

SimpleSmart ADVICE



Aldershot Financial Group of ACPI guides families through decisions that affect their financial well being and investments. We are the 'go to' people in Aldershot when a life event requires sound financial advice. *We care. We simplify. We've been through this before.*

December 2019 :

- ◇ The Wealthy Barber - Revisited
- ◇ Model Portfolio
- ◇ Final Thoughts

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Our monthly newsletter designed
to keep in touch with you.

The Wealthy Barber - Revisited



As I write this, I just finished reading a Bloomberg headline “Two in five Canadians don’t ever expect to escape debt, survey says”. It was roughly this time of year back in 2011 when I wrote an [article celebrating David Chilton’s then new book The Wealthy Barber Returns](#). It has a lot to say about debt. In fact, half the book deals with spending, emotions and debt.

The book has

stood up well as we close out the decade. I find myself still handing copies to friends and clients as a must read for anyone wanting to get ahead financially.

“I can resist everything except temptation”

Oscar Wilde

[Looney Spoons](#)), a friend who had an addiction to buying shoes. How did she finally wrestle her problem to the ground? In her own words “I stopped visiting shoe stores”. As someone once said, [an ounce of](#)

[Let’s revisit some of the key concepts](#).

As Roy the barber taught us in Chilton’s first book, above all else, save the first ten percent of your earnings. [Most of us have a spending problem not a saving problem](#) (you might have guessed, the two are related). A ten percent decrease in spending could well equal a 100 percent increase in savings. Don’t believe me? Check out this example:

	Spending	Saving	Total
Before	5,000	500	5,500
After	4,500	1,000	5,500
Increase in Savings		500	100%

So, it would seem, the game is won focussing on spending not on savings. But the deck is stacked against us. How you say? [Let’s take a look at the forces supporting our spending](#):

Retailers - are highly trained to look for buying signals with promises like “No payments for one year” or 0% interest. They tell us we can enjoy today and pay later. This brings me to another enemy.

Ourselves – our brains are wired to emphasize today at the expense of tomorrow. We tend to exaggerate the joy we get from today’s purchase at the expense of tomor-

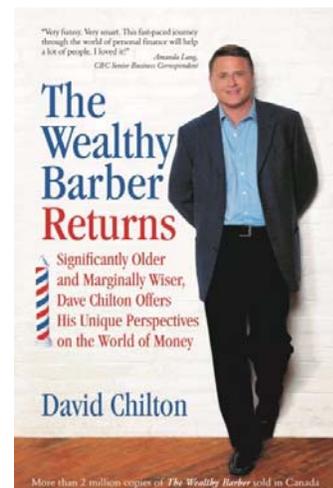
row’s pain. Honestly, [why do we think we can pay for something next year any easier than we could save for it before buying?](#) Studies tell us that our bodies undergo physical changes when buying something significant – our pupils dilate, our heart beats a little faster and we feel excited by the rush of adrenaline. This may explain why shopping is sometimes called “[retail therapy](#)” and can even become an addiction.

Chilton tells the story of Greta Podleski (co-author of

[avoidance is worth a pound of self-control](#). Another pour soul employed a nifty trick: She would place all of her credit cards in a block of ice in the deep freeze. By the time they thawed out, her impulse to buy had often subsided. One of the many problems with credit cards is the number of cards we typically have in our wallet and their combined spending limit. We could pay for a wedding!

Want to read about other forces behind our spending? Tune in next month... and **Merry Christmas!**

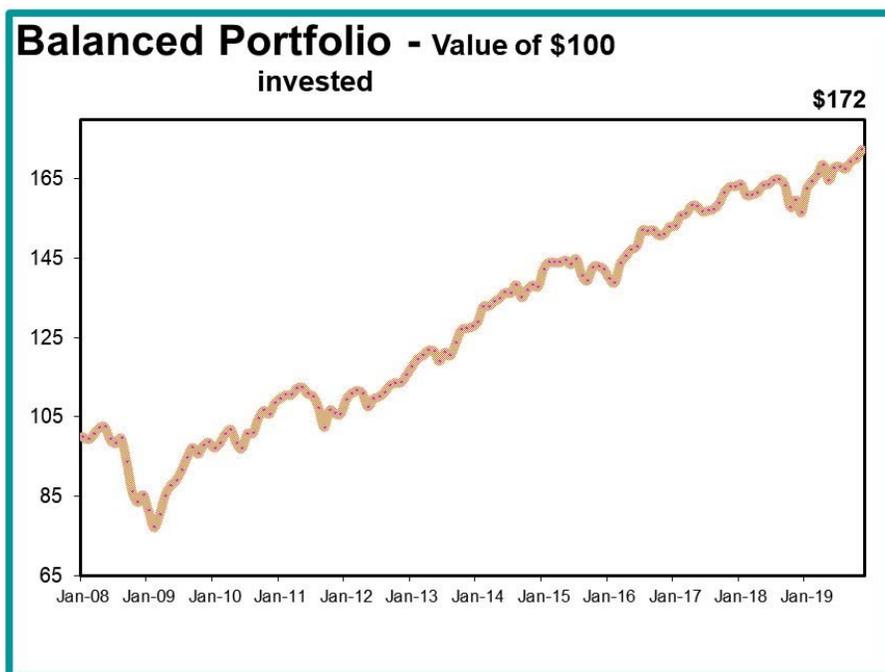
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⁸And there were shepherds living out in the fields nearby, keeping watch over their flocks at night. ⁹ An angel of the Lord appeared to them, and the glory of the Lord shone around them, and they were terrified. ¹⁰ But the angel said to them, "Do not be afraid. I bring you good news that will cause great joy for all the people. ¹¹ Today in the town of David a Savior has been born to you; he is the Messiah, the Lord. ¹² This will be a sign to you: You will find a baby wrapped in cloths and lying in a manger."

Luke 2:8-12 New International Version (NIV)



This graph represents a hypothetical portfolio using 45% DFA Five-Year Global Fixed Income Fund Class A, 15% DFA Canadian Core Equity Fund Class A, 15% DFA US Core Equity Fund Class A (from January 31, 2008 to January 31, 2009) / DFA US Core Equity Fund Class A (H) (from January 31, 2009 to Nov 30, 2019), 15% DFA International Core Equity Fund Class A and 10% DFA Global Real Estate Securities Fund Class A, initially invested on January 31, 2008 with pricing up to Nov 30, 2019 using monthly data and rebalanced on a month-end basis. The data series has been smoothed. Actual client portfolio holdings are recommended based on personal circumstances.

Commissions, trailing commissions, management fees, and expenses may all be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns including changes in unit/share value and reinvestment of all distributions/dividends. They do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the Fund Facts and consult your Advisor before investing.

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