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Praise and Speech

Praise no man before he speaks;
For it is then that men are tested.
If you strive after justice you will attain it;
And put it on like a splendid robe.
Limit time you spend among fools,
But frequent the counsels of thoughtful men.

Sirach, 27, 7-8,12

Rocks and Shoals.

As a part time mariner, the greatest fear I have is of running my craft onto rocks or wing dams. Maps don't catalogue every rock, shoal or wing dam. Depth finders usually find them after you have crossed the point of no return. I am reminded of the time I was in a hurry to get to a specific place on a lake. I had been there before, so I was confident I could ignore some of the warning buoys and markers. Focusing on the island I was trying to reach, I took my eyes off the normal navigation markers.

Too late, I realized I was out of position, and quickly approaching a large underwater obstacle. The water was clear. I could see the reef passing underneath my bow. I pulled the boat out of gear, and as I was reaching for the control lever to raise my prop unit out of the water.....BANG!!!!!!! Most of the boat had passed over the sandy shoal, but the engine was out of position. The engine hit the rocks. We were still at almost full speed. People and stuff went flying.

I quickly looked over the transom of the boat. My heart sank. The water was strained black by transmission oil.....the engine was shot. What was supposed to be a fun afternoon turned in to a long afternoon and evening of headache, frustration and unhappiness.

This brings me forward to today. For years I have counseled against retiree's and soon to be retirees' over-reliance on the stock market to provide safety and security for one's long term income requirements.

Over the last few weeks we have seen a steady sell-off in securities, followed by massive turbulence. This volatility causes a loss of equilibrium; enhancing anxieties already underpinning confidence in markets. This loss of equilibrium is akin to losing your focus on the markers that outline where true danger lies.

PERSONAL PHILOSOPHY IS LIKE THE SET OF THE SAIL

by Jim Rohn

In the process of living, the winds of circumstances blow on us all in an unending flow that touches each of our lives. We have all experienced the blowing winds of disappointment, despair and heartbreak. Why, then, would each of us, in our own individual ship of life, all beginning at the same point, with the same intended destination in mind, arrive at such different places at the end of the journey? Have we not all been blown by the winds of circumstances and buffeted by the turbulent storms of discontent? What guides us to different destinations in life is determined by the way we have chosen to set our sail. The way that each of us thinks makes the major difference in where each of us arrive. The major difference is the set of the sail. The same circumstances happen to us all. We have disappointments and challenges. We all have reversals and those moments when, in spite of our best plans and efforts, things just seem to fall apart. Challenging circumstances are not events reserved for the poor, the uneducated or the destitute. The rich and the poor have marital problems. The rich and the poor have the same challenges that can lead to financial ruin and personal despair. In the final analysis, it is not what happens that determines the quality of our lives, it is what we choose to do when we have struggled to set the sail and then discover, after all of our efforts, that the wind has changed directions. When the winds change, we must change. We must struggle to our feet once more and reset the sail in the manner that will steer us toward the destination of our own deliberate choosing. The set of the sail, how we think and how we respond, has a far greater capacity to destroy our lives than any challenges we face. How quickly and responsibly we react to adversity is far more important than the adversity itself. Once we discipline ourselves to understand this, we will finally and willingly conclude that the great challenge of life is to control the process of our thinking. Learning to reset the sail with the changing winds rather than permitting ourselves to be blown in a direction we did not purposely choose requires the development of a whole new discipline. It involves going to work on establishing a powerful, personal philosophy that will help to influence in a positive way all that we do and that we think and decide. If we can succeed in this worthy endeavor, the result will be a change in the course of our income, lifestyle and relationships. and our lives.

St. Crispains' Day Speech (extracted from Henry V)

He that shall live this day, and see old age, Will yearly on the vigil feast his neighbours, And say 'To-morrow is Saint Crispian:' Then will he strip his sleeve and show his scars. And say 'These wounds I had on Crispin's day.' Old men forget: yet all shall be forgot, But he'll remember with advantages What feats he did that day: then shall our names. Familiar in his mouth as household words Harry the king, Bedford and Exeter, Warwick and Talbot, Salisbury and Gloucester,!

(Rocks and Shoals (con't))

There aren't very many people who have avoided all of the financial rocks and shoals out there. Because there are so many life challenges, it is easy to lose one's bearings, miss an important signal, or go too far in taking on risk. It has been my experience we take too much for granted. We put our money in the stock market. We listen to an advisor. Sometimes we listen to the guy at work, the rich uncle, or the coffee house wizards of smart.

Too often I have heard complaints such as "I would like to secure my income but I've lost too much in the market! I should have moved sooner!"

This is the result of not plotting a good course. The rocks and shoals are those events beyond our control. Loss of principal and earnings are a part of the gambler's life. What do I say to someone with that complaint?

If they are listening, my response is this: (A) "what did you put in the market? (B) What did you take out? If our search is for guaranteed lifetime income then the answer to A is relatively unimportant. If the answer to B is zero, they have lost **NOTHING!** Money in the market isn't anything until you use it. My counsel then is this: since this money is tool that has been on the shelf, and you are waiting for it to be worth something in a trade before you use it, that makes no sense. What is the usefulness of a tool (in this case money) unless it has a job? In this discussion of markets and volatility, it isn't what you lost or gained, it is what those funds can do, and what **guarantees** a person wants in order to secure their income producing asset!

Experience in both my profession and on the water has taught me rocks and shoals are everywhere. Sometimes those rocks and shoals are in our attitudes and minds, sometimes they are circumstances we cannot control. The best thing we can do is fill the fuel bunkers, plot a safe course to the far shore, and keep an eye out for the navigational markers.

ACTION VS SELF-DELUSION by Jim Rohn

Knowledge fueled by emotion equals action. Action is the ingredient that ensures results. Only action can cause reaction. Further, only positive action can cause positive reaction. Action. The whole world loves to watch those who make things happen, and it rewards them for causing waves of productive enterprise. I stress this because today I see many people who are really sold on affirmations. And yet there is a famous saying that "Faith without action serves no useful purpose." How true! I have nothing against affirmations as a tool to create action. Repeated to reinforce a disciplined plan, affirmations can help create wonderful results. But there is also a very thin line between faith and folly. You see - affirmations without action can be the beginnings of self-delusion. And for your well being, there is little worse than self-delusion. Because words soothe and, like a narcotic, they lull us into a state of complacency. Remember this: **TO MAKE PROGRESS YOU MUST ACTUALLY GET STARTED!** The key is to take a step today. Whatever the project, start TODAY. Start setting your first goal... today. Start listening to motivational cassettes... today. Start a sensible weight-reduction plan... today. Start calling on one tough customer a day... today. Start putting money in your new "investment for fortune" account...today. Write a long-overdue letter... today. **ANYONE CAN!** Get momentum going on your new commitment for the good life. See how many activities you can pile on your new commitment to the better life. Go all out! Break away from the downward pull of gravity. Prove to yourself that the waiting is over and the hoping is past -- that faith and action have now taken charge. It's a new day, new beginning for your new life. With discipline you will be amazed at what you can accomplish!

UPCOMING EVENTS:

1. Green Mill, Dinner Seminar, September 15 and 17, Hastings 5PM
2. September 29th, Country Inn and Suites, Mankato, Free CE Classes for CPAs. 8am-12pm
3. Bonfire, Mankato, October 6 and 8, Retirement Planning Seminar 5pm.

Contact us through our website at www.srins.com to register.

Tools for Thought.

The other night I was hanging out with some friends. The issue of the stock market's volatility was the subject. In these discussions I usually keep my mouth shut. One of the friends was talking about how he has 'never lost any money in the market'. His advisor was so good, he saw 'every crash coming and moved the funds just in time!' This sparked a heated debate. I know his advisor, and I know the company, and I know the guy lost a fortune in both the dot-com bubble and in 2007-2009. Finally one of the guys turned to me and said: 'you work with retirees, what do you recommend?'

I hesitated. Then I took the bait. 'For most retirees and soon to be retirees I recommend income plans based on an Indexed Annuity.' The fuze was lit. The questioner reorted: 'Oh, one of those plans where the insurance company keeps all of the profit and you get nothing. You must get paid good commissions! That's where the money goes!'

The rest of the group chimed in, agreeing that annuities were for fools, in fact ALL Life insurance and annuities were for fools. I decided to just say 'my clients have never lost any money. Have you?' After that I just kept quiet an listened. For the rest of the time we were gathered, there were more pieces of part fact, falsehood, misunderstanding, and ignorance in what I heard than in a political speech. The evening left me frustrated. If these people, educated and successful could harbor this many misconceptions about the role of safety and guarantees, my job just got harder.

SOME RETIREMENT HEADWINDS.

Since my practice is primarily lifetime income planning, I have a different perspective on retirement income. The headwinds against retirement income based on stock market performance in retirement are varied and strong.

HERE IS ONE HEADWIND Demographics.

While many stockbrokers and financial planners tout market performance over our lifetimes, none of the models take in to consideration the fact that the US babyboom generation is nearing retirement, and is set to drawn assets from the market, rather than invest. The current generation of working men and women are not making the money the boomers did, and there are fewer of them to invest. If one looks at the aging populations of major nations, China has an older working population than the US, and Germany's ratio of retirees to workers is lopsided as well. This means that at some time massive amounts of funds will be drained from the markets to pay for much needed additional income, long term care costs, critical illness costs, increased taxes, and other expenses associated with retirement. With a smaller productive generation earning far less money, the markets could be starved for cash, causing a natural erosion of prices, and capital demand.

The course of action? Secure your income producing funds from pernicious market decline or volatility. Recognize that out major trading partners are also performance , on average is supposed to grow more than what an investor takes out in income, these facts turn that set of assumptions on its head. There is no chart or model that shows something that has never happened before; declining working populations; more being drawn from the markets for retirement than what is going in.

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