

Staying Financially Fit

Growing up as a kid who was involved in sports, I always wanted to improve my game. I would watch those who were more advanced, whether it was in soccer, hockey or golf and try to figure out what made them that much better. Back then, I remember thinking that if I just had a new pair of shoes or skates, or a new set of clubs I would be well on my way. Nothing could have been further from the truth. In reality, those who were a step ahead didn't have better equipment; they just practiced...a lot. The only reason that they made it look easy during a game was because they were willing to put in the work behind the scenes.

After college, I continued to play various sports, but my mentality changed from trying to become the best at one sport or another to trying to stay in shape. I picked up running as a hobby, which has turned out to be something that I truly love. Whether I use a short run to clear my mind, or I'm focused on a longer-term goal or race, the sport has made one thing abundantly clear - there are no shortcuts. What you get out of it is purely a function of the work that you're willing to put into it. Sure, new shoes every now and then are nice, and remembering to stretch can help, but the only thing that really matters when it comes to being a better runner is how consistent you are at dragging yourself out the door to put in the miles. Sometimes it is fun and easy and at other times it is a miserable grind.

So how does any of this relate to finance? For me, personal finance and sports have many similarities. First and foremost, there are no shortcuts. Most sports seem simple in nature but are exceedingly hard to execute at a high-level of consistency. You want to be a pro golfer? You might want to set aside 15 years or so of daily practice before you're ready for the PGA tour. You want to swim like Michael Phelps? The ideal age to have started would have been somewhere between two and four years old.

When it comes to financial fitness, my views tend to be almost as simplistic as they are regarding sports. Practicing the fundamentals repeatedly over very long periods of time is everything. New equipment is nice, but it tends to be ancillary. Anyone who has whiffed a drive off of the first tee with a new driver (myself included) knows what I'm talking about. In personal finance, the fundamentals include making sure money coming in exceeds money going out, avoiding the get-rich-quick gimmicks and side-stepping instant gratification to name a few. Owning that one stock that outperforms all others is nice, but it too becomes secondary to practicing the basic fundamentals over long periods of time.

Just as mastering a sport doesn't start and end with going out and buying the latest and greatest equipment,

summaries

a long-term financial plan doesn't start with picking high-flying stocks or moving into the house of your dreams the day after college graduation. In many cases, it all starts with a budget and only after many years of consistent application do things really start to take shape. In my mind, a simple budget tends to look something like this:

1. Make sure that there is more money coming in than going out.
2. Eliminate high-interest debt (i.e. credit cards).
3. Build an emergency cash fund equal to 6-12 months of living expenses.
4. Always contribute enough to your employer retirement plan to get the full matching benefit.
5. If you can afford to, max out your employer retirement plan contributions.
6. If excess cash flow still exists, start an after-tax investment account with automatic monthly deposits.
7. If possible, make additional IRA contributions at the end of the year.
8. Start to fund specific long-term goals (i.e. paying off the mortgage, taking a trip, buying a new car).
9. Review continually.
10. Be consistent.

When times are good steps 1-10 can be quite easy. At other times they can seem nearly impossible. Things happen; unexpected expenses pop up, jobs are lost, market cycles come and go but the plan should remain largely intact.

Finally, one of the more important aspects of setting a budget as the foundation for a long-term financial plan is being able to find balance. Not being able to retire financially is a tough problem to have, but saving your whole life and dying rich without ever having enjoyed the fruits of your labor can be just as unpalatable. I liken the ability of a saver to splurge on occasion to my own enjoyment of a large, unhealthy breakfast with friends after a long run on the weekend. It may seem counter-intuitive, but it is often well-deserved.

As is the case with most anything in life, practice makes perfect. When it comes to sports or fitness, I've come to learn that the reason for success is usually a dedicated plan that has taken years and sometimes decades to unfold. When it comes to financial independence, the path to success tends not to be all that different.

Christopher W. Frayne, CFA, CFP®

As a reminder, 2013 is Sigma's 40th Anniversary year. In honor of this, each month our employees are sharing personal "Sigma Stories" with you. We hope you enjoy!

I've Seen A Lot of Ups and Downs...

I recall walking through the doors of Sigma in August, 1979 being slightly nervous as I was applying and being interviewed for a "receptionist/secretarial"

position. One of the tests I had was a type written one. The owner at that time, Chuck Ricker, commented on how I could make that typewriter (an IBM Correcting Selectric II) sing. I was fortunate to get hired for the position and I have never looked back. I didn't know a stock from a mutual fund or bond, but sure had a good teacher. At month end I would "manually" price each stock from the local newspaper. Each client report was manually typed as well as each individual letter that accompanied the report (I had to make that typewriter sing). The Dow Jones Industrial Average was hovering around 825 and there were 3 employees.

Fast forward to 2013, the Dow is hovering around 15,400 and we have 15 employees. We no longer have a typewriter. We have computers, ipads, and iphones. We no longer have one location, we now have three. My once beautiful drive up Lakeshore to our office in Grosse Pointe is a faint memory. I'm now one of thousands of people who travel 696 daily to get to their jobs across town.

Our technology has advanced so much within the past 10 years that it's hard to keep up (well, for me at least). What used to take hours to do can now take minutes (if you understand the technology that is 😊).

In my 34 years at Sigma I've come to know our clients so well they are like family. I've seen their children grow through the years and go to college. Now, those children are grown, married and have children of

their own in college. Where has the time gone? We have a wonderful team here at Sigma and it has been a privilege to work with them.

Nancy Kunkel

It's All about Who You Know

Rarely does someone think their college job will be instrumental to their future. Personally, I thought I was just working to make a living and was convinced it was my internships that would really bring me to the spot I wanted to be. Instead, it turns out working as a manager for Panera Bread in downtown Plymouth lead to the start of my professional career.

About two times a week I would be greeted by a whistling or singing Bob, Shari by his side, just laughing at him, both being their pleasant selves. Overtime, a relationship grew - our conversations progressed from the weather, town happenings, or the food to chats about families, school, and grandchildren. One day, Bob stopped in, grabbed a coffee and pulled me aside. Here he explained that, due to a recent retirement, his company was seeking someone to join their operations team. He quickly added that there would be a multi-interview process and that just like any other applicant, I would have to impress my set of potential bosses. I jumped at this opportunity.

Push fast forward, and two years later here I am - the voice behind the phone and the face that greets our

local independent personal accessible
interactive creative local independent personal
knowledgeable thoughtful ethical experienced

visitors. They say it is all about who you know, and I could not agree more. It is so rare to meet people who are concerned with more than their own well-being, who are always thinking of ways to help others – the Bilkies are these type of people. Sigma has really developed a genuine, attentive, and

supportive work environment. The more time I spend here the more I understand why my fellow employees stick around so long. I will forever be grateful for them thinking of me for this opportunity, and strangely, will always have my time spent at Panera to thank for leading me to this path.

Dominique Powierski

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Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives

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