

In This Issue:

PAGE ONE:

Planner Article:
Personal Reflections and
Words of Encouragement

Around the Office:
Milestones Along the
Pathway

Around the Office:
Congratulations Whitney!

PAGE FOUR:

Planner Article: Turning 70

Planner Article: Personal Reflections and Words of Encouragement

Michelle Carter, CFP®

Well 2020. You've been quite the year so far.

At the New Year, life felt very different than it does today. Although the first cases of COVID-19 had already begun sprouting up, they were a world away. Most of us had no idea what life would look like a short three months later.

(Continued on Page Two)

Around the Office: Milestones Along the Pathway



We've been remiss. Nicole Swanson assumed the role of Office Manager nearly six years ago. However, we've never announced it to the world. She does a marvelous job ensuring that things run smoothly. From supervising work flow to corralling wayward planners, she does it all.

Recently, we added more responsibility. She was promoted to Compliance Officer - a sort of internal policeman. She's responsible for assisting David, the Chief Compliance Officer. Together they create and implement critical compliance procedures mandated by the Securities Exchange Commission, the SEC. Her work is critical in keeping us ship-shape. Another important milestone: She is now going on her 14th year at Pathways. We are so lucky to have her here!

Around the Office: Congratulations Whitney!

After many months of hard work, we are very happy to announce that Whitney passed her CFP® Certification Exam in March, and is now officially the newest Certified Financial Planner™ practitioner here at Pathways! We are excited to put her skills and expertise to work for the benefit of our amazing clients (and to hear what she'll do with all that free time!).



Planner Article: Personal Reflections and Words of Encouragement

(Continued from Page One)

The economy felt strong. The market was at an all-time high. Housing prices were rising, mortgage rates were low.

Then, in a matter of weeks, everything changed.

Let me take you back to another memorable year...

The year was 2008.

After 2 years as a paraplanner and 4 years at Pathways, I was officially a Certified Financial Planner® practitioner. I had just passed the CFP® test and was beginning to meet with clients on my own.

And I was terrified.

We were in the worst bear market since the Great Depression. I was still “new” to investing and so green, and I had only seen the good times. This was something I had never experienced before. Suddenly, I saw first hand how faith in markets could be tested. I held clients’ hands while going through it for the first time myself.

I had a century’s worth of returns at my fingertips and I was forced to really dive in. I had to know for myself how markets worked. I looked back at every bear market. How were they similar? What made them different?

I saw a trend in how the media reported market movement, particularly down markets. I saw multiple headlines, years apart, claiming the death of stocks or that this was a “new normal”. I understood just how much “noise” was out there, and the importance of making sure client’s heard my voice.

On March 9, 2009, I noticed there wasn’t a choir of people shouting “this is the bottom”! In fact, I didn’t hear much of anything other than more doom and gloom. When the market began its dramatic upward climb the next day, it was months before news outlets and “experts” acknowledged that maybe we were on the way up.

That bear market taught me a lot.

Here we are 12 years later and we are wrestling another bear.

In some ways, this bear market is completely different.

While 2008 was founded in subprime mortgages and risky lending, which slowly crumbled our financial structure, this one started with a strong economy blown apart by a world-wide pandemic.

One could say every bear market is “different”. For sure every bear market has its own instigator, as shown below.

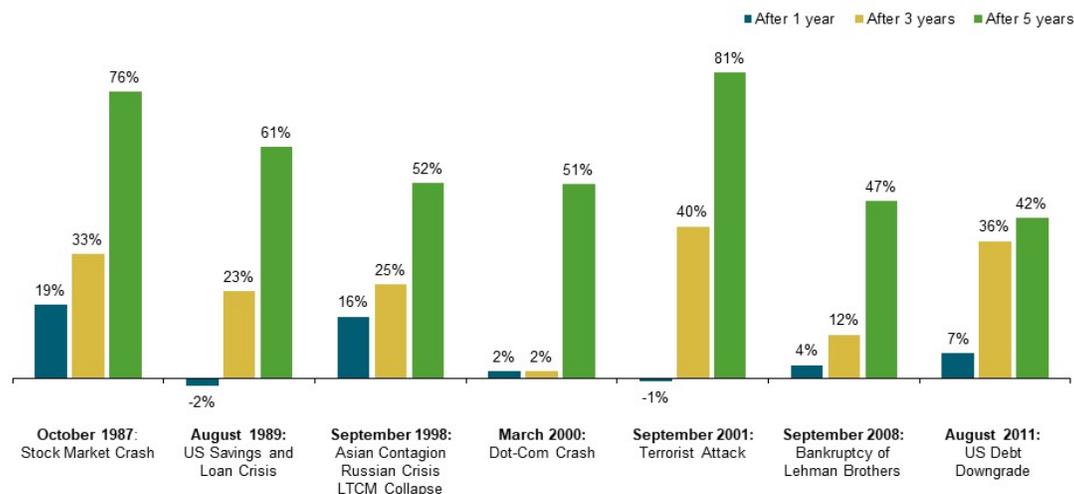
(Continued on Page Three)

Planner Article: Personal Reflections and Words of Encouragement

(Continued from Page Two)

The Market's Response to Crisis

Performance of a Balanced Strategy: 60% Stocks, 40% Bonds
Cumulative Total Return



In US dollars.

Represents cumulative total returns of a balanced strategy invested on the first day of the following calendar month of the event noted. Balanced Strategy: 12% S&P 500 Index, 12% Dimensional US Large Cap Value Index, 6% Dow Jones US Select REIT Index, 6% Dimensional International Value Index, 6% Dimensional US Small Cap Index, 6% Dimensional US Small Cap Value Index, 3% Dimensional International Small Cap Value Index, 2.4% Dimensional Emerging Markets Small Index, 1.8% Dimensional Emerging Markets Value Index, 1.8% Dimensional Emerging Markets Index, 10% Bloomberg Barclays Treasury Bond Index 1-5 Years, 10% FTSE World Government Bond Index 1-5 Years (hedged), 10% FTSE World Government Bond Index 1-3 Years (hedged), 10% ICE BofA 1-Year US Treasury Note Index. Assumes monthly rebalancing. For illustrative purposes only. S&P and Dow Jones data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. ICE BofA index data © 2019 ICE Data Indices, LLC. FTSE fixed income indices © 2019 FTSE Fixed Income LLC. All rights reserved. Bloomberg Barclays data provided by Bloomberg. Dimensional indices use CRSP and Compustat data.

Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results. Not to be construed as investment advice. Returns of model portfolios are based on back-tested model allocation mixes designed with the benefit of hindsight and do not represent actual investment performance. See "Balanced Strategy Disclosure and Index Descriptions" pages in the Appendix for additional information.

3

Source: Dimensional Fund Advisors

This chart shows how the market has responded to each crisis over the last 30+ years. What returns did the market have after 1 year? After 3 years or 5 years? Although each instigator is different, what's interesting to me are the similarities. Each time, a mere 5 years later, the cumulative return is quite remarkable.

We have no idea how long our economy will take to recover from our current crisis, but if history is any indicator, it will. And faster than maybe we expect.

This is a scary time. We know this. We worry about our health, the health of those we love, our employment or small business, our medical system, our mental health as we shelter in place and remove ourselves physically from our social networks. And it is natural and normal to worry about our investments as well.

As we have expressed in our correspondence thus far, we reassure you that we are watching this with you. We are looking for ways to maximize the situation to your advantage, whether that be through harvesting capital losses to reduce taxes, rebalance your Portfolio or simply talk through your concerns.

It's been quite the journey since 2008. I am grateful for that experience and the 12 subsequent years since then. They have taught me so much, and going through these last few weeks, I understand just how much I have learned. I am grateful for the in-depth discussions we have had

(Continued on Page Four)

Planner Article: Personal Reflections and Words of Encouragement

(Continued from Page Three)

together about allocations and risk, the behavior of equities versus bonds and the dangers of market timing. It has prepared all of us for today.

To the new investor: Through this time, you will gain a rock-solid testimony of markets. You will know what it truly feels like to live through the allocation you have chosen. You will get to witness early on the surprise of the recovering market. You will be able to face future bear markets with some confidence of "been there, done that".

To the long-term client, we have prepared for this. Every discussion, every meeting, has built the foundation needed to withstand shaky ground. We have done it before and we will do it again.

As I sit here in my makeshift "home office", I acknowledge that we truly are in an unprecedented time. I'm not sure I've seen this much fear in the world before, but I have also seen so much community. We are all isolated at home, but in this together.

I wish each of you good health over the coming quarter. Whether in the office or sequestered in our homes, we are here for you. Please never hesitate to reach out.

Planner Article: Turning 70

David Williamson, CFP®

I recently turned 70. In case you are wondering, it feels just like 69. No big deal...

But it did give me pause. You see, I was born in 1949. I became a financial planner in 1984 - at the tender age of 35. Grabbing my official financial planner calculator, I find that I have enjoyed this career exactly one half of my life - 35 years.

I spent the first 35 years preparing to be a planner.

During the next 35 years, I became an aged planner.

It's time to pause for reflection.

What of the next 35 years? With good luck and good health, why not another 35 years? What's in store for me the last third of my life? It feels like a big question. But that's my problem, not yours.

So why pause for reflection now? It's not so much whither I'm going, but whence I've come. Does one gain a tad bit of wisdom after 70 years? I like to think so. If so, how best to share it?

I imagine a truly wise person dispenses wisdom quite discreetly - a little gem here, a modest gem there - helping others quietly and judiciously. On the other hand, heaven knows there are many who write multiple books, blogs, and shout from the mountaintops, so happy are they to advise. Which am I? Perhaps I'm in the middle. I am not truly wise (I seem to prove this every day), but I hope I am not the obnoxious bloviator either.

(Continued on Page Five)

Planner Article: Turning 70

(Continued from Page Four)

Growing up, I was cautioned not to give unsolicited advice. One should politely ask permission before dispensing unsolicited advice. Back when I was just 35, as a newly minted wet-behind-the-ears advisor, I was called upon to give financial advice. My professional advice-giving career had begun.

Picture the nervous 35-year-old sitting across from clients in their 70s. I pretty much stuck to “solicited” advice...

And for many years, I continued to stick to solicited advice. But somewhere along the way, I began to stray. As the years rolled on:

Learning accumulated. Experience deepened. Perspective broadened. And wisdom grew.

Now, sometimes, the tables are turned. The 70-year-old advisor sits across clients in their 30s. Pretty darn easy now to give unsolicited advice.

Why go on about all of this? I’m setting the stage to offer you unsolicited advice. Pretentious or not, I somehow feel entitled at age 70. I feel somewhat entitled, also, because my clients (and certainly my co-workers, as well) have taught me much over these last 35 years. There are the young couples peering intently into the murky future. There are the middle-aged couples coping with children, careers, divorce, and uncertainty. There are the aged ones reflecting on the decades behind them and contemplating their last few years.

So, it is time to share. Here are a few lessons learned.

Core People

As a beginning advisor 35 years ago, I was pretty much a lone island. I did it all. And with very little help. (I remember it was snowing and I seem always to have been trudging uphill.) After a few hires, it dawned on me one day that I was a “small business owner”. (Who knew?) Over time, people came and went. Reasonable turnover. Then one day - an epiphany. Some who came never left. A core group of great employees developed. Loyal, hard-working, passionate. They cared about this small business as much as me. What a blessing! This works in “real” life too. Stay on the lookout for those special, core people. They may be family. They may be friends.

Watch out for, then nurture the core people in your life.

Nagging Incompletions

Does your To-Do list seem to house permanent residents? Those items you know you should tackle, but somehow are always put off ‘til tomorrow. And then put off again. And again... These serious “incompletions” sap your strength. They drain your energy. They nag at you. They weigh you down.

How to find freedom? Carefully, re-engineer that To-Do list. Search for the toughest item. Place it on top. Next toughest goes in the second slot. And so on. Then, focus your resolve. (Freedom lies ahead!).

(Continued on Page Six)

Planner Article: Turning 70

(Continued from Page Five)

When you tackle that toughest one, you automatically generate energy and excitement. Use that energy. Jump to Number 2. You build great momentum and excitement as you go. Test this out. Try it just once.

Paraphrasing Lee Child's Jack Reacher - See a problem, solve a problem.

Carpe Every Diem

At 35, I get it. You're busy. Marriage. Kids. Career. Sometimes, just trying to get through the day.

At 70, it feels different. Yes, still busy, busy, busy. But maybe a different perspective. Maybe fewer obligations. Maybe more choices. Maybe a more conscious use of time. Now there is the freedom to "make time" for friends, for grandchildren, for your spouse, for yourself.

At 70, you are certainly past the midpoint in your life. There are far fewer years ahead of you than behind you. With each passing year, perhaps the value of each day, each hour increases.

So, ask yourself each day: Was this day frittered away or fulfilling? I believe it is largely your choice.

Carpe every diem. Seize every day.

Prevent Regrets

At age 70, one can look back over a long life. There will be many regrets. All of the things you should not have done. All of the things you should not have said. So many things you wish you had done. All of the things you might have said. If only... If only... If only...

Of course, it is too late to change all of that.

But, what about the future? It's in your hands, no matter your age.

What dreams are still unfulfilled? What did you miss?

What can you now do differently?

What should you say "Yes" to? What should you say "No" to?

You can still compose a life that is fully, richly your own...

A motto to live by: Prevent Regrets

The Magic of Compound Growth

I can't help myself. I must end with an investment thought. Investing early (and investing often!) sure can pay off.

(Continued on Page Seven)

Planner Article: Turning 70

(Continued from Page Six)

Let's talk perspective. Here are several major milestones in my life. Alongside each is the Dow Jones that year:

1949	Incredibly cute baby boy	Dow =	179
1984	Wet-Behind-The-Ears advisor	Dow =	1212
2019	Pompous 70-year-old	Dow =	29,000

What growth rate moved the Dow Jones from 179 to 29,000? About 7.5% average per year. Where might the Dow Jones be in 35 years at a 7.5% compound rate? Only 364,000!!

Invest early, folks, and invest often.

My Next 35 Years

Well, wise or not, I've said my piece. Age 70 is a great age. I've got much life experience behind me. I can dispense snippets of wisdom without feeling too foolish. Some people actually listen.

I am now looking forward to the next 35 years with much anticipation.

I wonder: Will I be wise enough to take my own advice?

Client Adventures!

If you would like to be featured in our Client Adventure section, please let us know. We love to share stories of travels, experiences, and hobbies.

