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How to Always Feel Rich

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The ultimate goal of most investors when following the stock market on a daily basis is to see the value of their own investments go higher. Who wouldn't hope to make money every day? And to that end, what investor wouldn't want to have the funds to afford "living the good life" and always be rich? Most of us define this characterization of having plenty of money as 'retirement'. However, in this next few paragraphs, you may realize true wealth might be better defined by something more.

Feeling Rich

Is being rich an actual number? Or is it an emotional state of mind? A true Technical Analyst at heart, I believe in and utilize charts to help take the emotion out of making investment decisions to manage money for clients. The stock market can be an emotional 'distraction' to most investors. Many 'do it yourselfers' don't do it yourself too long once a bear market or even a slight correction hits the tape. By using a tool like technical analysis to make buy and sell decisions, I've found that not only can it help improve portfolio results, but it can help provide those a path to truly being "rich".

So what does being rich feel like and what makes us invest our money in the market? To give some perspective on the answer, I recently had the privilege to speak at my wife's grandfather's funeral. He was a wonderful man - like so many of our loved ones we have lost in life. To truly define this man, it was not all that difficult. His positive qualities were obvious to all who knew him. But there was one quality that stood out to me that I couldn't help but convey. I had known him for nearly 30 years with 20 of those as his Investment Advisor. Though not considered to be in a 'high net worth' category, his approach to what he did have can give us all a lesson on how we can feel at peace with our money. We can be rich. You see, by his standards, he was the wealthiest man in the world. Being rich is not how many dollars you have. It's how you feel about what you have in the world you have created. Through two of the worst bear markets since the Great Depression, Marlin never questioned or worried about his invested money during his retirement. He was at peace. He had a plan and he put his trust in the advisors around him. He was the wealthiest man in his world.

Plan Your Path to Richness

Consider the following steps that may be a good starting point to change your own thought process:

Step 1: *Be at peace with your own plan and your own objectives.* Although somewhat of a simplification for us all, it's how to begin your trek to feeling like you too are the richest person in your world. So what is your plan?

Step 2: *Have your investment dollars work in a way that will compliment your plan.* Marlin knew his investment portfolio would go up and down. And sometimes it would go down a lot. But he always had enough dollars for the life he lived in retirement. And with this attitude, he was fortunate enough to live over 84 great years.

Step 3: *Define what your world means to you.* Consider this while you keep in mind the famous saying "you can't take it with you". Go out and enjoy your child after work. Watch your grandchildren at the ballgame and realize how much that means to them. Avoid the negativity in your life that may bring you down. Figure out what makes you smile and determine how much those things cost that truly make you smile. Next to the time you give up, your largest cost may be the gas to fill up your car to do the things that matter most.

Step 4: *Create your investment strategy.* This is where some investment analysis comes in to make sure what you own will fit into this world you have defined and the plan you have put in place.

- **Live off of Money Buckets** - To meet long term needs, a well-designed plan that can meet the demands of world you have created will be well served to think of your money in different buckets. Also called mental accounting, you want to have money available in the near term, the five year time frame, and the ten plus years out need. The first and most important is the near term and this should be subject to minimal fluctuation risk. Keep more than you need here so you can be confident with how the other buckets are invested. The intermediate term should be filled with fixed income and equity investments with the idea to balance your holdings for a slow and steady climb. The last bucket - the long term - go nuts! Well, not really. It is, however, a place where you want your growth to continue the support the longevity of your plan!

- **Sleep Well at Night** - Eliminate the stress of money volatility so you can work on the steps above to feel rich. Thus, consider the cash portion of your portfolio as your way to sleep well at night. Not only should you keep enough in cash and available to spend (ice cream after the ball game – go ahead and treat the entire team!), but keep enough to make cash part of your portfolio investment strategy (See my recent article entitled "Holding Cash Instead of Chasing Investment Returns"). Most of the time, investors let greed or fear get the best of them. While starting your 'being rich' retirement world with enough cash to meet the needs of your world, you have a foundation from which to build as your tolerance for risk permits.
- **Buy and Sell at the right time**- Take a look at our chart with a few notations to help you along with the idea of always being rich. You will note the times to take some off the table (sell a little bit of your holdings) and the times to buy some more. The idea here is to buy when others are fearful and to sell when others are a bit too excited. If you have a positive outlook, you will be well along the mindset of always feeling rich and this idea of staying active with you portfolio will give you a bit more to be happy about. Most would debate that this is not that simple. It's not. This is where Technical Analysis comes into play. Having this strategy with part of your riskier assets in your portfolio makes sense. This is not for all of your money but offers a great compliment to other strategies that build the foundation of what gives you peace and helps you sleep at night.



Being Rich in your own Retirement World

The steps discussed are not very different to what most advisors might suggest during a formal financial planning process. It just may be in a different way. If Marlin were here today, I believe he would validate the importance of having money to live your life well in retirement. But he would also suggest that the more important parts of life – and to be rich in your own retirement world – have more to do with family, friends, and the people you know and places you know and love. By taking a few steps as outlined in this article, you too can aspire to live the life of Marlin – the richest man in his world.



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