

RETIREMENT BENEFITS: THEY'RE NOT ALL IN DOLLARS

OCTOBER 31, 2018 | BY E.J. SMITH - YOUR SURVIVAL GUY

Dear Reader,

You may have noticed stocks are acting a little funny lately. Whether it's scary October, midterms, or earnings, there's always something to worry about. I'll tell you, the phones have been real busy here with our [Maximizers inquiries](#), but otherwise pretty quiet from clients. Many are packing up for Florida, travelling in Paris, or enjoying the outdoors.

For example, I received a picture emailed from my client at his fishing cabin in Alaska enjoying some freshly caught crabs, writing: "All retirement benefits are not in dollars. Thanks for the help making this happen. I'm the one holding the pot." He's retired. Stays off the grid three weeks at a time- with no regrets. We've been investing together for over fifteen years now.



By Bryan Faust @ Shutterstock.com

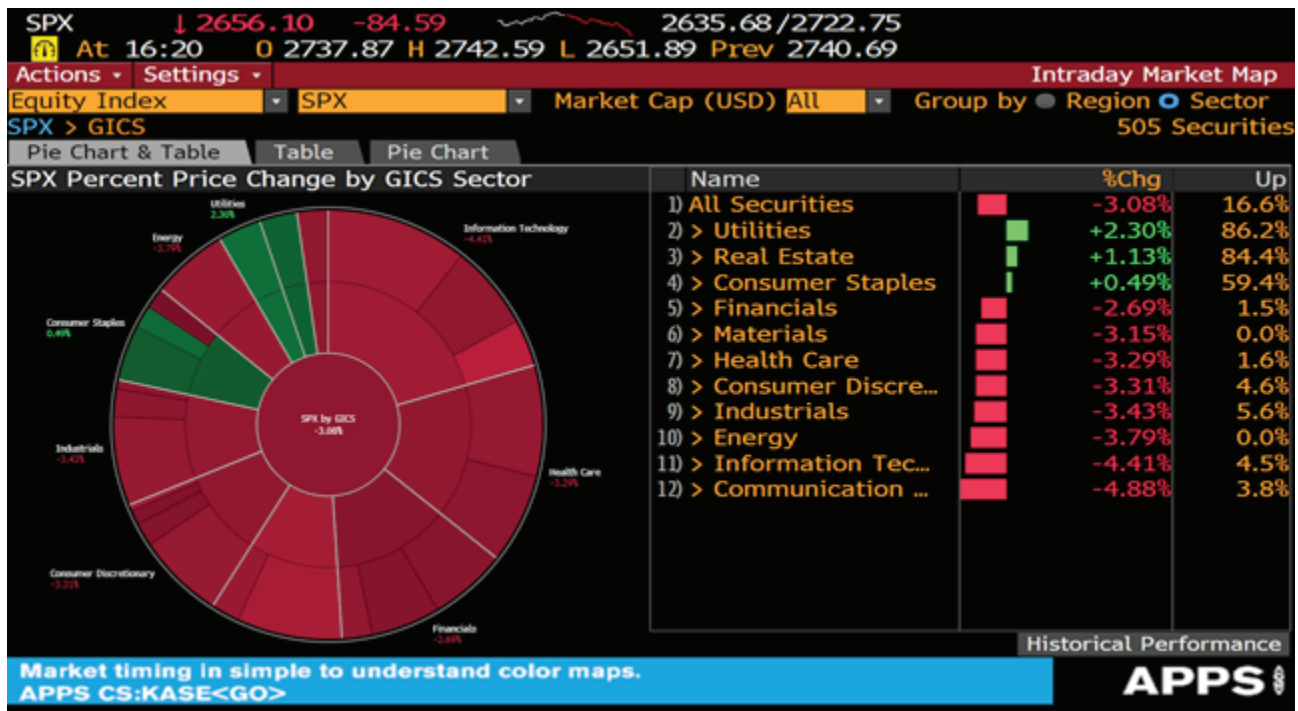
Another client emailed yesterday with a picture of an elk he shot, writing from his home in Wyoming, "I shot this elk on Monday at 10:30 am while hunting with my son. Retirement does not suck!" Mind you this was after NASDAQ had its worst day since 2011, dropping 4.43%. His email had zero to do with the market. That's pretty special.

What's nice about my relationship with clients is that when they call, we talk. And there is always important insight gathered—things that might be missed by a robo-advisor—like the emotion or tone of their voice. My clients talk to me. It's just the way it is at our boutique, family-oriented investment firm.

There's not an army of phone reps here. We're not appealing to the masses. It's hard to do that when you have strong opinions on important matters—areas we care about. They tend to be centered on supporting the small town, Main Street appeal that has made America great.

My favorite three letters are: Y.O.U. And the virtue of dividend paying stocks, [as I've written to you](#). Too many investors believe owning stocks is an I.O.U. That's just foolish.

So, when NADAQ takes a hit, imagine my comfort and peace of mind when areas we eschew took it in the neck while areas that tend to pay dividends did not, as you can see here in a display of market performance at 4:20pm on October 24:



Soon, midterms will be a recent memory, and earnings will have been reported. My client, upon his return home from his fishing cabin, may never know what all the fuss was about.

All retirement benefits are not in dollars.

Here's Why You Definitely Need a Satellite Phone

There's another story I want to share with you this month, one that could save your life or that of someone you know.

Cellular technology undoubtedly proved its usefulness after 9/11 when many landlines simply didn't work in the Northeast. First responders and civilians alike were able to connect via cellular networks much more reliably. But cell systems are not infallible, and Hurricane Michael was the most recent evidence that relying on a cell network in the midst of a disaster situation can put your life at risk. The importance of constant communications access is one of the reasons my family owns a satellite phone.

Even a week after Hurricane Michael made landfall, nearly half of Bay County Florida's cell sites were still offline. Sarah Krouse [reports](#) in The Wall Street Journal:

Persistent cellular site outages after Hurricane Michael left many first responders and residents of Panama City, Fla., [unable to reach loved ones](#) or those in need of help for several days, drawing the ire of some government officials.

Ajit Pai, chairman of the Federal Communications Commission, said earlier this week that carriers' slow progress in restoring service where Michael made landfall was "completely unacceptable."

Mr. Pai directed the agency's public service and homeland security bureau to open an investigation.

A week after the storm made landfall, nearly half—47% as of 11 a.m. on Thursday—of cell sites in Bay County, Fla., which includes Panama City and Mexico Beach, remained out of service, according to the FCC. That is a slower recovery than many recent major storms other than Maria, which [devastated Puerto Rico last year](#) and left many residents [without cellphone service for months](#).

Robert Gysi, a 30-year-old resident of Panama City, evacuated during the storm, but noticed his [Verizon Communications](#) Inc. wireless service [went out](#) as he crossed back into Bay County on his return home last Thursday.

In June of 2015, the Department of Homeland Security outlined the uses of satellite phones in its System Assessment and Validation for Emergency Responders (SAVER) Program. They wrote:

“Satellite mobile phones utilize satellites to communicate with landline, cellular, or other satellite phones in most regions of the world. Responders use satellite mobile phones for emergency communications in order to coordinate response and recovery efforts in remote areas, where there are no landline or cellular telephone networks, or in areas where existing networks are damaged or overloaded during a natural disaster (e.g., severe weather or earthquake) or a man-made incident, including potential chemical, biological, radiological, nuclear, or explosive events. Satellite mobile phones can help maintain command and control functions during an emergency when existing communications networks are not functioning. These phones are designed to be relatively rugged and simple to operate, but are more expensive than cell phones to buy and use.”

You can read that full report [here](#).

Survive and Thrive this Month.

Warm regards,



E.J.

“Your Survival Guy”

P.S. You may want to pay attention to what public pensions are buying and, more often than not, do the exact opposite. Case in point, a few years ago this group loaded up on “alt-investments” and hedge funds. Don’t look now, but hedge funds, which charge an exorbitant 2-and-20 (2% per year on your assets under management and 20% of your investment gains), are going out of business left and right.

And then, as reported recently in The WSJ, the California Public Employees Retirement System (CALPERS) spent more than \$2 billion on Southern timberland and harvested the trees at depressed prices to pay interest on money borrowed to buy it. It has since sold much of its land at a loss. You can’t make it up. Some are saying that CALPERs can afford to take the loss. That’s false. It’s already in hock to its retired teachers and other members.

Remember, to be a successful long-term investor, you need to think about each dollar you save as if it were

your child. You will do everything in your power to keep it safe. Because once you do that, you begin to respect the unspeakable pain a loss can bring to a portfolio.

Don't look now, but the public pension crowd is embracing passive indexing full bore—that should be a dire warning to those who own passive index funds. Read more about this threat to your retirement [here](#), [here](#), and [here](#).

P.P.S. You may be familiar with Ronald Read's story. It's a story worth telling over and over and over again to anyone you know. My father in law Dick Young [wrote](#):

Hard to even comprehend, but [this great story](#), courtesy the WSJ's Anna Prior, recounts how Ronald Read accumulated an estate valued at almost \$8 million. Mr. Read, who passed away at the age of 92, made a modest living pumping gas for many years at a Gulf gas station in Brattleboro, Vermont.

A Five-Inch Stack of Stock Certificates

How did Ronald Read manage to become a multi-millionaire? Mr. Read invested in dividend-paying blue-chip stocks. As Ms. Prior writes, Mr. Read took delivery of the actual stock certificates and "left behind a five-inch-thick stack of stock certificates in a safe-deposit box." At his passing, Mr. Read owned over 90 stocks and had held his positions often for decades. The companies he owned paid longtime dividends. And when his dividend checks came in the mail, Ronald Read reinvested in additional shares. Apparently Mr. Read was the master of the theory of compound interest. Not surprising, his list of stock holdings included such dividend payers as **Johnson & Johnson** (NYSE: JNJ), **Procter & Gamble** (NYSE: PG), **J.M. Smucker** (NYSE: SJM), and **CVS Health** (NYSE: CVS), all names I write about for you regularly. No high flyers for Ronald Read, and certainly no technology names.

Protect, Preserve, Patience, Perspective

Obviously Ronald Read had been a staunch practitioner of my PPPP theme, featuring the basics—Protect, Preserve, Patience, Perspective. Focus on those traits for success.

P.P.P.S Here's a pic from [Eventide](#) on our recent visit to Portland, Maine. Doors open at 11am. Get there around 11:30am and you should be seated shortly. We arrived around 12:15pm and had about a 30 minute wait. Not bad. There's a room to the side where you can order a glass of wine/beer and some oysters etc. while you wait.

We split a dozen oysters, six from Pemaquid and six from Otter Cove. The lobster stew was delicious with generous chunks of lobster. The Eventide brown butter lobster roll (steamed pork bun not bread) was incredible as was the house pastrami bun. We went to [Fore Street](#)

for dinner. Again, doors open at 5pm and you want to be in line early. We happened to be out on a walk and stopped in around 5pm, too stuffed from lunch to eat, and asked if we could put our name in. Very friendly. Said to come back around 8-8:30pm. Worked out great.

