

# What is Important to You About . . .

Financial ~ Mental ~ Physical ~ Spiritual ~ Social

NEWSLETTER

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## NORTHWEST WEALTH ADVISORS



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"We cannot solve our problems with the same thinking we used when we created them."

~Albert Einstein

What a difference a year can make. Just under a year ago, the market was extending its run of consecutive monthly closes in positive territory. Last year, the S&P500 was off to its best start since the 1980's. This year, the first two days have been the worst start since 2000 and the fifth worst ever.

Stock investors had enjoyed an unprecedented period of low market volatility prior to this sell-off. The Volatility index (VIX) which is widely considered the best gauge of fear in the market, closed below 10 more than 50 times during that 2017-18 runup. It also failed to break above 20 at any time in 2017. Since October, this measure has remained above 20 and is coming down from a spike up to 35 on Christmas Eve.

From the start, the Federal Reserve was a big force pushing markets higher. It slashed short-term borrowing rates to zero, then began buying trillions of dollars of bonds to push longer-term rates down, too. Investors frustrated with tiny interest payments on bonds felt they had no alternative but to pile into stocks.

Multiple other record setting streaks were broken during those months leading up to February 2018, including the number of record closes (70) on the Dow and the length of time where the S&P 500 did not experience a drop of 3% from a peak, something that is historically extremely common. Even though investors knew these streaks had to end, the swing to the opposite end of the spectrum has been hard to endure.

Along with the swings in market activity, the contrast in tone from market surveys has shifted as well. In 2017, the chemical industry reported that "business is moving higher into the new year resulting in increased purchases and CapEx expenditures." This year they report that "Brexit has become a problem, due to labeling changes". Likewise, in the transportation sector, the 2017 opinions were that "domestic and international sales were on the rise." The current sentiment is "customer demand continues to decrease (due to) concerns about the economy." These are but a few examples of how sentiment has changed in these past 12 months.

Clearly market and investor sentiment have changed, and the transition has been rough. The S&P500 has tried on several occasions to get back on track. Since the October peak, the current move higher in stocks is the third rally of 6% or more from a low point. The most recent was a 6.4% gain in late November/early December and the one before that was the Halloween rally of 8.1%. The current rally is the strongest of the three which is noteworthy, but we have a ways to go before investor sentiment will shift to a more positive bent. If the market can break through these upper resistance levels, we may be able to put these volatile moments behind us.



## The meaning(s) of (your) life

By David Allen ([www.cnn.com](http://www.cnn.com))

Every January for the past 20 years, I have taken a few moments to ponder the answer to the question "what is the meaning of life?"

It's one of those enormous questions that's so important -- philosophically and practically in terms of how we live our lives -- and yet we never stop to really think about the answer. Given that you might be able to formulate your response in less than a minute, the wisdom-to-effort ratio for this philosophical exercise could not be more advantageous.

This simple exercise might even help you live longer. According to two separate studies published in 2014 -- one among 9,000 participants over age 65 and another among 6,000 people between 20 and 75 -- those who could articulate the meaning and purpose of their lives died later than those who saw their lives as aimless. It didn't seem to matter what meaning participants ascribed to their life, whether it was personal (like happiness), creative (like making art) or altruistic (like making the world a better place). It was having an answer to the question that mattered.

The connection to longevity could be causal (having purpose may help one cope with daily stress, as other research has shown), but it could also be that those who think about life's meaning are more likely to do other activities that promote good health.

The reason I ask this question year after year is because my answer changes over time, which I find interesting and insightful. There is no objectively correct answer, I believe, only answers that are right for you at any given time.

Great thinkers (and celebrities) have given the question thought, so you can look to the words attributed to them for inspiration. Aristotle, the Greek philosopher who lived 2,500 years ago, is believed to have written that the essence of life is "to serve others and to do good," and the Roman philosopher Cicero, born 280 years later, came to the same conclusion. As did Russian author Leo Tolstoy, who wrote, "The sole meaning of life is to serve humanity." And His Holiness the Dalai Lama added, "if you can't help them, at least don't hurt them."

Scottish rugby legend Nelson Henderson put the same notion poetically when he said, "The true meaning of life is to plant trees, under whose shade you do not expect to sit." And actress Whoopi Goldberg's meaning-of-life metaphor was to "throw little torches out to lead people through the dark."

"Love" was the conclusion of Trappist monk and writer Thomas Merton, and "Buffy the Vampire Slayer" actress Julie Benz. Alternatively, actor Arnold Schwarzenegger concluded, "The meaning of life is not simply to exist, to survive but to move ahead, to go up, to achieve, to conquer."

My favorite answer, though, is the Zen-like circular reasoning attributed to writer Robert Byrne, who put it, "The purpose of life is a life of purpose."

Some have concluded that life's meaning is subjective. "There is not one big cosmic meaning for all," Anais Nin wrote in her diary.

"There is only the meaning we each give to our life, an individual meaning, an individual plot, like an individual novel, a book for each person."

I agree, which is why I recommend formulating your own answer. "Each man must look to himself to teach him the meaning of life. It is not something discovered: It is something molded," wrote Antoine de Saint-Exupéry, well-known for his book "The Little Prince."

Taking a few moments to record your answer to the question "what is the meaning of life?" is the kind of simple exercise that effectively adds meaning to your life.

And then I suggest answering it every year. Looking back at how your thinking has evolved and been influenced by experience tells you something more about yourself. Cumulatively, it gets you closer to a deeper self-understanding.

In 1997, my answer was "the discovery, pursuit and attainment of one's bliss," inspired by myth expert Joseph Campbell. A year later, it was to make "the world a better place." In 2002, the year I got engaged, it was simply "Love." And the year we conceived our oldest daughter, it was the less-romantic "continuation of one's DNA to the next generation." But most years, my answer is some combination of love, legacy, happiness, experience and helping others.

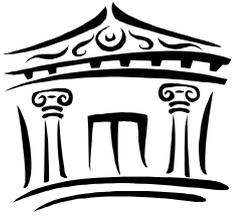
As a practical matter, if you want to do the annual "Meaning" exercise, I suggest not looking at past answers before answering anew, to avoid biasing your answer. I write them down on the same now-yellowing piece of loose-leaf paper, and keep it someplace safe.

The last use of this experiment is to try to turn your answer into action. If you conclude, as Tolstoy and Aristotle did, that the meaning of life is to help others, that should help motivate you to do more of it. If "love," is the answer, then love more. If it's "find your bliss," then get searching for it.

This is not a theoretical exercise. Whatever small step you make toward finding the meaning of life is a step toward a more meaningful, and longer, life.

### Market Statistics

	12/31/2018 Close	Change YTD
<b>Dow Jones</b>	<b>23,327.46</b>	<b>-5.63%</b>
<b>NASDAQ</b>	<b>6,635.28</b>	<b>-3.88%</b>
<b>S&amp;P</b>	<b>2,506.85</b>	<b>-6.24%</b>



## Credit cards: 3 you can close, 1 you shouldn't

By Erin El Issa ([www.usatoday.com](http://www.usatoday.com))

Closing unused credit card accounts may sound like a good idea, but it could hurt your credit score because of increased utilization and, eventually, shorter credit history.

That said, if you want to close accounts, you should aim to close cards that won't hurt your score significantly or those that cost you fees to maintain.

### **How closing a credit card account affects your credit score**

Many people worry that closing an account will lower their length of credit history, but closed accounts with positive information can stay on your report for up to 10 years. The real issue with closing an account is the increase in your credit utilization ratio — that is, your debt balance(s) in relation to your credit limit(s).

This problem doesn't just affect people who carry debt from month to month — anyone who uses credit cards could have high utilization, even if they pay off their balances in full each month.

That's because balances are often reported to the credit bureaus mid-billing cycle. So if you have a \$5,000 limit and you charge \$3,000 in a month, you could be reportedly utilizing 60% of your available credit. That's above the recommended 30% or less, and it could drag your score down.

But if you have a large amount of credit available, your utilization decreases. For example, let's say you still have that \$3,000 balance, but you have a second card with a \$7,000 limit and no balance. You now have an overall utilization of 25%.

Understand that if you keep a card open but don't use it, your issuer may close it because of inactivity. The time period for this varies greatly, but it's a good idea to set up an automatic bill pay for a small monthly expense — like your monthly gym membership fee or Netflix subscription — to keep the account active.

### **Credit accounts you may consider closing**

If you're going to close a credit card, aim to close an account that fits one or more of these criteria: A card with an annual fee that you don't use, a newer card without an annual fee that you don't use, or a card with unfavorable terms.

#### **Here's why:**

The card you don't use with an annual fee: Annual fees have their place in the credit card industry, provided you spend enough to outweigh the annual fee and come out ahead on rewards. However, a card with an annual fee that you aren't using is needlessly costing you money.

Before you close this account, try asking your issuer to waive your annual fee or downgrade your card to a no-fee version. This way, you'll keep the credit history and you won't increase your credit utilization ratio.

The newer card you don't use without an annual fee: When deciding which cards to cancel, get rid of new cards before old ones. New accounts actually lower your length of credit history, so the impact of canceling them will be minimal from that standpoint. That said, your utilization could increase upon cancellation.

Before you close this account, understand that it isn't costing you anything to maintain on a yearly basis. You may want to keep it around for the decreased utilization, especially if you carry credit card debt or charge large balances each month.

The card with unfavorable terms: If a card has high fees or a low limit, you may consider canceling it. For low limit cards, your utilization won't be harmed too much if you cancel. But keep in mind that it's better to close newer accounts, not accounts you've had since the beginning of your credit-building tenure.

Before you close this account, consider whether you're affected by the unfavorable terms. For instance, a high APR doesn't matter to the cardholder who diligently pays his balance in full each month. If the terms aren't hurting your credit or finances, it may be worth it to keep the card around.

### **The credit account you shouldn't cancel**

Avoid canceling your oldest credit card account to keep its long history on your report for years to come. Most first cards don't have an annual fee, unless it's a secured card. In this case, you should call your issuer and ask to have it upgraded to an unsecured card without an annual fee.

Set up an automatic bill payment from this account to keep it open and active. It might not be the best card in your wallet, but it's your best tool for maintaining a lengthy credit history.

### **Bottom line**

Canceling credit accounts isn't ideal from a credit utilization and length of credit history standpoint. That said, if you must, close accounts that won't significantly damage your credit or unused cards with high annual

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## 5 minutes or 50: What's the right amount of time to work out?

By Vivian Manning-Schaffel ([www.nbcnews.com](http://www.nbcnews.com))

Time is of the essence these days or, at least, a lack of it. Studies show a busy and overworked life has become somewhat of “an aspirational status symbol.” As a result of all this busyness, the popularity of quick workouts, such as high intensity interval training (H.I.I.T.) or quick workout apps (like the Streaks workout app) offer a degree of fitness in just a little longer than a lengthy commercial break. But do they work? And could they be as effective as a more expensive or time-consuming workout?

Quick workouts really do work – in a pinch. Science says yes – at first glance. A 2016 study of sedentary men over 12 weeks examined whether sprint interval training (SIT), 1-minute bursts of intense exercise within a 10-minute routine, could improve insulin sensitivity (lowering your blood sugar) and cardiometabolic health as well as a 50-minute workout. And what do you know, the benefits proved similar.

Michael Joyner, M.D., an exercise researcher at the Mayo Clinic, agrees that short bursts of intense callisthenic exercise can go a long way toward getting fit. “A 5-to-10 minute workout, if done consistently, coupled with building as much cardio into your daily life by doing things like walking the dog and taking the stairs every chance you get, can all add up to get you in shape. Maybe not in enough shape to do the Iron Man, but definitely in shape,” says Joyner.

He says the simple act of contracting your muscles can help improve insulin sensitivity and improve heart function. “When your heart rate rises and blood pumps through heart vessels to your muscles, the blood flowing through vessels literally rubs against the lining of the blood vessels. This causes the cells that line the blood vessels to release substances that promote both short and long-term relaxation of the vessels and inhibits the formation of plaques. This is good for heart health and protective against high blood pressure and atherosclerosis (artery hardening),” Joyner explains.

Glenn Gaesser, professor of exercise science and health promotion and director of the Healthy Lifestyles Research Center at Arizona State University, studied how young adults who engaged in short bursts of high intensity interval exercise and sprint interval exercise had similar results in terms of fat loss and cardiovascular health as those who did longer workouts, or “continuous steady-state exercise.”

“We have found that sessions of just 2-minute duration, as long as they are moderately intense (meaning you reach at least 70 percent of your maximum heart rate) performed just once an hour throughout a workday (meaning 8, 2-minute brisk walks, for example) are beneficial for blood

glucose control. This might be useful for people at work who don’t have time for a ‘real’ workout,” Gaesser says.

Longer workouts can also improve your mental health. Jeff Halevy, a health and fitness expert from New York City who runs Halevy Life, an integrated health and wellness gym, says the benefits you can glean from shorter or longer workouts all depend on your personal health and fitness goals.

“If you’re working out to improve cognitive ability or mental well-being, then 20 minutes of continuous exercise is your sweet spot,” Halevy says. This review of 30 studies, exercising at a moderate pace for 20 minutes, 3 times weekly can help stave off depression and help prevent cognitive decline. “If you’re looking to improve your quality of life by improving your body’s ability to metabolize oxygen (improving brain, cardiac and lung function) and boost your metabolism, 5-10 minutes might help on days you can’t do more,” Halevy says.

Short and long workouts work best together. But is one option better than the other? “As with most things in life, the answer is somewhere in the middle,” says Halevy. “Some days you can get away with 5 minutes. Some days you can do 20 minutes. If you want to do something for BDNF that’s more like Miracle Grow for your brain (BDNF, or brain-derived neurotrophic factor, results in improved brain function) you’ll need a little more time, exercise and resistance training.”

Similarly, Gaesser suggests “mixing things up” by alternating 30-minute workouts at a near constant intensity, 30-minutes alternating high and low intensity speeds every few minutes, and short 10-minute workouts. He also recommends a 3-to-5 minute warm-up and cool down before and after each workout.

And if you want to get your body in shape, Joyner says you’ll still need to watch what you eat. “Most of us don’t get enough physical activity to outrun a bad diet,” Joyner says. “But chronic low levels of physical activity can provide a buffer if someone has a bad day.”

Ultimately, all three experts agree that working out in some way most days – even if just for 5 minutes – is always better than doing nothing. “People tend to focus on what they can’t do instead of what they can do,” says Joyner. “Don’t think you need a magic workout. The important thing is that you find something that works for you.”