Control What You Can

When it comes to money, it is easy to get distracted. Our views are impacted by our personal values, biases, experience and knowledge which impacts our emotions and can ultimately influence our investment decisions. Emotions can be problematic when they skew behavior that causes one to deviate from the investment strategy that is designed to help meet specific financial goals. Focus on controlling what we can, and ignoring things that we cannot control, so our well thought out financial plan isn’t derailed.

Focus your resources not only on what you can control, but on what matters. We live in a world that has a 24 hour news cycle. Information is at our fingertips at the push of a button. Strip away facts from the white noise. Does a disruption in the Middle East really impact your personal savings strategy or spending habits? What effect does an avionic flu outbreak have to do with the fact that Junior is getting ever so closer to needing a financial plan to fund college expenses? When investing, ask yourself if this news and information is relevant to your long-term financial plan. Avoid letting short term distractions be an excuse for not taking action.

This year is a presidential election year. It is a good time to remember that you are not investing in elephants and donkeys, but rather investing in ideas and strategies. The fact of the matter is that personal spending habits have a far greater impact on financial security than does who is elected President. Profitability and growth of tire companies, health care service businesses, macaroni and cheese manufacturers, and widget makers, not politics, will ultimately lead us towards pursuing our financial goals.

When executing a financial plan, control what you can and focus on behaviors that are controllable. What and how we spend and save today impacts our financial future tomorrow. By focusing locally on our own day-to-day financial decisions and behaviors, we can worry less about big picture things we cannot control. We have control over our personal economy, not the global economy. I believe the job of a Financial Advisor is, in part, to help filter out some of the white noise and help clients focus on what is controllable and relevant. Are we using things out of our control as an excuse not to execute our financial plan and investment strategy?

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