

RAW

Natural and Unrefined.
Telling it like it is.



Featured Topics

From The Hip

Mike's Blog: What is Money?

Events

Prospective Client Dinner

Living

Business Case Study:
Planning an Exit Strategy

Webinars

August 5th – Determining Your
Investment Approach

From The Hip

As a follow up to last month's blog, here are a couple of our top responses to the questions we asked clients:

Jerry Maguire Moment: I had a Jerry Maguire moment 14 years ago and the next day I bought an engagement ring for Jen. 13 years later I still believe in that decision. - Brennan Lynch

What is money? Money is the means for trading your skills for your necessities food, shelter, clothing, and fun! - Audrey Eng

What is the difference between money and kwan? Money is a tool for trade and commerce. Kwan is what you get and what you give back in life, the mark you make in your community and the inner happiness that you feel from those contributions. For some, the contributions are limited to money and allowing others to make those contributions back for you. But I have found that happiness comes from the actual labor of giving back to our community -- whether or not it is volunteering your time at a food shelter; working with kids at school, a soccer or scouting event; building a house for habits for humanity; or planting flowers in your garden to help make your community look beautiful. - Audrey Eng

Our Jerry Maguire moment...With Mike's help, we retired before age 50 by really looking at what we spend our money on and making some BIG changes to our monthly budget. Now we spend less on cars (no more leases), clothes, and entertainment but we still go on vacation every year and we spend a lot more time doing the things that are important to us - family, friends, and dog SHOWS. - Audrey Eng

Mike's Blog: What is Money?

I have to thank Audrey for a great opening to this week's "What is Money?" theme.

There is a belief in this country that the only way to get rich is through some form of evilness or climbing over people to get what you want. Additionally, many believe that FIRST we need to amass wealth to be truly happy. A multitude of books on the shelves at Borders and a multitude of websites propel this horrible myth. The reality is...**money itself doesn't make anyone happy.**

I can say this with a high degree of certainty because I know what money is...I deal with it every day. It is essentially paper with different numbers on it. The paper itself is value less. The value of the dollar is derived from agreement as to what that dollar represents. For example: a dollar bill, at your local 7/11 equals a candy bar. The store keeper will take that dollar bill and exchange it for something (an employee's time, another candy bar, electricity, etc.)

Wealth and happiness are relative terms to each person. What makes me happy is spending time with family and friends. It could be just hanging out at their house having a couple beers and a burger. For some people "just" hanging out is just not fun – it doesn't excite them. They need to be off climbing a mountain or searching for lost treasure. A rich/happy life to them might be climbing every mountain in the western hemisphere.

The amount of money I may need to accumulate to live my lifestyle will be different than everyone else's. The value I put on my dollars will also be different. I may not be willing to exchange my dollars for the same items. I may believe that a dollar is too much for a candy bar and I would rather save a couple dollars to buy a pound of meat to bring over to my friends house to BBQ.

“Our guidepost should be our belief structure and how we carry this out in our daily living.”

The problem is most people don't look at life (or money) this way. They tend to compare themselves to their friends, family or some other picture of what “the perfect life” is. Put another way, they judge themselves against their friends, family, movie stars, etc. rather than identify what their core values are and judge their own lives at how close they are aligning what they spend their dollars on with the values they have. Most Americans, actually, **most people in the world typically look at money and how much they have relative to others, rather than how good they are doing living a life that is congruent with their beliefs...** a life that truly makes them happy.

Why is this? My belief is that most people get so focused on masking pain that they have through poor relationships with parents, family and friends with the desire for money. They believe that money is some miraculous invention that will somehow heal all wounds. That it will somehow make them a better person, a better husband, a better wife, a better friend. Why do I think this? I hear things like, “if I could have a million dollars I would buy every one of my friends a new car.”...But for now they will skip their kids soccer game, they will miss anniversaries, they will not put near as much time or effort into their marriage as they did when they were courting their lover. All in the name of “in the future I will be better off because I will have more money.” Have you ever said, “when works slows down” or “if I can just get a little more money”?

We all know this is hogwash. It doesn't pan out. The high level of divorces is our best evidence to this fallacy. Marriage wouldn't be better if couples had more money. They would be better if they (a) understood the balance that it takes to live together, (b) that marriage takes a level of commitment, not just mentally and physically, but of time, (c) that raising a family is an honor, and (d) that being a Dad or a Mom should be a joyous gift.

I have single clients with kids that believe that because they don't have two incomes, they need to spend more money on their kids. From what I have witnessed, single parent homes spoil their kids with monetary things more than two parent homes. The answer to a single family home is not better and more toys, it is more quality time. That doesn't mean better vacations, it means less television; more time with the kids on their homework; and making every game even if it means living in a smaller home.

Look my point isn't to piss everyone off in this blog. The title of my newsletter is “RAW”. My point is to challenge you in a positive way to make changes that better your life.

If each of us used each other as a measuring stick, we would look back at ourselves and see a person losing the race. We cannot compare ourselves to anyone, our guidepost should be our belief structure and how we carry this out in our daily living. And how we spend our dollars should relate directly back to our core beliefs.

Events

Dinner Meetings Open For Clients & Prospective Clients

Our next dinner for clients to invite prospective clients to dinner (for free!) is scheduled for **August 22nd**. Email Mike to reserve the date!

Living

Business Consulting: Planning an Exit Strategy. Business owner prepares for retirement and maximizes the sale price of the business, saving thousands in taxes

The Alexander's (Name withheld for confidentiality) hired Lynch Financial Advisors for business and personal advisement. Mr. Alexander had been in the medical field for more than 25 years and was looking to retire in three to four years. He and his wife came to LFA looking for portfolio management, but found that the benefits of the advice they received far outweighed any return in the market they would get with a money manager.

When we analyzed the Alexander's situation, we realized that they could incorporate and save a significant amount of money. We brought in a CPA to perform the business tax return and aid the company with other bookkeeping needs.

Next we looked at what we call “loafing” assets. We performed analyses on how their money was currently being used and how they could save more in tax dollars. This led us to create a retirement plan that allowed the Alexander's to put away more than \$200,000 per year in pre-tax money, saving thousands of dollars. At the same time, the retirement plan “locked-in” their best employees.

By the second year of the engagement, Mr. Alexander received an offer to purchase his practice. To which he again called on us to ensure that the sale of the practice maximized the after tax dollars he would receive.

While it has been a few years since we brought this client to one of our CPAs, the CPA is still amazed by how much money we saved them in taxes by the way we helped structure the sale. The Alexander's saved over \$150,000 in taxes on a sale of a practice worth less than \$500,000. And NO insurance product was used!

Webinars

August 5th – Determining Your Investment Approach

Register at napfa.org

Upcoming Events

We want to hear from you!
Send your ideas for topics for Lynch Financial Advisors "mini" webinars to Erin Lynch at:
erin.lynch@lynchfinancialadvisors.com

Project Updates

KoodleTown: We are in an exciting stage with KoodleTown. We are finishing the "punch list" on 3 different pieces of our software. The first of which will be used by Lynch and Son's Pool Service. Our goal is to use our KoodleTown platform to ensure the best customer service by any pool company in the Sacramento Region.

TeleMed2U: We have finalized our first round of funding. After the funding stage there is one focus and one focus only: bringing revenue into the company. For any small company, this means "all hands on deck". Right now the team is digging into our black books and digging up leads. The idea of the company is "fleshed" out. Our focus is simple: **better care for all**. While it this might appear to be a lofty, over-the-top vision, we truly are committed to making it happen... and more importantly know that we have the intellectual capital to make it happen. As we secure new contracts, I will lay out how they took place and why. My goal is to give you a first-hand look at a company building on its vision.

Updates & Tweets

If you are not connected to Lynch Financial Advisors through Social Media, we provide a monthly summary in our newsletter. If you want to know more about any of the topics, send a message and we will email you the article, link, message, etc. We can also send the information to you via email as the updates and "tweets" go out. This month's updates and tweets include:

7.5.11

Finally the "professionals" are hearing what I have been saying... "target date funds are misleading and are too risky for investors" click here for what a major investment company found out. <http://t.co/8YVt0Yb>

Read my white paper talking about the improper thought of risk and return.

http://www.lynchfinancialadvisors.com/pdfs/risk_assessment_vs_absolute_return.pdf

7.14.11

Top Ten Reasons why the USA is #1
<http://tinyurl.com/5sbqtx6>

Webinars



Upcoming Webinars

Determining Your Investment Approach August 5th at 10:00 am PST

No two investors are alike and how you approach your investments must be unique to you and your needs. This session will lay out how you can best approach investing based on risk tolerance, time horizon, and other factors.

To register, visit www.napfa.org and click on the logo for the NAPFA Consumer Webinar Series.

We want to speak on topics that you have questions on and want to learn more about. We're developing a list of topics now. Please email your ideas to erin.lynch@lynchfinancialadvisors.com

If your topic is selected...we will send you a **Starbucks gift card** to thank you for taking the time to give us your input!

Michael S. Lynch, Lynch Financial Advisors

1700 Eureka Road, Suite 155, Roseville, CA 95661
916.772.3103 office 916.390.0148 cell 916.772.3104 fax

mike.lynch@lynchfinancialadvisors.com
<http://www.lynchfinancialadvisors.com>