STONE PINE
FINANCIAL PARTNERS

Retirement in Focus

FALL 2022

What's Your Cognitive Anchor?

As we write this letter, the Dow Jones is sitting at approximately 32,300. Depending on your cognitive anchor*, this could be viewed as exceptional, or frightening.

If you are anchored on the market's all time high of 36,799, set on January 4, 2022, then it can feel like **"wow, I've lost a lot of money."**

If instead you are anchored to the beginning of the COVID pandemic in March 2020, when the market fell to just 19,173, then it can feel like **"I can't believe how quickly the economy has recovered from the biggest pandemic in modern history."**

Because everyone reading this newsletter is a long-term (multi-decade) investor, what if we set our anchor to 20 years ago when the nation was still recovering from the tech bubble and the 9/11 terrorist attacks? In June 2002, the market was at 9,600 and the iPhone was still five years away. With this anchor it can feel like **"The economic growth and progress of the past two decades has been astounding."**

What if we anchor even further back, say 50 years ago - well within the lifetime of most everyone reading this letter. In June 1972, on the eve of the 1973-1974 bear market and a decade of high inflation, the market sat at 941. In other words, over the last fifty years, despite wars, terrorist attacks, high inflation, politics, diseases, bear markets, recessions, and all manner of reasons to panic, the market increased 30 times (plus dividends). With this anchor one might feel like **"The compound effect of human ingenuity and growth is truly incredible."**

Yes, we are facing scary times. Yes, there are nuances found in today's economy unlike any other time in history. Yes, it is incredibly painful to see accounts come down from their all-time highs. Yes, inflation hurts our purchasing power. But, if you check your anchor, you'll likely agree that we really couldn't have it much better.

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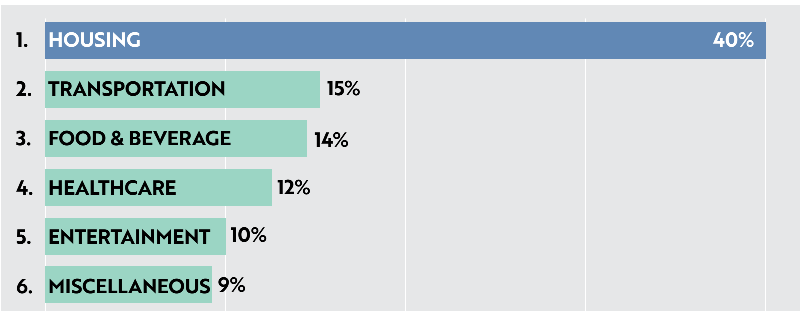
And we also need to remember that all of your money is not in the stock market! Our retiree and "soon-to-be retired" clients have a safety net of cash and bonds that will provide for continued distributions when the stock market takes one of its inevitable steps back. This is the system we use to harness the incredible power of the stock market while providing consistent income in retirement.

As always, please never hesitate to reach out if you find yourself anchored in a way that is causing you to lose sleep at night.

**Your anchor, or the anchoring effect, is a cognitive bias that describes how an individual's decisions can be easily influenced by a particular reference point or first piece of information offered.*

For Retirees There is One Expense That Stands Above The Rest

The Bureau of Labor Statistics tracks retiree spending and has allocated the percentage of retirement income spent in the below expense categories, on average



Some people are surprised to see that on average housing is far and away the largest expense for retirees. Even if you have paid off your mortgage, there are still a number of expenses that remain, including maintenance, renovations, taxes, insurance, and utilities to name a few! We think it's a great exercise to estimate your various home expenses. The one category that is often the most difficult to estimate, and also the most expensive, is maintenance. For one, maintenance costs don't seem to happen in regular intervals. 'When it rains it pours' - it seems that around the time that you need to replace your roof becomes the time when your HVAC system decides to retire. The statistics tell us that most people will spend anywhere from 1% - 4% of their home's value in annual maintenance costs. (For example: if your home is worth $500,000, you are likely to spend from $5,000 to $20,000 annually on maintenance.)

Most people would not be able to say "I typically spend about $X per year on housing costs", however because this tends to be such a significant expense, we think it makes sense to simply be aware of the costs. Once you're aware, you then have a basis to make decisions about living arrangements in the future. Do you want to stay where you are for the foreseeable future and does this make financial sense? How much of an impact would downsizing have on your expenses? Would moving to a different area make a significant difference? All this to say, housing expenses should not be viewed as a negative thing. We all need a place to live, and you've worked hard to position yourself with a comfortable retirement, so you deserve to live where and how you want. All we are saying is that housing is expensive, so let's be aware of the costs, and make sure those dollars are being spent in a way that makes you happy!

Notary Services Now at Stone Pine

As you may know, we hired a new employee, Skylar Banul, this past winter. Skylar is already an asset to the Stone Pine team, streamlining our processes and keeping all of our administrative functions in check. In addition to learning all things Stone Pine, she recently sat for her notary certification. We're excited to be able to offer our clients complimentary notary services on your investment accounts or any other personal needs. So the next time you're in need of a notary please don't hesitate to reach out.

Your experience with Stone Pine: Share your thoughts with us!

Until just recently, all financial advising firms were prohibited from sharing client testimonials. The SEC has now changed this rule and Stone Pine is excited to share your reviews with the public. Testimonials can be instrumental in guiding prospective clients because they use your insight and experiences to make informed decisions about who should manage their finances.

A couple weeks ago, we sent you an email regarding your experience with Stone Pine. For those of you who have responded, we greatly appreciate your willingness to share your thoughts! For those of you who might still like to share a brief review, please email your comments to **clients@stonepinefinanical.com**. Please feel free to write about any part of our services, a team member, or any valuable experiences you have had with our firm. We would also appreciate any constructive feedback you may have as well.

Before we use your review, we will reach out first to confirm your consent and answer any questions you may have about publication.

Best Practices for Avoiding ID Theft

A few years ago, I (Myriah) was out to dinner with my sister and deeply engaged in conversation because she had just arrived from out of town. During dinner, I got a call from a number that showed up on my phone as "Verizon," my phone service. I answered and the representative on the line told me that they were calling to see if I had placed an order because it was flagged as possible fraud. I had not placed an order. He proceeded to verify my information and send me a verification text code. About two minutes into the call - and after I gave all of my pertinent information - I realized *HE* was the fraudster! Was I paying less attention because I was trying to get back to the conversation with my sister? Maybe. Or maybe he was just that good at his criminal 'job.' Either way, he proceeded to order two top-of-the-line iPhone Pros and charge them to my account. Luckily, I detected the fraud immediately and was able to take action to halt it, but how can we monitor our accounts for the fraudulent transactions of which we are unaware?

- **Pull your credit report**
  You are entitled to one free copy of your credit report every 12 months from each of the 3 credit reporting companies. Go to www.annualcreditreport.com or call 877-322-8228. We suggest pulling one report from each company every 4 months so that you're able to monitor regularly throughout the calendar year.
- **Review your credit report**
  Look for new accounts you don't recognize, last reported balances, credit card usage, one-time payment history. Consider closing any accounts that you no longer use.
- **Opt-out of free credit card offers**
  You can do this in just a few minutes by completing a quick form online at: www.optoutprescreen.com. Not only will this cut down on your junk mail, but it will also lessen the chances of those credit card applications falling into the wrong hands.
- **Establish two-factor authentication (2FA) everywhere you can for your online accounts**
  2FA is a security method that requires two forms of identification to access data. Typically, the two forms include something you know (your password) with something you can receive over your phone or physically have (text with a code, or even a fingerprint or retina scan).
- **Be suspicious when receiving phone calls**
  And finally, the step I failed to take. If you get a call from anyone claiming to do business with you, go to their website and find their phone number and CALL THEM BACK DIRECTLY before you provide any personal information. That way, you will know if they legitimately need to speak with you. It is notable that the Social Security Administration and the IRS explicitly state that they will not contact you by phone unless you have already received multiple letters from them.

Fall Meetings

We'll be reaching out to you shortly to schedule a time for our fall review meeting. The fall review meetings will be happening in November. The meeting will be focused on implementing tax strategies and other items that should be addressed prior to the end of the year. We will also review your yearly performance and discuss any questions or concerns you might have.

We look forward to meeting with you soon!

Join us for Happy Hour!

Recently we sent you an email invitation to our client appreciation event at Azie in Media. We'd love to see you on the outdoor terrace for drinks and hors d'oeuvres on September 22. Please stop by anytime between 5:30 and 7:30 PM to toast with us. We will also be hosting complimentary e-recycling which provides you with an opportunity to recycle your old electronics and phones. See our invitation for more details or please reach out with any questions!

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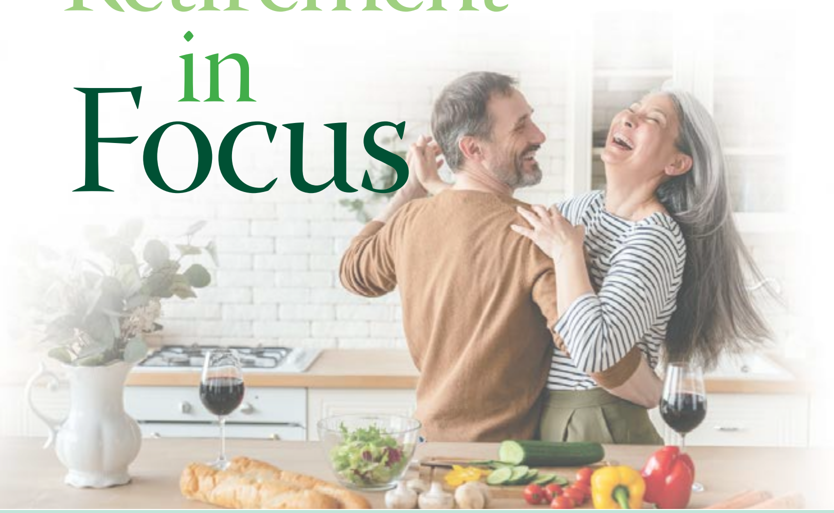
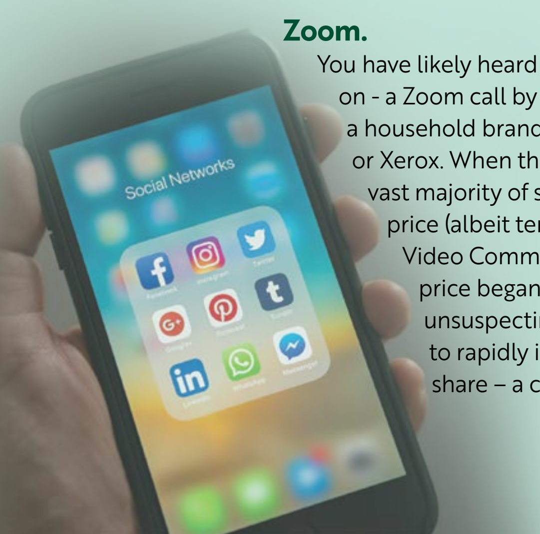


What's in a Name?

You've heard the words "stay the course" from us many times. This isn't just a catchy phrase, it might be the most important rule of investing. We like to continually remind you of this fact because there is so much "noise" surrounding investing. The day-to-day market fluctuations are practically irrelevant in the long run, but can look quite consequential in the moment. Investors often get caught up in the ups and downs of a particular investment, and FOMO (fear of missing out) ends up being the driving reason for making an investment change. While these gut reactions can be detrimental to an individual's portfolio, they can provide a few chuckles for those of us just watching from afar.

For example:



Zoom.

You have likely heard about - or participated on - a Zoom call by now. Zoom has become a household brand name like Kleenex or Xerox. When the pandemic hit, the vast majority of stocks plummeted in price (albeit temporarily) but Zoom Video Communications' (ZM) stock price began to soar. A different, unsuspecting stock also began to rapidly increase in market share – a company called Zoom Technologies (ticker symbols ZOOM) – which is completely unrelated to the Zoom that many of us now use for work purposes daily. Zoom Technologies had not released any public disclosures, including their financials, since 2015. This demonstrates just how little research many hasty investors conduct before investing in a company.

Facebook.

When Facebook went public in 2012 (ticker FB), it was confused with a company then-titled Facebook and Physicians Formula Holdings (FACE).

Twitter.

In 2013, when Twitter went public, it was confused with electronics retailer Tweeter Home Entertainment (then in bankruptcy).

Signal.

Last year, Elon Musk, the Tesla and SpaceX billionaire, tweeted to his more than 40 million followers: "use Signal" referring to an encrypted messaging app. Soon after, shares of an unrelated publicly traded company called Signal Advance started increasing in price from $0.60 to more than $70 per share.

These examples serve as a good reminder to be a savvy, diversified investor. Focus on long-term investing rather than get caught up in a trading frenzy because after all, you might not be buying what you think you're buying!