Monday Morning Investing **by Jim Mirenda, CFP®** February 2015

The end of Super Bowl Forty-Nine was as exciting as it was unpredictable. It all came down to one final set of downs. By Monday morning, if not seconds after the play, everyone was talking about the bad coaching call by Seattle. Coach Carroll took a risk, the risk failed, and they lost the game. It happens all the time.

I'm not a football scholar but it sure looks like this was a mistaken play. Carroll explained his decision to pass the ball, in part, as a throw away play. If it worked he reasoned they would win, but if it didn't work they still had two plays left. But what he didn't weigh enough in his decision was what could go wrong. A turnover or a sack was a big risk to take and that's a possible outcome that was increased with the pass play.

I see similarities between this Super Bowl and investing. First, you need to do a lot right to put yourself in a position to win. So while it's easy to highlight how this last play secured the championship for the Patriots, what about all of the other plays they ran? Clearly, there were dozens if not hundreds of good decisions made by both coaches that kept both teams competitive in the game. Not every decision played out well but in aggregate they mostly did. Investors also face a series of decisions, but those span a lifetime and not a few hours. Those decisions need to be made in order to safely reach future goals, be that retirement, travel, or gifting, and not made on an emotion or a guess.

A second similarity relates to the last minute play. There certainly was an outsized risk taken at the end of the football game. I frequently see investors taking outsized risks at a time when more caution is warranted. For example, making a big investment 'bet' just as one is about to retire. If the bet goes right, they reason, it will be all glory in the golden years. But what they don't often consider is what happens if the bet goes bad. Maybe it's back to work for another few years. Maybe it's less travel during retirement. Maybe it's less estate for their heirs or charities. Are those acceptable risks?

The potential outcomes, both bad and good, of all investment decisions should be measured and neither can be accurately predicted. This risk and reward balance must be considered within that reality. What's the right balance? Well, that's up to each individual investor just like it is for each coach in a football game. And those are not decisions to be left up to a Wall Street economist or to a sports announcer.

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Monday morning quarterbacking is an easy perspective to adopt because the outcome is known. Carroll's call appears worse because we know the outcome. Monday morning investing is the same. We think we knew what was going to happen, but we didn't.

My Monday morning financial advice will always stay the same: focus on your plan, on your goals, and on the things that are within your control.

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