Brandon Averill ([00:02](https://www.rev.com/transcript-editor/shared/JBNTuk8g-FaKwbSAviGYugttNwoYurx4O6vthLcOVQI9p5q3q1BifFQaM4apZ_9hkY7whntyY5aYOUmqx-zVOHkVMP8?loadFrom=DocumentDeeplink&ts=2.88)):

Hey everybody. Welcome back to another AWM Insights episode. I almost tripped myself up there. It's Halloween, we got a new setup, and so yeah, excited to kick this one off. When we were kind of riffing before this podcast, talking a little bit about what we should talk about, we thought it might be fun to take a little Halloween theme and talk to you guys a little bit, just a couple quick points on what you should be scared about when it comes to your financial structure and what are some of those things that we often get scared about that maybe we shouldn't. Hopefully, it's a fun little episode for you. But yeah, let's start there, Justin. What are some of the silly things that come to mind... I shouldn't say silly, but the things that we're susceptible to as humans when we start to think about our financial structure, and we're certainly influenced or scared by some of these things that come out?

Justin Dyer ([00:55](https://www.rev.com/transcript-editor/shared/Vl1pIrB5jmyrvw4PMwq77graP29BzAaphGNZAiiFW0lOtasmLNoxrzd9Gqq0ORlReR6i1-Pr7VbExOxjEuUwEuOF3sI?loadFrom=DocumentDeeplink&ts=55.08)):

Yeah, there's going to be a lot of probably overlap or common threads in this whole conversation. I'd say one that immediately comes to mind is just day-to-day consumption of news, specifically news around the markets, news, broadly speaking, but obviously with respect to the markets and investing and reacting to that, "Oh, I saw yesterday the market was down," or, "Oh, the Fed increased interest rates," and then the next day saying, "What should I do differently?" And that behavior... Go back a few episodes, we've talked about this quite a bit, but that behavior just, it's kind of chasing your tail. It's too little too late. It's not the right way in which to invest. Really, the right way to invest is looking forward, understanding there are going to be a range of outcomes, and planning accordingly for that as opposed to looking in the rearview mirror.

([01:45](https://www.rev.com/transcript-editor/shared/Jiffun4vmv-dDg_tbytSAIvOAAKids-PTCQ1y2cbPZaT0jI04AyeRghHI5E5RfGlGjbCvSNh9_Fy4GI5wjiGG3rwaZQ?loadFrom=DocumentDeeplink&ts=105.51)):

One somewhat timely relevant item is, hey, we just officially entered what's called a correction in the marketplace. Basically, all that means is from the most recent top, we're down 10%. And choose your index. The S and P 500 is usually what's cited. Should you change any strategy as a result of that? It's not a bad question to ask, but if you're getting caught up in the emotional side and scared, oh goodness, because we're down 10%, it's going to keep going and we really don't know that at the end of the day. It happens all the time. It actually happens roughly once a year that we see a decline like this. And really at the end of the day, you shouldn't do much.

Brandon Averill ([02:25](https://www.rev.com/transcript-editor/shared/sI1YGIv39976_9bP9Fslkrg2w1X2tVqZgJqRj6l1FHqmCnDcjuV19omvjkmVDyjB5ZUt0CK2GdZE3CXfTGGzWtkOXn4?loadFrom=DocumentDeeplink&ts=145.05)):

And I think maybe to extrapolate that a little bit further, and we've talked about this on the podcast, but it's that media impact what sells. The anxiety sells, it keeps you coming back. It's that dopamine hit. And I'm always reminded, I was reading this earlier today on Ben Carlson's blog, A Wealth of Common Sense. He has a post called The Crash Collars Won't Save You, and he's got a little excerpt. There's a famous financial pundit blogger, Henry Blodget, and he had written this little summary about John Hussman who's an investment manager, but I'll summarize it. Basically, Hussman was talking about how based on all these metrics, the stock market is poised for a 40 to 50% crash and that even if it doesn't crash, we're going to see prices really produce returns of only a couple of percentage points a year.

([03:20](https://www.rev.com/transcript-editor/shared/lOyBR1ZVzqMLkOoHBY77gLA0W9de5VYcLIMM1t6sqm-d8MxUwMTuCkWQU_0QH-ZgB6FP5LwaQonvymS9PLxUUeXidYo?loadFrom=DocumentDeeplink&ts=200.49)):

And Henry basically deduces from all this like, "Hey, if you want to prepare yourself, you might want to be ready for this." And then the punchline comes a few lines later is, this was actually written in 2013. Some pretty smart people, I'll give them that, but trying to predict these things is incredibly difficult. And you could have been sitting there panicked, you're in cash for a 10-year period. What would you have missed out on? Cumulatively over the last 10 years, we've seen the S and P 500 go up by more than 230% or about 12.8% on an annual basis.

Justin Dyer ([03:59](https://www.rev.com/transcript-editor/shared/oUuvpM2ANKIT-hBVjb38mDmqu0umveocjWrGj7pAsmk9OFvmh2cJ7_Jag-kMVIl2n65BYP-UHHCMDBsCjHFeKJmuA4c?loadFrom=DocumentDeeplink&ts=239.04)):

Yeah.

Brandon Averill ([04:00](https://www.rev.com/transcript-editor/shared/K5Bx2-C81MeMMrF-LQM0VM_qWz-teKAKPbuNPyoBsCmnP3IKMK_f9Vr-D1YiNL_cqLVJYKpeI0b2TYBSrTvATaEbyQI?loadFrom=DocumentDeeplink&ts=240.15)):

The cost, I think that's what people sometimes misconstrue. You get scared about the potential for a decline and what you actually are doing is absolutely torpedoing your financial future. Whereas if you focus, like we talk about so often, more on that financial structure and not getting scared by all of these things, you're just going to end up in a better spot.

Justin Dyer ([04:21](https://www.rev.com/transcript-editor/shared/wuQnFhIbAWuJuM0qNiVK1gsLyNUii68JMOQF2FgyLKKMs9-7eqzK1-Q3pbvI6H9TJEA2RthrsPBF1m5z8jm2rKMXjLE?loadFrom=DocumentDeeplink&ts=261.39)):

Yeah, man, there's so many places we can go from that. I've often joked, but I think this could be an interesting business someday, tracking people like a John Hussman quote and rating them because one of the things that is not done or very, very, very infrequently is these brilliant people... John Hussman is there, he's built a very good reputation. They go out there, they make some sort of prediction. It's taken out of context at times to be fair, but also, hey, sometimes they're putting a big stake in the sand and no one goes back to assess or to look or to validate whether they were right or wrong. Most of the time, they're obviously wrong. You just can't predict the future. And again, reacting to that is just a really, really, really, really, really silly game to play and can cost you, cost you dearly.

([05:05](https://www.rev.com/transcript-editor/shared/WDhIZxE687NdYcSF5p5yyD1Co0eoVBovb-EhWognGf86lPNrt1_bgMY27omlRX0LVq-_a3G6JiAcMPhxcr5HR9Eon_s?loadFrom=DocumentDeeplink&ts=305.82)):

One bigger picture theme in all of this is, okay, why has this happened? It's probably happened to some extent really since markets have existed, but also just think about the information feedback loops that we now live in, especially with social media. The radio changed this, and an author by the name of Morgan Household talked about this in a recent book, how radio changed the newspaper business way back when. Then TV turbocharged that. Now we have the internet, now social media, and that's changed things by orders of magnitude and really plays to our psychology. And they're not trying to educate any of us to be better investors. What they're trying to do is get us to click and get us engaged and get us to be fearful and those dopamine hits, if you will, but in a reverse sense of it and really not your friend, especially when it comes to financial management, investment management because time and time again shows you that you're just going to potentially overreact in the wrong way.

Brandon Averill ([06:12](https://www.rev.com/transcript-editor/shared/kqE5Gkfv-JQ_7brHyCWgWE0KDcwByfeeSqCKBJKLfuTQoZPrxtj5b51LXQIS13iIKJ_n4jfI5o9JcNXYd-YqquJ9mRY?loadFrom=DocumentDeeplink&ts=372.45)):

Yeah. And I think it's a good way to turn maybe to some of the things that you should be scared of. I think this should be something that resonates with everybody, but the too good to be true, yes, that's time to be scared. I think really thinking through some of the promises that people are making through different products or whatever it might be always behooves you to take a step back and think about, "Okay, well why on the surface, does this make sense? Who's incentivized and why are they incentivized?" I think life insurance is a great example for me. What is the purpose of life insurance when you boil it down to the very basics? It's there to replace income or sustenance for a family should the primary breadwinner no longer be here.

Justin Dyer ([06:58](https://www.rev.com/transcript-editor/shared/ByMzryBBCKmj4QQ4morm4wI-hETFRKezsyKcs-BZwrfKqaWGxu-RNk5Xnys4gQw45ARKd_ypNVqvJIJSvIF1qixY3-4?loadFrom=DocumentDeeplink&ts=418.98)):

Plain and simple.

Brandon Averill ([06:59](https://www.rev.com/transcript-editor/shared/PbKmLcavgiC0yvvAtirP6VoPMjGJ23dUt90SUJZkam3hKTGU588Q10N9LRoSLKXGZpbiwsYL7UaPcYlKT_cDYS2G678?loadFrom=DocumentDeeplink&ts=419.94)):

Yeah. Or to solve a financial liability that will exist if that person isn't here. So whether it's providing for a life, paying for taxes in an estate planning situation, those are the reasons. You have to start to ask yourself if somebody is trying to sell you a life insurance policy for a newborn or one-year-old or a 2-year-old, I'm pretty sure you're not relying on them for any sort of support to keep your family going. You have to start asking the questions like, "How and why does this make sense? Why does the too-good-to-be-true story make sense?" Sometimes it does. I'll be very clear, I've yet to really find many opportunities for it, but you need to at least have that skepticism, that little bit of that fear. When people are promising you things that just don't make sense on the surface, dig a little deeper, try to understand those different things.

Justin Dyer ([07:53](https://www.rev.com/transcript-editor/shared/BvOwE2LTuPbPOiBlT73TYN8BY6l8D9FroiVqrWARHvFJOjAhMMHWMA3hzAzhzYvgRAlfjkc4uVicy8217BdLI7x4hMs?loadFrom=DocumentDeeplink&ts=473.19)):

Yeah. If it walks like a duck, quacks like a duck.

Brandon Averill ([07:54](https://www.rev.com/transcript-editor/shared/YvcDFXpnZfuSZ7TkHSGL6pq8PMGrpIN64OwJaBrsD0meqc-2JzmtBd7Wja3f6PVCdNn2K6vswEDtrrJelFNhkLWgiXw?loadFrom=DocumentDeeplink&ts=474.93)):

Yeah.

Justin Dyer ([07:56](https://www.rev.com/transcript-editor/shared/3oi0bZ83HeK1lnDNtvniTGkEx67_YcOOx0slobtlnb-VZ8UsjszXuvmgcEi60jKdXOrKIdDf2SygDtLTVKBzeWnCrZw?loadFrom=DocumentDeeplink&ts=476.55)):

There's a great quote, a slightly more serious turn. Charlie Munger, phenomenal investor, Warren Buffett's partner, for those of you who don't know that name basically since the very, very beginning, he said, "Show me the incentive and I will show you the outcome." Kind of a similar vein in that. If it's too good to be true, it really probably is. There's such an obfuscation within modern-day and modern-day investment media specifically that really, really overcomplicates a lot of things. It's not to say financial markets are not complicated, and planning for one's future is not complicated. It does take definitely expertise and measured attention and thoughtfulness and all of that, but creating complicated insurance products, to go back to that example, they're not needed. They are typically there to sell and get a commission, and for the wrong reasons, nine times out of 10.

Brandon Averill ([08:58](https://www.rev.com/transcript-editor/shared/NZWKc-7c_wEvsyPIrowWOb5TXx0GhvZqhhjC20TgnPHn4USynzrfQ3IvznfAyCToapLfbmfP3uiHWhYHKafvjUf6E8M?loadFrom=DocumentDeeplink&ts=538.08)):

Yeah. As we wrap up today, a little bit of a jovial episode here, but there are things that you should be scared of like we just hit on, or at least skeptical of. But then also on this Halloween, hopefully, you think through, what are some of the silly things that we do get scared of. Your little two-year-old or three-year-old jumping out of the closet at you is going to get you every once in a while, but hopefully, it's followed by a smile on your face. And in that same vein, hopefully, you're taking a critical eye at some of these things and hopefully readjusting your expectations. If you're looking at your accounts on a daily basis and getting freaked out, do yourself a favor and stop doing that. Really go back to your financial structure and have confidence that you've built really good habits and systems and you've hired really good people, hopefully, if you're working with us, to help you guys along this process and alleviate some of that natural disposition to get scared about things. It's totally normal, but hopefully, you're able to move past it.

([09:57](https://www.rev.com/transcript-editor/shared/6JI51olMllQJoqUIYMToBHRr79GYWStb5vPPSz51Zf0PWyPpdMgA9Q3nAaytv9Acy9MCA_Trv0u6rVrit9G9FsAxvwM?loadFrom=DocumentDeeplink&ts=597.42)):

With that, until next time, own your wealth, make an impact, and always be a pro.