

## From the Desk of Teders & Quackenbush

## Focus on What Matters

### The Landscape That Matters The Most

In the aftermath of the election and the ongoing post-script and speculation as to what it will mean for the economy, taxes, and the investment markets, we believe it is all important to remain focused and disciplined on what we can control. That means understanding and managing a multitude of risks that may affect you, your family, and your business interests. Of course, we monitor and evaluate the macro- or global landscape, but our concentration will always be on our clients' front- and back-yards.

### Three Types of Risk

Managing our clients' wealth means managing risk – and there are three types of risk:

- Portfolio risks associated with savings and investment assets;
- Non-portfolio risks associated with personal and business conditions that can have major financial consequences; and
- Behavioral risks driven by emotions and feelings that impact and sometimes impair our decision-making process.

There are many types of portfolio risks, too numerous to cover in this brief note; however, let's consider three examples – inflation, concentration, and volatility risk. Inflation risk has been getting lots of attention. It's the loss of our purchasing power reflected in higher costs for goods and services over time. Concentration risk involves overexposure to a single security, sector, asset class, or geographic region. It's like putting all your eggs in one basket and risking everything on the success or failure of a single investment. Volatility risk relates to the upward and downward trajectory of investment markets which can be quite sharp and abrupt or relatively calm and subdued, depending on a multitude of factors.

There are also many types of non-portfolio risks such as such as longevity risk, property and casualty risk, and for business owners, there's succession risk. The death of a spouse or parent has nothing to do with the investment markets, but it can have major implications on the financial well-being of surviving family members. As life spans increase, unfortunately so do the chances of health issues associated with aging which may result in people requiring long-term care and the financial drain that comes with it. There are Accidents, natural disasters, and Acts of God that can cause a loss of property and affect people's livelihoods resulting in severe financial stress and uncertainty. Those who are business owners have additional risks related to the possible loss of key personnel, business disruptions, legal and regulatory issues.

And you guessed it, there are lots of behavioral risks to deal with such as hindsight bias, loss aversion, procrastination, over-confidence, and the herd mentality. The latter being the temptation to follow what others are doing without adequately reflecting upon your unique situation, needs, and objectives.

At Teders & Quackenbush Wealth Management, we believe the key to better financial outcomes starts with a plan for you. One that concentrates on your financial circumstances, evaluates your needs, wants, and goals. A comprehensive investment and wealth management plan that takes into consideration the risks associated with your situation and lays a path for your long-term financial well-being.

Wishing you all the best!

**Teders & Quackenbush Wealth Management Group**