

Jessica Lotito

From: Gabor Nagy
Sent: Friday, March 30, 2018 4:54 PM
To: Gabor Nagy
Subject: Spring is in the air & baseballs are leaving the yard! (March Client Newsletter)
Attachments: 03-2018 Newsletter-.pdf

After an unusually snowy March, all of us (yes, even us skiers!) are looking forward to the new birth and warmth of Spring. And the fact that the Yankees are only going to lose 5 games all season, makes its arrival all the more exciting!

Our brains work best when we focus on groupings of three. So here are three things to focus on this month:

1) Operate on a cash basis: Target 50% of your gross income as your cash position. That's right, 50% of your gross income. You need to operate on a cash basis. No high interest loans, don't need to take the first job that comes your way if you're laid off, not likely you'll go bankrupt, elect higher deductibles on insurance and save premium dollars. **I always want you to be in a Position of Strength**, no matter what life throws your way.

2) Goal at Retirement: Max Assets or Max Income?: Most people focus on maximizing their assets for retirement. They focus solely on the accumulation phase of financial planning and do not think ahead as to how they are going to turn their asset base into an income stream. What would you rather have: \$10,000,000 or \$8,000,000? Logic would dictate you choose the \$10M. But what if I told you that the \$10M produced \$350,000 of annual income and the \$8M produced \$560k? That's what I thought, now you want the \$8M! **How can we position your model now, so that you can maximize your income at retirement without fear or running out?**

3) Deductive vs. Inductive reasoning: Most financial planners follow a deductive reasoning path by asking questions like: When do you want to retire? How much money will you need? How much income will you need? What rate of return do you expect to earn? What will inflation be?, etc. They then use your answers to devise a road map on how to get there. Their focus is on the output. One problem: how do you know what the world will look like 5 years from now, much less 20 or 30? What will your family situation be, your health, interests, opportunities? How can you possibly predict anything close to what the actual output will be? The only line of reasoning that makes sense when planning your future is of an inductive nature. Inductive reasoning focuses on the present, what is known. From there the approach is: How do we put you in the best position today and make your money work efficiently and effectively today, given all the knowns? We focus on the correct positioning and inputs. From there, we continue to monitor and adapt your plan to your situation, the global environment, etc. Adapt, change, pivot, options, choices, control, flexibility are the types of words our clients associate with our planning. If you are basing your plan on one or two strategies and hoping they will work out as expected over the next 10, 20, 30 years, you may be taking serious (and unnecessary) risk.

As always, please do not hesitate to reach out to discuss any of these concepts further. I wish you and your family a Happy Passover or a Happy Easter, and if you celebrate neither, a Happy Weekend!

Best Regards,

Gabor

Gabor A. Nagy
CFP®, CLU®, ChFC®, CAP®
Principal

5 Cold Hill Road South, Bldg 20, Ste F
Mendham, NJ 07945

P 973.543.3335

F 973.695.2999

gabor.nagy@mendhamwealth.com

www.mendhamwealth.com

www.linkedin.com/in/gabornagy14

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