

Feature Article

Welcome to this latest edition of our newsletter!

Happy New Year, we hope it's a great one for you and everyone close to you.

Welcome to this latest edition of our newsletter. In our first article this month and as we consider some of the uncertainties around the world at the moment, we set out a few thoughts about staying calm in volatile times. This is followed by our analysis of some super research carried out about ageing in Ireland. Finally, there is our usual mix of content that we found on the web that we think will be of interest to you.

Best wishes!

Main Articles

Keep your head when all around you are losing theirs

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So what do you do?

Well the answer is probably, not very much! Let us explain...

Stick to the plan

Your financial plan was developed to guide you to achieving your goals. Your plan is there to guide you, both when markets are racing ahead and also when they are more volatile. Now is not the time to start second guessing yourself and trying to predict where markets are going. Because you can't predict where they are going, and nor can we. Tune out the noise, stick to the plan and don't let emotions such as greed or fear cloud your decision-making.

Volatility is a feature of efficient markets

Investing doesn't happen in a straight line, you have to expect bumps along the road. Volatility is simply a feature of investment markets which go through periods of both calm and volatility, sometimes in line with the market cycle, at other times reacting to once-off events. Historically, times when markets are volatile have proven to be bad times to make significant investment decisions, as strategies tend to be coloured by short-term factors.

Stay diversified

One well tested principle of investing is to stick to the diversified asset allocation approach that was used in constructing your portfolio, as this is more likely to deliver long-term success. There are endless examples of investors chasing that one sure bet – technology companies in the late 1990's, bank stocks in Ireland and foreign property investments in the 2000's. And we all know where these ended up. A key principle of successful investing is to stay diversified across asset classes, geographical regions and sectors. This will protect you against unforeseen negative developments in a single area.

Keep on saving

When short-term volatility happens, some investors are slow to commit more money to their investment strategies. It's important that you keep the faith and keep saving, as otherwise you are effectively trying to time the market. Keep investing, although talk to us about the best way to do this. It may make sense for you to employ a strategy such as "euro cost averaging". This is where you invest a fixed amount at regular intervals and as a result if markets are moving around, you are buying in to the market at various price points. This softens the impact of significant market fluctuations.

Remember past successes

While of course we are always at pains to point out that past performance is not a guide to future performance, at the same time it's sometimes worth looking back and seeing where you came from. This hopefully will give you confidence in the future! Look at an investment that you've had for a long time – this could be an old pension fund, a children's education fund or even your family home. Or for example, just look at stock market returns over any 10year+ time frame. With very few exceptions, the results are extremely heartening. This will give you a sense of how time is your friend and will bolster your confidence to stick with a consistent investment approach throughout good and bad times. We're not talking about where once-off bets fell in your favour (that one time), instead where you stuck to a long-term strategy and have seen the rewards.

Often it simply makes sense to sit down with an expert who will look dispassionately at your situation, and will reassure you to stick with your plan. We would be delighted to help you.

What does ageing in Ireland look like today?

We've written before about the importance of a very planned approach to retirement. Having a healthy pension fund is what springs to mind for all of us in this regard – of course this is very important, as having access to financial resources will help you to ensure that you can enjoy your retirement and live it on your own terms. But it's not only about money.



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But it's not only about money. Money may be an enabler of the lifestyle that you choose. But you have to first of all do some thinking about what that lifestyle actually looks like! Who are the people that will be around you, where will you live, how will you fill your days, will you continue to work etc.? All of these are important questions that require careful consideration.

We recently came across The Irish Longitudinal Study on Ageing (TILDA), which is a large scale, nationally representative, long-term study on ageing in Ireland. It collects information from adults aged 50 years and over resident in Ireland and is one of the most comprehensive research studies of its kind both in Europe and internationally. TILDA's Vision is to make Ireland 'the best place in the world to grow old' by studying the health, wealth and quality of life aspects of ageing. We thought this research was definitely worth sharing with you.

Four waves of research with over 8,000 people have been completed since the launch of the study in 2006. So what can we learn from TILDA to help us live a more fulfilled life in retirement?

Retirement is not the end

Quality of life peaks at age 68 – this is when life is at its best! TILDA found that people aged 80 enjoy a similar quality of life as people aged 50. It's only from age 80 onwards that quality of life starts to

decrease. So if you're 60 today and retirement is on your horizon, you haven't even reached your peak! The next 20 years should be great ones, so start thinking about how you can make that quality of life a reality.

Social participation is really important

Increased social integration, through maintaining a larger social network and positive supportive relationships with friends, is associated with higher quality of life. Similarly volunteering and participating in both active and social leisure activities lead to happier lives as you get older. So keep participating in your golf, bridge or amateur dramatics. Even if you are physically less able to participate fully in sports, keep up your club memberships where you can for the social interactions that you've enjoyed for many years.

Your living conditions are important

Independent living is an important goal for many people as they age, you want to stay at home. The condition of your home plays an important role in this. As your finances allow, make your home as easy and comfortable as possible to live in. For example, keeping your house warm has a big impact on your quality of life. It can be too easy to "let the house go" a bit. If your adult children suggest that it needs a lick or paint or carpets need to be replaced, listen to them. Where you can afford it, be willing to spend your hard-earned money to make your life more comfortable.

Stay strong and fit

Give yourself every chance for a long and happy life. Start or continue exercising today, and then keep it up! It will pay off in the long run. Frailty is a common condition in Ireland but is not inevitable and can be avoided, delayed and even reversed. The keys to this are staying active, avoiding falls, staying socially engaged and good nutrition.

There's loads more brilliant content that is relevant to life over age 50 at TILDA. Simple changes in both your actions and outlook can go a long way. When you add to this our advice to help you with your financial outlook in retirement, you stand every chance of your later years indeed being your golden years.

How Every Asset Class, Currency, and Sector Performed in 2019

A nice roundup of the performance of markets in 2019.

For Investors, the Past Decade Was a Marvelous Run. But That Tells Only Half the Story

... and here's a great review of the last decade (you need to register, but it's very easy to do).

The retirement planning pyramid.

A nice graphic of the importance of different factors in planning your retirement.

Lending Money to a Loved One

What do you do when someone you love comes and asks to borrow money from you?

Adviser's client accidentally saves £5,000 in jam jars

From small acorns...

My Biggest Investment Lessons

The key lessons learned from 25 years as an investor.

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