

## The Dreaded March Statement

As we are all painfully aware, this month has been an exceptionally difficult time in the investment markets and could go down as one of the worst months in stock market history. The COVID-19 pandemic has continued to spread causing global economies around the world to literally shutdown in an effort to contain the virus. In addition to the thousands of virus-related deaths, the economic impact is unprecedented and the uncertainty of it all has taken its toll on global investment markets.

The end of the month means your monthly investment account statement will soon arrive. And, to put it bluntly, it will not be pretty. Some clients have said they do not plan to look at their statements. We will not fault you for that decision. But, in our experience, most clients feel like they HAVE to look.

So, the purpose of this Benedict Brief is to advise you on what you should focus on when you receive your statement and, more importantly, what not to panic over.

Most clients tend to focus on the front page of the statement where the account values are shown in big, bold numbers. This action usually invokes an emotional response...when account values are up, we feel happy and confident but when account values are down, we tend to feel sad and fearful.

But this month, we want you to try something different. Instead of feeling panic over an account value that is unpredictable and beyond your control, let's concentrate on a different figure, something that we can reasonably control and predict. We hope this will give you a little comfort during this very difficult time.

As you all know, our core investment strategy involves generating a reasonably predictable income stream by owning quality assets that pay current income and have the potential to increase that income in the future. This income can provide for current withdrawal needs or be reinvested for future withdrawal needs. And, most importantly, the income (even though not guaranteed) is not dependent on share prices or account values.

So, where do you find this income on your monthly statement? Unfortunately, it's not on the front page with the account values, so you must dig into the statement a few pages. Directly under the big, bold account values section, you will see the section titled, 'Account Holdings'. This section includes all the investment holdings (cash, stocks, bonds, etc.) in your account. At the end of that section, usually on pages 3-6, you will see 'Total Account Holdings' with the Market Value and the Estimated Annual Income.

This estimated annual income figure is what should command the bulk of your attention this month.

Why? Because that income figure is not dependent on the fluctuating account value.

For example, compare the estimated annual income figure with a prior statement, maybe January or February. Find the estimated annual income figure and see how it compares to the March statement. Of course, you will certainly see a big difference in the account value, but you will most likely see a somewhat similar estimated annual income figure. We are not saying it will be the same; it may be a little higher or a little lower, depending on what may or may not have happened in your specific account such as account management moves, trades, withdrawals, etc. The important concept here is that the estimated annual income figure can be much more stable when compared to the fluctuating account value.

You can continue this exercise to make comparisons to older statements from early 2019 or Fall 2018. But remember, more variables may come into play that could affect that estimated annual income figure. *(If you have questions about your specific situation, please let us know)*

It's been an extremely challenging month for all of us with money invested in the markets. We know the sharp and sudden market declines can be stressful and scary, but hopefully we've given you some valuable information here that can help during these trying times.

As always, we continue to be available for your concerns and questions.

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## WHAT WE DO...

**We prepare retirement income plans, which are essentially blueprints to help our clients pursue their long-term retirement goals.**

**We manage our clients' investment accounts on a fee basis with discretionary authority focusing on meeting their objectives rather than focusing on what the financial markets may be doing.**

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**Investment advice offered through Benedict Financial Advisors, Inc., a registered investment advisor.**



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