

The Meridian Memo

Meridian Financial Advisory

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How to Follow Through on NY Resolutions

Dear Meridian Clients and Friends:

NEW YEARS RESOLUTIONS

The new year is the perfect break in the calendar that allows us to take off the old and put on the new. It's like turning the page. It's a new chapter. It's a new book! You can't change the past, but you can change the future.

“Moreover, Statista reports that only 4% who make resolutions accomplish all they set out to do; 8% meet most of their goals, and 16% meet some. It is not encouraging.”

One way we can make a change is to set new goals, which we call New Year's resolutions. If you are considering financial resolutions, you might include getting debt under control, saving more for retirement, getting a head start on taxes, or reviewing health and life insurance options. It's an ancient idea.

Did you know that there is evidence that the first

resolutions were made by the Babylonians about 4,000 years ago? Julius Caesar re-introduced the practice when he established January 1 as the start of the new year in 46 B.C.E.

New Year's resolutions are still made these days, but few follow through on them. According to a recent study,

only 29% of Americans had planned to make New Year's resolutions this year, down from 43% in 2021. Moreover, Statista reports that only 4% who make resolutions accomplish all they set out to do; 8% meet most of their goals, and 16% meet some.

It's not encouraging. We make resolutions to accomplish goals, tasks, and to improve ourselves. In the

About Us:

The markets currently pose more challenges than they have for years due to a combination of increased inflation, very low bond yields, increased interest rate risk and highly priced (even after this pullback) equities. Meridian already employs more advanced, modern strategies to successfully navigate this environment (briefly discussed elsewhere in this newsletter).

Our desire to continue to provide the best Investment Management to our clients will always be a Meridian priority. Most recently, our Managing Principal Joshua Henry completed Yale School of Management's Certified Investment Management Program. CIMA® certification is one of the most valued certifications in the industry and is the peak international, technical portfolio construction program for investment consultants, analysts, financial advisors, and wealth management professionals. CIMA® certification continues to be the highest level of advanced investment education for client-facing advisors.



www.investmentsandwealth.org/CIMA

financial realm, wouldn't it feel great to resolve to and get debt under control, save more for retirement, get a head start on taxes, or finally review those health and life insurance options?

We get a sense of satisfaction when we “check that box.” So how can we increase our chances of success? Follow-through is critical, and these tips will help you not only set, but attain your goals in the new year.

Set resolutions and achieve your goals:

1. What resolutions are important to you? Set goals that are meaningful and within reach. Many set worthy goals, but they are too lofty or too difficult to accomplish. Traveling the world may be exciting, but it requires massive planning. And, honestly, it's vague.

A healthier lifestyle is a good resolution, too. But what does it mean to you? Does it mean working out or losing weight? If it's working out, then what, when, and how often?

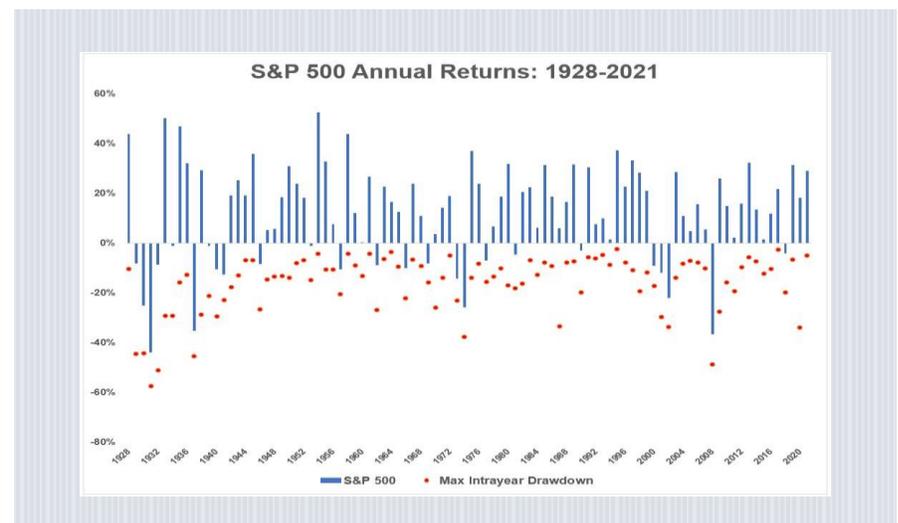
Be specific and get granular. Do you want to start a new hobby? Have you always wanted to paint? Check with local resources in your area and sign up for a class by the end of the month. It's specific, and you have attached a date to your resolution.

2. Don't choose too many resolutions. Choose too

many and you'll likely end up accomplishing little. Instead, pick one or two. Elizabeth Saunders writes in the Harvard Business Review, “Because there aren't usually instant negative effects, you'll tend to look at these goals as ‘extras.’ And since most of us don't have much time or energy for a lot of extras, you'll increase your likelihood of success by picking just one or two resolutions.” Agreed.

3. Write down your goals. According to “Psychology professor Dr. Gail Matthews, at the Dominican University in California, led a study on goal-setting with nearly 270 participants. The results? You are 42% more likely to achieve your goals if you write them down.”

Writing down your resolutions has a two-fold effect: it forces clarity, and it is motivating.



4. Implement a plan to achieve your resolutions. For example, let's take something simple. You want to get your house cleaned by the beginning of spring. You

have your resolution, you've written it down, and you have a date.

It may seem like a daunting task. But what if you were to schedule one room each day, or two rooms a week. Instead of always focusing on a far-away peak, you are taking one step at a time, and your goal is now manageable.

5. Recognize small wins. Writing down your small successes allows you to see your progress.

6. Keep yourself accountable. And whatever your resolution may be, it helps to have an accountability partner — preferably someone you look up to. Besides, you can encourage each other.

7. Reward yourself. There will be an inherent sense of satisfaction when you have

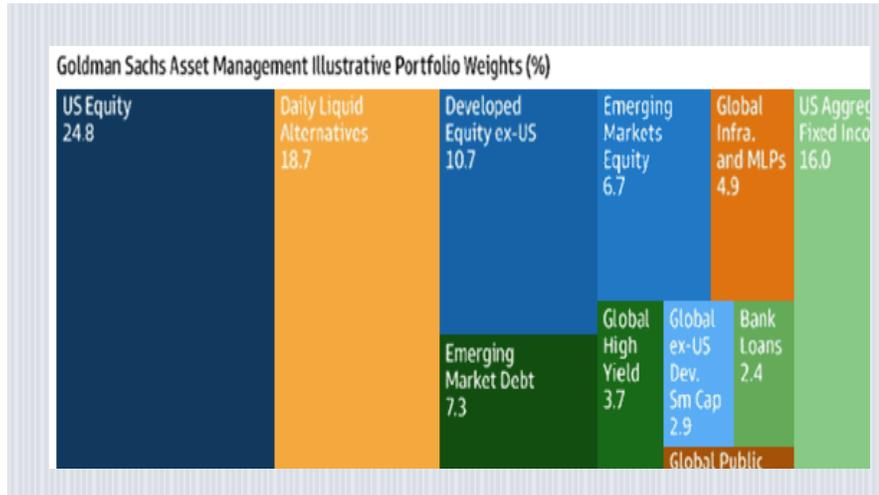
achieved your New Year's resolution, but why not give yourself a prize, a reward when you have checked that box? It's an accomplishment,

and you deserve to celebrate it.

You won't be perfect. At times, life will get in the way. That's ok. Just keep coming back. You may not accomplish your resolutions right away, but with persistence,

ATH. To have context, after a very serene 2021 (abnormally serene when you consider the annual return and that the worst peak to trough drawdown was a mere -5.2%), a meaningful data-point is that the average intra-year drawdown for the stock

strategies known as daily liquid alternatives ("DLA"). These DLAs can include hedged equity (pairing equity positions with protective puts that act as insurance) or tactical investments. These are recommended because the risk reward proposition in a standard "balanced" portfolio isn't good enough in this environment.



you'll see success.

VOLATILITY IS BACK.

We have been saying repeatedly that we expected a 10% plus correction in the first half of 2022 and as of Jan 24, we were already down 13.7% from the all time high (ATH). As of Friday's close (1/28), we are down 8.7% from the

market is 16.5% over the last century. **What we are experiencing now is very normal, even tame.**

In light of the market environment, the investment bank Goldman Sachs is recommending investors include in their portfolio's investments that utilize alternative

We believe using these components in a portfolio (which we do when appropriate) can increase the likelihood of households achieving objectives, which is success in retirement, not in any limited discrete period-of-time. JP Morgan estimates that the standard "balanced" 60/40 portfolio will return a paltry 4.2% per year over the next decade. Our internal analysis demonstrates that the 60/40 portfolio is still susceptible to a considerable drawdown itself (up to 32.5%, which is a \$325,000 loss on a \$1,000,000 portfolio).

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