

Life + Wealth Intersects

A Wealth Coaching Publication for
Affluent Entrepreneurs
Family. Investments. Estate. Tax.
Wealth.



Helping you
make wise choices
where life intersects wealth.

Special Points of Interest

- The power of free markets.
- Good thoughts vs bad thoughts
- Love has infinite power
- Swimming is easier than you think
- Is your shadow caused by you standing in your own sunshine?
- A billion here, a billion there



If you know of a youth or young adult that is suffering from depression, please call Michael Lantz to introduce them to help free of charge.

For more information go to:

www.joyfulhope.org

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Clarion Call by Eugene Fama, Jr.

Vice President, The Dimensional Fund Advisors



When returns are poor (and sometimes even when they're good), investors wonder if things have changed. Is this time different? Does a buy-and-hold strategy still make sense?

Advisors offer reassurance: Nothing has changed. This is just how markets work. Stay the course.

True or not, such counsel can seem reflexive—not just because the severity of the slump, but because things really might be different this time. Financial downturns need not be lesser or greater versions of the same problem, and our clients intuitively get this.

They know that when the operating rules are consistent, all we have to worry about is market risk. The normal ebb and flow of prices is a part of life and thus less harrowing. But changing the rules that govern markets introduces a malicious strain of uncertainty. Will capitalism be allowed to flourish? Is the new government waging war on private enterprise? Will inflation and interest rates rise in response to deficit spending? Will there be another Great Depression?

We can't know. But even if we did know, would we change our approach? The doom predictions don't come with an escape hatch for investors. The fundamental principles of modern finance still offer our best guidance, even if the worst comes to pass.

Markets Are Resilient

Whether you believe, as I do (more on this in a future column), that the current mess was

Where do bad thoughts come from?

Have you ever just sit around, minding your own business when a bad thought popped in your head? Perhaps you felt ill toward someone or maybe a worrisome problem you thought was solved has come back from the past. Maybe the thought made you sad, angry or fearful.

This happens to everyone who has ever lived on the earth. Have you ever explored the genesis of thought? Why do you get some bad thoughts and not others? Why do they manifest themselves at the most inopportune time? How do you get rid of them once they are inside your head? How can you put up a protective barrier inside your mind so that the bad thought never can find its way there?

These are all good questions that one would be

well to explore because bad thoughts can and do rule people lives; if they let them. In the worse case, they rule the minds of criminals that are in prison. They also rule the minds of those that suffer from depression and are unhappy. They can stop an otherwise healthy person in their tracks from forward and productive progression.

According to Dr. George Pransky, thought is said to be "universal". That means that in a strange way they float through the universe waiting to enter the mind of the un-expecting soul. They enter every person's mind at some point and almost every day. By describing them as "universal" helps you to understand their nature.

(Continued on page 5)

Clarion Call (continued)



“...the current mess was caused by the state meddling in free markets...”

Eugene Fama, Jr.
Dimensional Fund Advisors

caused by the state meddling in free markets or whether you think it was caused by free-market "greed," what matters now is that you re-commit to a belief in the power of markets. Too often investors see markets as a delicate flower that needs perfect conditions (and even a master gardener) to thrive. But markets are better seen as a foundational and permanent element of human interaction—like the water that gives birth to and feeds the flowers. Our job as advisors is to structure the best plumbing, so our capital can find its many and varied uses. And find them it shall.

Markets endure even in the darkest of times. Hurdles are thrown their way, and enterprise circumvents them. Political risk is no different; it's still "priced" risk. Threats to property and liberty increase the chance that investors will not be rewarded for risking capital. This, in turn, increases the cost that companies must pay to obtain capital, which increases expected returns to a point where they spur the reticent to invest.¹

Don't Predict—Prepare

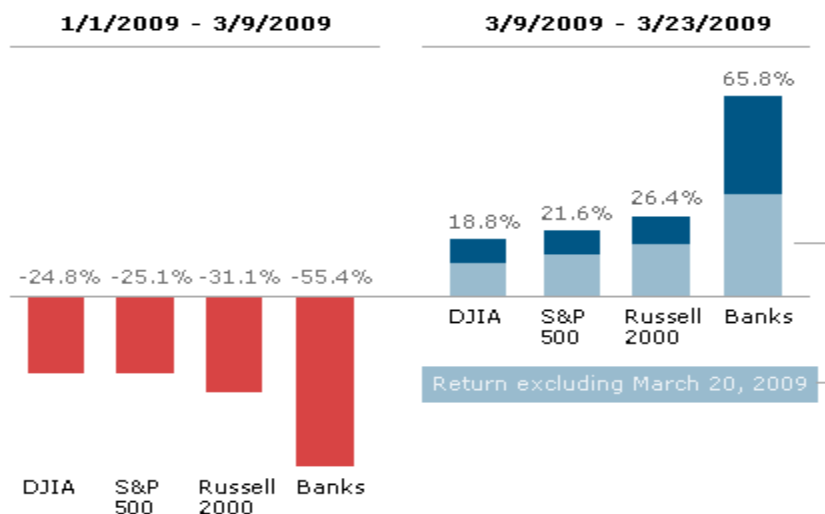
In recent months, capital has seemed to be on strike. Bank failures, forced selling, and changing government policy have sent investors to the sidelines, waiting for better tidings.

Through the resulting meltdown, cash has been a refuge. Don't expect this to persist. The feds are deficit-spending beyond the pale—funding rampant government expansion by borrowing and printing money. In the event of inflation, the real loss of value in a cash account is no different from a price drop in a stock portfolio—to say nothing of the opportunity cost to investors of missing big rallies.

When all is said and done, clients hire an advisor to invest—not to keep their money in a checking account. Amidst volatility, attempting to time a market reentry is even more risky and counterproductive than usual.

How many investors stockpiling cash realize that the equity market is up 22% so far this month (as of this writing on March 23, as seen in the exhibit below)? Daily price movements are like white noise that not only make timing treacherous but confuse our ability to perceive whether we're in an "up" market or a "down" market—even while we're in it.

Exhibit 1



(Continued on page 3)

Clarion Call (continued)



*“...Don’t predict,
prepare!”*

Eugene Fama, Jr.
Dimensional Fund Advisors

We can't declare an extended bull market from one month's return. That would be worse than imprudent—which is exactly the point. If you can't tell which part of the cycle you're already in, how can you predict future cycles, or time a turnaround to the day? The above exhibit shows how much of the 22% (26% for small cap²) you would have missed had you been out just a single day: March 20, 2009. The real job of the investor isn't to predict bull and bear markets, but to be invested on days like this.

Let It Flow

Capital is the fuel that powers our economy. Money is human energy that must flow to its efficient uses. An economic axiom holds that total savings equal total investments: even money stuck in the bank doesn't lay fallow. The banks (and other entities downstream) invest it. In this way, big reserves and small droplets alike are drawn inexorably to the sea of wealth creation.

When prices fall and expected return increases, cash in a savings account increasingly risks foregoing the greater expected return of stocks and getting whipsawed by inflation. These unstoppable incentives pull capital back into action. We're in a historically rare environment where accounting valuations exceed prices for multitudes of venerable companies. Hedge funds and debtors are forced to sell at low prices. If you don't have to, why voluntarily join them?

As a general condition, risk taking is compensated. If you think stock returns are low going forward, make a case that stocks are less risky now than they were before all this tumult. I'm listening.

Take Charge

Like other forces of nature, markets are unfathomable to central planners, the media, or any individual. They adapt to the worst that we throw at them. Consider that Red China—a country nobody would call a bastion of freedom—generated an annualized stock market return of 47.4% for the five years ending December 2007.³ The less free the markets become in one country, the greater the incentive for other countries to loosen regulations and increase their competitive advantage. (The moral: global diversification!)

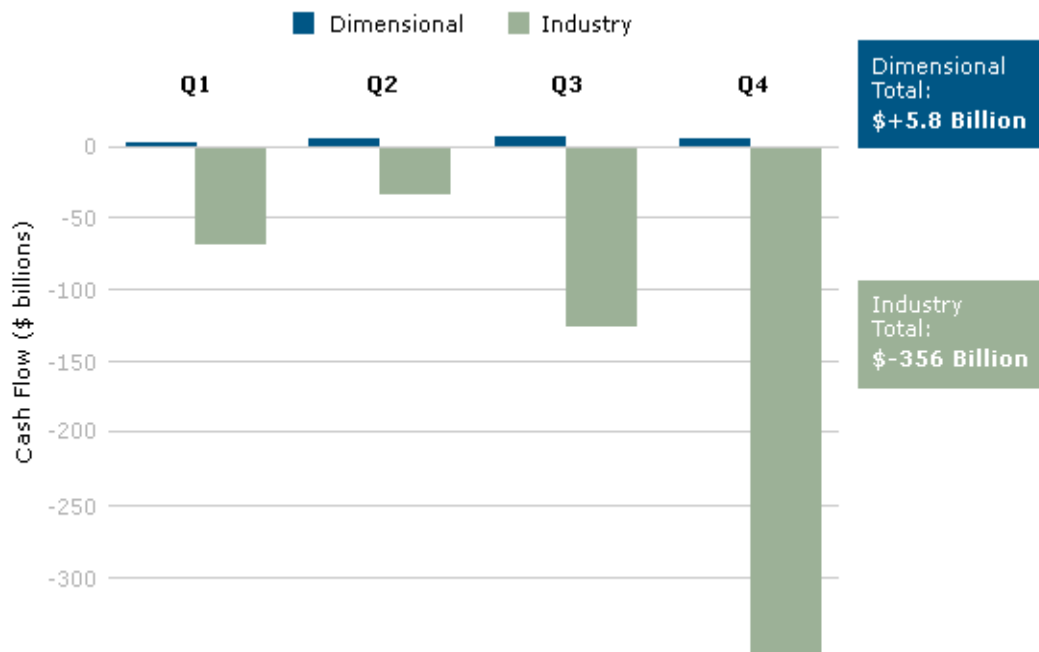
As uncertain as advisors and other plan sponsors feel lately, you have to think it's as bad or worse for end investors and plan beneficiaries. Now is the time for professionals to demonstrate the strength of their convictions. The true test of leadership is during hard times. A belief that capital markets overcome challenges, and an adherence to the principle of modern finance—cost of capital, risk and return, and global diversification—are more crucial now than ever. Our advisors know this: The chart below demonstrates how stable your cashflows have been through the period compared to an industry that seems only to react, flapping in the breeze of uncertainty.

(Continued on page 4)

Clarion Call (continued)

“I propose that Adam Smith, Thomas Jefferson, and the founders of our economic system were on to something. Liberty, the pursuit of happiness, and enterprise are man's birthright—wired into our DNA.”

Eugene Fama, Jr.
Dimensional Fund Advisors



At the risk of hearing a soft strain of the *Patton* theme in the background, I propose that Adam Smith, Thomas Jefferson, and the founders of our economic system were on to something. Liberty, the pursuit of happiness, and enterprise are man's birthright—wired into our DNA. Markets harness and advance these noble impulses better than any other mechanism of human interaction. Political or industry setbacks only induce waiting capital to eventually roar back into action. As an advisor in this philosophy, pride yourself on standing at the front lines of the charge.

Our philosophy makes us all 1776 investors, ready to overcome the forces that brought us to this point, and to assert our capital boldly—with an abiding belief in free markets and our destiny as investors.

¹ Expected return is the percentage increase in value a person may anticipate from an investment based on the level of risk associated with the investment, calculated as the mean value of the probability distribution of possible returns.

² Securities of small companies are often less liquid than those of large companies. As a result, small company stocks may fluctuate relatively more in price.

³ Source: MSCI China Index (net dividends) copyright MSCI 2009, all rights reserved.

Where do bad thoughts come from? (continued)

With that knowledge you can begin to understand how to not be affected by them and even practice creating a protective barrier to block them from ever entering in your mind in the first place.

When they do enter, they arrive many times hidden; i.e., you don't even know they're there because you don't recognize their voice. You have a mechanism though to inform you they are present. That mechanism is your feelings and emotions. Almost like a barometer can predict weather, good or bad, your feelings help you to understand you have a thought planted in your mind. When a barometer indicates a high pressure system then the weather will almost always be great; sunshine, little wind and warmth. On the other hand, low pressure means just the opposite. When you're feeling bad; you have a bad thought planted in your mind as the cause. Conversely, if you're feeling good and optimistic, you have good thoughts residing in your mind.

Because thought is just that, only thought, they are never real. Thought is not tangible but through the feelings they produce, tangible results can happen. In the worse case, bad thoughts lead to bad behavior and that can lead to bad results. Once again, the opposite is also true.

Because thought is easily transferred from the universe into your mind, it can also easily be transferred out of the mind. If you're feeling bad, reflect on the thoughts that are causing it and simple remove those from your mind.

With this knowledge you can then begin to be proactive and put good thought into your mind. You do this by reading inspirational or productive material. Listening to good music or having an uplifting and positive conversation with another person. The service to others will allow your mind to have thoughts centered on the benefit to others. Did you know that most people have bad thoughts when they only think about themselves?

In this way, you can begin to understand how to always be in a good mood. You've met people that, regardless of their circumstances, were always happy. This is the secret to their happiness. They choose to have only good thoughts. If they allowed a bad thought to enter their mind they would move from happy to sad. Or, if they did get a bad thought, a happy person would immediately not give any credence to the bad thought, dismiss it, and replace it with an uplifting thought.

The next time you want to be happy, simply think good thoughts. Try it and I'm sure you'll succeed.



"Because thought is just that, only thought, they are never real."

Michael Lantz

Love has no bounds

Have you ever heard the saying, "Love conquers all?" What does that mean? Some may judge a large family, of say 10 children, by declaring, "Having that many children only takes away the amount of love that can be shared." That is supposing that love is "finite". In my experience love is "infinite" and the more you need of it, the more that is available. I know of large families and in my view they most often have more than enough love for each other, just like in smaller families.

Love also seems to be attached to energy. You've witnessed the extent a mother will sacrifice for a child even at great odds. No one would argue that a mother's love for a child is one of the greatest forms of love on the planet. That kind of love is unconquerable.

Love in this way has been described as an "action" verb; meaning love is expressed by the deeds and service rendered to another. In these small ways perhaps you can see why love has no bounds.



"...love is 'infinite' and the more you need of it, the more that is available..."

Michael Lantz

You thought swimming was hard!

There is a swimming method that was created by a Naval engineer who looked at the human body not as a swimmer but as a boat. He discovered that most poor swimmers act like a big heavy barge, with their mass hopelessly being drugged through the water. He thought that if only they could swim like a sleek and fast America's cup yacht; narrow, long and on the top of the water, they could propel themselves faster and with less energy. He, with the help of Terry Laughlin, created the Total Immersion (TI) method of swimming.

In TI the swimmer is taught to swim on their side, making their body long and on top of the water like a fast yacht. You can tell a TI

swimmer from one who is not because they are fast, hardly look like they make any ripples and effortlessly glide the length of the pool in sometimes 75% fewer strokes.

If you ever wanted to swim but felt like you would only sink, try the TI method. It uses very simple drills to teach you what it feels like to swim like a fish.

Many triathletes who have to swim 2.4 miles in the Ironman® triathlon use this method. Michael Phelps uses all the principles taught in TI.

You can learn more by visiting their web site at www.totalimmersion.net.



"I thrashed my way to a mile swim badge with the Boy Scouts of America, taking almost 1 1/2 hours to complete. Yet learned TI in a few short weeks and can now swim 2.4 miles in 1 hour 20 minutes."

Michael Lantz
3X Ironman Finisher
Triathlon Coach
www.TRI-umphantcoaching.com

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"A hero is one who knows how to hang on
one minute longer."

Proverb

Sticker Shock by Jim Stovall

I remember as a small boy hearing one of the great orators of the 20th Century, Senator Everett Dirksen, say, "A billion here and a billion there, and pretty soon you're talking about real money." Senator Dirksen was referring to the fact that the cost of operating the government had escalated so much that more and more of the numbers thrown around were in the billions and no longer just in the millions.

It wasn't that long ago that you and I heard about our accumulated national debt reaching \$1 trillion. Now, just a few years later, we hear about trillion dollar price tags attached to a number of projects and programs. When you hear a number often enough, it's easy to get mesmerized or lulled to sleep.

I actually heard a junior senator with a sound byte last week stating how pleased he was that the budget might not come in at four trillion but, instead, might only be three trillion.

I just read a fascinating piece of trivia that tells us that the light from 14,286,000,000 fireflies is as bright as the sun. I don't know who determined this, and I don't know if it's true, but I'm quite sure I don't care. The fascinating thing about this statistic is that someone actually took measurements and calculated the number. I suspect if we looked into it deep enough, we would discover that the person behind the firefly trivia was funded by part of our multi-trillion dollar deficit.

To try to put one trillion dollars into perspective, let's assume you took a very large suitcase and packed it full of one-hundred-dollar bills. Let's further assume you could get 10,000 of the one-hundred-dollar bills in your over-sized suitcase. This would be extremely large, very heavy, and make your luggage worth considerably more than mine. Let's further assume we take your bulky suitcase and head to a local auditorium that has 1,000 seats. If we put your suitcase with a million dollars inside in one of the seats and got 999 other people to put

"Most of the
shadows of this life
are caused by us
standing in our own
sunshine."

Ralph Waldo
Emerson



Why is it that some people have a knack for creating abundance in their life while others seem to only earn heart ache and misery? As the Constitution says, "All men are created equal." Yet with that equality, some are rich and some are poor. What Emerson meant was that our equality was in our right of freedom of choice. Everyone person either uses their equal sunshine to produce abundance or they block that sunlight and only see shadows. It is a simple matter of equal choice.

million dollar suitcases in each of the other seats, there would be \$1 billion in the auditorium.

Now, if you can picture that auditorium with 1,000 suitcases full of \$1 million each, just hold that mental image in your mind and picture 1,000 such auditoriums, each filled with 1,000 suitcases full of \$1 million each, and you have visualized \$1 trillion.

Warren Buffett recently said that people know the cost of everything and the value of nothing. It's easy to verbally throw around numbers like 1 thousand, 1 million, 1 billion, or even 1 trillion. Such verbal exercises do not take into account the real value behind the numbers, because they are not real numbers in our mind. When you and I go to the store to spend real, hard-earned dollars, we ask real-life questions such as, "How many hours, days, or weeks did I have to work to afford this?" or "If I squeeze this into my budget, what am I going to have to do without?"

These are the kinds of questions and discussions that will balance your personal budget and solve your personal crisis, regardless of the trillion dollar rhetoric or firefly statistics that may come out of Washington, DC.

Please remember, there is no such thing as government money. There is only money that you and I and all of our fellow citizens have entrusted to our leaders. The government doesn't bail anyone out, give anyone a rebate, or stimulate anything. It is now, always has been, and

always will be: *We, the people.*

As you go through your day today, remember the real value and don't get hung up on the statistics.

Today's the day!



"...there is no such thing as government money. There is only money that you and I and all of our fellow citizens have entrusted to our leaders...We, the people."

Jim Stovall

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