



THE DISTELFINK – Savings Stories

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Okay. So you've found your window. You're in the yard tossing the baseball back and forth with your son. What are you going to tell him?

Here's what I would try with my son. He's eleven, and he already claims he wants to be a banker or a lawyer. He wants to earn a lot of money someday. Perhaps you feel I have a leg up because there's already a natural leaning towards topics financial, but I promise, this message could be massaged for any child. I would tell him, "Learn to save your money." Why? "To invest in stock OR to keep safe as cash." I know they seem like very different approaches, but here's how I learned about them, and why they're each so important. My mother was taught by her grandfather to save her money, and when she had enough, to buy stock. She has done that all her life, and almost always with great success. My father was counseled by his father to keep a hoard of cash available, because you never know when there's going to be an emergency and someone in the family might need help. My grandfather navigated the Depression Years more wisely than most thanks to his cash reserve. Here is how these teachings have unfolded in my life.

My mother's message came early. By age 12 I had purchased my first stock – Friendly's Restaurants – and learned to follow its ticker symbol in the financial pages of the newspaper. Quarterly I would deposit the miniscule dividend check I received by mail into my savings account. It was a growth stock, you see. I didn't have a clue about the wisdom of value investing yet. Within a couple of years though, Friendly's was acquired by Hershey Foods for stock, so I had a new symbol to follow and a more valuable investment in my portfolio. My mother suggested I sell half and buy a new holding. She didn't call it diversification, but sure enough, that's what I was learning at an early age. So I bought Procter & Gamble because I used Crest toothpaste and thought their new chips, Pringles, were more addictive than potato chips. Years before Peter Lynch encouraged "investing in what you know" my mother was instilling that principle in me. I do not claim to have the same knack for investing that my mother does. Nonetheless, I now try to keep my investments positioned for the long term, I don't tend to trade much, and I have developed a bias towards passive investing because of its cost efficiency and broad diversification benefits.

Later in life, I experienced the value of having emergency cash. My father saved this lesson until I was in my late thirties. I was going through a divorce at the time and he knew I was doing well in my career. Over one of our regular lunches in center city Philadelphia, he told me about how his father had taught him to maintain a healthy cash reserve. He explained that it, and his ownership in his brokerage firm, were the perfect complement to my mother's passion for managing her equity portfolio. "Cash helps you not to worry," he would say, "Cash means you can sleep at night. Don't be concerned about not earning a lot on your cash. Just have it in case of the unknown." How right he was. And how many times I have been grateful in recent years when the

financial markets have been so turbulent, or my own life has had unpredicted twists and turns, to have a stash of cash.

These are MY fundamental financial beliefs. What are yours? When did you learn them? From whom? How have they worked? This is what your loved ones want to know, so tell them, and have fun with it.

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