit. Here's what I also know. When corrections occur, those who thought they could handle significant risk may quickly change their mind and all of a sudden become risk averse. Everything is great, until it isn't!!!!

Then the fact of "time" looms its head. If you're in your 20's, 30's, or even 40's, it may be no big deal. Plenty of time to weather market ups and downs. If you're in your 60's, 70's, 80's or 90's, you might have a serious problem.

### FINAMETRICA

All of this is why we focus a lot of attention on our Risk Analysis Questionnaire developed by FinaMetrica. It's creation and continued refinement is done by psychologists-not investment companies. It gives an indication of how one really feels about risk and reacts to it. Its purpose is to guide us on the types of recommendations/strategies to employ for each individual client, and it has become the foundation for all that we recommend.

I've said before and again now that I have NO clients who are 100% in equity markets. The very most aggressive clients I have probably have 75% in equities, and there are not a lot of them. We almost always recommend a blend of stock/stock funds, bonds/bond funds, cash including CDs and treasuries, and some fairly small amount of Real Estate Investment Trusts and Commodities. We build strategies based on a variety of planning facts, and the foundation is how one answers the risk tolerance questionnaire.

### STRATEGIES

Investing and planning in general have many considerations. First, there are risks involved with investing, including possible loss of principal. Investments will fluctuate and may be worth more or less than when originally purchased. However, my belief is the overall strategies one puts in place are far more important than market highs or lows along the way. Clearly, every single client is different. There are no cookie cutter approaches. Differences in age, obligations, risk tolerance, short and long term objectives, and temperament are but a few of the considerations.

I expect a market correction. I don't know when. I don't know for how long. What I do know is we should make the possibility of a correction a significant part of our thinking and the strategies we employ.

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Conclusion

Thank you for taking the time to read this letter and for continuing to allow us to serve you.

Please consult your calendar and consider a review of your situation with me to be a planning priority in the next few weeks/months. To be sure, planning is never over. As long as life changes, planning will as well.

Happy Halloween!!

Best personal regards,



Robert E. Tucker, CLU  
Chartered Financial Consultant

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Enclosure

P.S. And a little humor is also enclosed. Enjoy!

# PARENTAL HOMESCHOOLING

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1. My mother taught me TO APPRECIATE AT JOB WELL DONE  
"If you're going to kill each other, do it outside ..... I just finished cleaning."
2. My mother taught me RELIGION.  
"You better pray that will come out of the carpet."
3. My father taught me about TIME TRAVEL.  
"If you don't straighten up, I'm going to knock you into the middle of next week!"
4. My father taught me LOGIC.  
"Because I said so, that's why."
5. My mother taught me MORE LOGIC.  
"If you fall out of that swing and break your neck, you're not going to the store with me."
6. My mother taught me FORESIGHT  
"Make sure you wear clean underwear, in case you're in an accident."
7. My father taught me IRONY.  
"Keep laughing and I'll give you something to cry about."
8. My mother taught me about the science of OSMOSIS.  
"Shut your mouth and eat your supper."
9. My mother taught me about CONTORTIONISM.  
"Just you look at that dirt on the back of your neck!"
10. My mother taught me about STAMINA.  
"You'll sit there until all that spinach is gone."
11. My mother taught me about WEATHER.  
"This room of yours looks as if a tornado went through it."
12. My mother taught me about HYPOCRISY.  
"If I've told you once, I've told you a million times - Don't Exaggerate!"

13. My father taught me the CIRCLE OF LIFE.

"I brought you into this world, and I can take you out."

14. My mother taught me about BEHAVIOR MODIFICATION.

"Stop acting like your father."

15. My mother taught me about ENVY.

"There are millions of less fortunate children in this world who don't have wonderful parents like you do!"

16. My mother taught me about ANTICIPATION.

"Just wait until we get home."

17. My mother taught me about RECEIVING.

"You are going to get it from your father when he gets home."

18. My mother taught me MEDICAL SCIENCE.

"If you don't stop crossing your eyes, they are going to get stuck that way."

19. My mother taught me ESP.

"Put your sweater on; don't you think I know when you are cold?"

20. My father taught me HUMOR.

"When that lawn mower cuts off your toes, don't come running to me."

21. My mother taught me HOW TO BECOME AN ADULT.

"If you don't eat your vegetables, you'll never grow up."

22. My mother taught me GENETICS.

"You're just like your father."

23. My mother taught me about my ROOTS.

"Shut that door behind you. Do you think you were born in a barn?"

24. My mother taught me WISDOM.

"When you get to be my age, you'll understand."

25. My father taught me about JUSTICE.

"One day you'll have kids, and I hope they turn out just like you!"