The Anchor

May 2022

Published by Gimbal Financial

What Did Your Folks Teach You About Money?

What did your parents teach you about money?

As I reflect on my history with money, it goes back to a piggy bank. I have an old cast iron piggy bank my grandparents gifted me. In those days, a penny was a worthwhile amount of money. I filled the small bank with spare coins from a variety of sources.

Gimbal has created some piggy banks for those newborn Gimbal clients of the 2030s and beyond.

Pygg was an orange-colored clay used for terra cotta pots all those hundreds of years ago. Even then, people were savings minded. They would throw coins in the pygg pots for a rainy day. The word pygg evolved to eventually sound like the English word pig. And then the capitalists began making banks in the shape of pigs for that spare change.

I sense the simplicity of that old bank helped create the idea of having some money setback for the future.

My folks also taught me two 10s as part of their financial training. I saved 10% and was directed to give 10% to those in need. They taught me the pros/cons of borrowing money and the importance of spending less than I earned.

Busyness often gets in the way of helping the next generation learn some basic life skills including personal financial management.

What financial ideas were you taught? What financial principles would you teach a young person to prepare them for life? Shoot us an email with your thoughts!

Decisions, Decisions

Keith Tyner

Mike taught me it was much easier to get forgiveness than permission in a Fortune 500 company. The idea was counterintuitive to the way I was raised and yet as valuable as the MBA degree I earned a few months earlier.

A decade or so later I caught up with him for breakfast in Dallas. His career success was impressive, and he led many people in his role. I asked how he was able to get people reporting to him to make decisions.

His input along with other experiences helped me grasp that many people prefer to avoid decisions. However, life doesn't always allow the luxury of indecision.

An effort we make on your behalf is breaking decisions down to more bite size components.

Suppose we would like to get 10% of your portfolio invested in XYZ investment. We don't know whether now is the time to do so. But we could say that every single day and be stuck in an endless loop of passivity.

The solution we have come to appreciate is to make the 10% decision a smaller one and gage our success along the way. Instead of making a single decision on the entire 10%, we might break it down into a 4%, 3%, 2% and 1% process. If the first purchase of XYZ is a 4% decision and it goes up, then we can consider the 3% buy and then the 2% and 1% additions. But if the 4% purchase drops in value, we have risked less money and are able to choose whether we should continue holding the original shares of XYZ.

Incremental decision making is helpful in many areas of life. Suppose you were ready to move to a new house. The complexity of a move could paralyze the process unless you were able to break the process down to smaller decisions.

Maybe you have too much stuff to pack and move. Maybe you break the decision down by having a Goodwill Day and determine to set aside 100 items to give away to charity. Once those 100 decisions are made, you have positioned yourself one step closer to your goal of moving with a little bit less anxiety than planning an entire move.

If there are some significant decisions on your horizon, try breaking them down to incremental ones. The smaller the decisions, the less emotional they will be and the more progress you will make towards your goal.

The Lease Lasted Long Enough to Profit

Amanda Repass began the lease on her Toyota Rav4 XLE in April 2019. Who knew it would be a brilliant decision at the time?

The car was priced around $34,600. The three-year lease included a purchase option to buy the Toyota for $21,000 at the conclusion of the term.

As she reviewed the possibilities for her future transportation needs, Amanda considered a 2022 vehicle from the dealership. They offered her some financing that would enable her to drive a newer vehicle with a similar monthly payment, but she stepped back. Amanda considered the variables of the decision in

Continued on back

How to Slow an Economy

Suppose you were tasked with the responsibility of causing an economy to slow down or even cause it to go into a recession. What would you do to cause a recession?

If I were the god of this scenario, I would do the following.

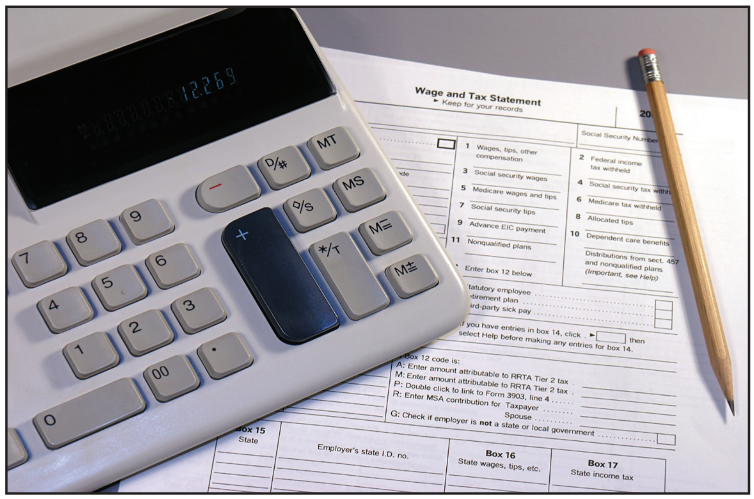
1. I would raise taxes.
2. I would make money harder to get.
3. I would scare people.
4. Depending on how bad an economy I wanted to create, I would use these three as my primary tools.

Governments are the ones who can raise or lower taxes. When they raise taxes, consumers have less money to spend. Consequently, there is less money distributed to businesses by the public.

Central banks are the ones who have the ability of making money available. When the Federal Reserve reduces available money, interest rates rise, and loans become more expensive.

The media is the best source of scary information, but governments and the Federal Reserve can effectively scare people causing them to be less likely to spend money.

Our state, local and federal governments have consistently spent money and created more government debt over the past decades. Debt reduces available money for buying things as a budget becomes more entangled paying for past purchases. Since governments don't create goods and services, the only mechanism to pay for the loans they have created is to raise taxes. One tax they use is inflation. Inflation is not created by businesses, but by governments.



The Federal Reserve began raising interest rates last month signaling there will be more challenges getting money in the future. It appears the Federal Reserve may raise interest rates quicker than they originally suggested which will accelerate the difficulty of borrowing money and expanding the economy.

The media outlets need to create scary stories to sell more subscriptions. The level of anxiety they create is most likely contingent upon which political party they favor and who is in power at the time.

The second year of a presidential cycle tends to be the time administrations tinker with the economy and make the changes suggested above, hoping the effects will be forgotten when the re-election time begins. We are optimistic but see policies that are slowing the economy. We are making incremental changes according to these points of view.

The Lease Lasted Long Enough to Profit

Continued from front

respect to her life situation and goals.

As it turned out, the market value of the leased car was nearly $10,000 greater than the purchase price in her lease. Amazingly, she gained equity in her car over the three years. Who knows if this will ever happen again? But the aberration allowed Amanda to think differently about her car decision this time and profit.

As she stepped back and considered her options, the best decision was to buy the car and continue driving it.

Thinking differently is a Gimbal core principle.

Finances are secondary to life. Living your best life is our greatest desire for you. We believe the ability to think differently about circumstances opens possibilities and opportunities others might miss.

If you leased a car over the last 3-5 years and the lease is coming due, step back and consider the possibilities before you make a quick decision. This season in the car markets might offer a unique opportunity. Call us if we can help you think through the process.

The Anchor

Published by Gimbal Financial

Our Mailing Address:
Gimbal Financial
620 N. Rangeline Road
Carmel, Indiana 46032

Our Telephone Numbers:
(317) 578-1600
(888) 324-4372 Toll Free

Our Fax Number:
(317) 578-1602

Our Website:
www.gimbalfinancial.com