Unitarian Society of Hartford
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Rebalancing Your Intangible Assets

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Prayer and Contemplation

Good morning, friends. I'm Mike Roy. I feel very humbled and privileged to be a part of this wonderful team bringing you the service today.

I want to share with you the prayer that I have composed over time and I recite every day. It started with just the first line, uttered by a teacher as he walked into school to face his students. Over time I have added to it, in response to personal needs or insights.

Great Spirit of Life, give us the strength to do what we need to do,

To be good, kind, patient, diligent, respectful but firm, helpful and loving.

To be humble learners and listeners,

To feel good about ourselves and trust in others,

To let go of the past and resist expectations for the future, but to make the future our friend,

And above all, to have hope, for in hope lies the key to life.

And thank you, thank you for our spouses and partners and family and friends, who nourish and sustain us,

Thank you for our children and young people, who show us that by taking risks we can grow,

Thank you for our friends in this meeting House, who help us on our journey,

And thank you for all the other people in the larger world,

whom we may not know, but with whom we are connected.

Let us reflect.

Sermon

So here we sit, huddled together in January, like those mice in the story. It's cold, but that reminds us that it is time to start a new year. Against the backdrop of white snow providing a clean slate, we can make a fresh start. Not long ago some of us even made

New Year's Resolutions to get that New Year off to an ever-hopeful start. January is named after the Roman god Janus, whose claim to fame is that he has two heads; one head looks backward, the other head looks forward. So the financial analysts say what better time than January to look back at our investment returns for the past year, to take stock of where we are, and then to look forward and rebalance our financial assets to achieve our financial goals for the future. Why rebalance? Because your time horizon has shortened (you're older now), your needs and goals may have changed (maybe you just got married, or your kids are off to college, or you're retiring), and some assets may have grown or shrunk, so you may have to add to or subtract from certain asset classes.

Investing is a passion of mine. Over time I have been struck by how much in the financial realm has application to the personal and spiritual realm. Of course, like any good metaphor, you must beware to avoid letting the tail wag the dog, forcing round pegs into square holes. But I have increasingly learned lessons from my investing hobby that can serve us well in life. Today I'd like to share three of them with you.

Lesson Number One:
how you balance and rebalance your investments across different <u>types</u> or <u>classes</u> of assets (such as stocks, bonds, and real estate) is more important in the long run than the <u>individual</u> stocks, bonds, or stock or bond funds that you choose. How you balance the <u>many individual</u> securities across the <u>big categories</u> of assets is actually more important than picking the <u>many individual</u> securities themselves. What a revelation to me! This balancing is called "asset allocation." According to Charles Ellis, one of the founding fathers of investment management, the "highest level of the game" is determining the long-term goals and the asset mix, while selecting individual securities is no higher than fifth. This balancing and rebalancing makes all the difference.

This was my biggest investment epiphany of the year, and it also applies to personal asset allocation. How you balance and rebalance your individual life activities across different <u>types</u> or <u>classes</u> of personal assets is probably more important in the long run

than the individual activities that you choose. I like to categorize these personal assets into four classes: **mind, heart, body, and spirit**.

Let me give you an example from my life of how I recently rebalanced the mix of my personal assets. About a year and a half ago, I embarked on what I would call my dream job. I was able to combine long held passions for baseball and statistics into a position as a baseball analyst for BaseballHQ.com, a web site catering to fans that play fantasy baseball, a fantasy indeed for me, who has played fantasy baseball for 23 years. My "duties" are to follow baseball players, analyze their performance, and then write a weekly column on the patterns that go beyond mere surface stats like home runs.

I love what I do for this job. But after six months or so, I began to feel that something was missing. Since my employer is an Internet publisher based in Virginia, almost all my work is done out of my home office. I have very little occasion to talk to a human being, let alone have a meeting or a lunch.

At the same time, I also noticed that I was missing helping other people. In my last job as a teacher, I was helping students every day—training their minds, enriching their knowledge of Latin and the Classics - even molding their character. About the best I could say now was that I was helping my readers understand a game and improve their enjoyment of a game.

In a nutshell, my personal assets were out of balance. A hard look at this individual asset – the baseball job – revealed that I was getting plenty of intellectual stimulation, a high return for the mind asset class, but I was underweighting both the heart (through lack of human connection) and the spirit (through lack of making a contribution or helping the human condition). In Mr. Ohashi's terminology, I was not functioning as a "finely balanced unity of interdependent parts," and my "whole" was certainly not greater than the sum of its parts.

To address this imbalance, I decided to increase investment in my heart and spirit assets in two ways. First, I boosted my involvement in Small Group Ministry here, as a participant, facilitator, and leader on the Steering Committee. (Warning: This is my first shameless plug for Small Group Ministry.) The bonding, sharing, and deepening found in SGM, the sheer appreciation in the number of new friends it has graced me with, has really helped to rekindle the hearth fire of my soul. Second, I started volunteering to tutor elementary school children at Betances School in Hartford. This fed my spiritual hunger to help others in a tangible way.

My second lesson deals with how to determine the right balance in your asset mix.

Lesson Number Two:
how you balance your assets should be guided by your goals as they change over time. Financially, your goals revolve around time horizons, needs, and tolerance for risk. Purchasing a home is often a short-term goal calling for less risky investments; creating a nest egg for retirement may be long-term (allowing for more risk in your assets). Like your financial portfolio, balancing your personal assets should be guided by your personal goals as they change over time. Changing needs and risk tolerances do play a part in establishing your intangible goals too. But unlike your financial portfolio, the process of personal goal making also requires work of the spirit. To the Romans, the word "spiritus" meant "breath, or what gives you life." To me then, the spiritual work of determining your life goals is a two-step process of deciding (1) what gives *you* <u>meaning</u> in life, and (2) where does <u>your life</u> fit in the larger life of those around you. Once you answer these questions and set your goals, you balance your assets to meet those goals and give your life meaning.

When I was younger, my goals were to have an exciting and intellectually challenging career, to make enough money to buy a home and live comfortably, and to share that life with my spouse. So I went to law school, joined a growing law firm in Hartford, and became a real estate finance attorney during the "go-go 80's."

The work was exciting and intellectually challenging, but the hours and workload grew to be backbreaking. I worked on Saturdays and Sundays (Sundays were without ventilation in the building!), and I saw my wife less and less. Weeknights? Forget it. My firm brought in take-out dinner every night: Monday was Chinese, Tuesday was Italian, Wednesday was chicken – you get the idea. I remember the oft-repeated scene in my boss's office around 5:00 pm when his wife would call. (Sometimes I could hear over the speakerphone the little children in the background.) She would ask, "When are you coming home tonight?" (Note that we are way past the question, "Are you coming home for dinner?") The answer was always "Late," or at best, "I don't know." At this point on most nights we were racing to meet either the 10:00 pm deadline for ground express delivery or the 12:00 midnight deadline to make the Federal Express plane at Bradley Airport.

This work situation came to a head on a Wednesday morning in August. My wife had been in Cape Cod since the previous Saturday on "our" vacation. Due to a big deal closing, I had spent the past four days working, and the last 25 hours straight -- all day and all night – at my desk. When I finally left later that day, as I was driving to the Cape, I got behind a garbage truck, with two workers appearing to enjoy riding in the sun on the back bumper outside the truck. I remember feeling so jealous of them! They could put in a hard day's work, but then go home at 5:00 o'clock and enjoy their families. At that point I asked myself, "Is this who I am? Is this the kind of life that gives *me* meaning?" My answer was "That will not be a life of meaning for me." My wife, Gail, and I had been talking about starting a family. I realized that my goals had changed: having time and energy for my wife and children had become much more important to me.

Two months later I gave my notice to the firm. There is a question in one of the upcoming Small Group Ministry sessions, "Tell us about a time in the past when you felt really, really, really happy?" Well, that day ranks way up there for me. Armed with new personal goals, I proceeded to rebalance my intangible assets, this time leaning heavily to the heart. We had two children and I enthusiastically took on the role of stay-at-

home spouse and homemaker. Fast-forward a couple of years. I found myself with two children in diapers, up from their naps, whiny and cranky as I struggled to get dinner on the table. Frazzled at where to turn, I call my wife at her law firm, and I ask, "When are you coming home?" Happily, this time the answer is "I'll be home by 6:00 pm, honey, in time for dinner."

Finally, **Lesson Number Three**:
in the balancing process, you must diversify your assets and take risks to grow your investments. Most people understand that diversification is crucial to minimizing monetary losses and maximizing positive returns. To put all your eggs in one basket rather than many is risky because you lose all your eggs if the one basket falls. And, as Mass Mutual describes it, economic conditions that cause one category of assets to perform poorly often cause another category to perform very well. When one asset class zigs, another zags. While the U.S. large stock market returned only 5.5% in 2007, the diversified investor would have enhanced returns by including investments in emerging markets such as China and India, which returned 35%.

As you diversify, the wise investor should not be afraid to take risks. As asset allocation expert Albert Brenner advises, "rather than avoiding risk exposure, the intelligent investor seeks it out. Why? because wealth creation requires assumption of risk. Capital invested at no risk will not grow."

The lessons of diversifying your assets and taking risk in the process apply to your intangible assets too. In the personal and spiritual realm, risk is a natural part of life, for as the hymn says, ..the journey to truth is undertaken by "those who knew wild roads." In the keynote paragraph, Sam Keen notes that, "every day we begin again, knowing that danger and death may be lurking, that we will be fearful and will need to cultivate courage."

My daughter Pam demonstrated both parts of Lesson Number Three when she recently started playing rugby as a freshman in college. She wanted to play a sport, no doubt

feeling a need to diversify her personal asset mix by adding to the “body” asset class. In addition, she has a life philosophy that requires her to “do one thing every week that scares her.” So, she decided to play rugby. For those of you who don’t know, rugby is basically football without pads. It’s very risky, both physically (because you can really get hurt) and socially (because it seems to have the reputation of attracting crazy, tough women). But she loved it. She stretched herself, met the challenge physically, and made many new close friends in the process. She grew by diversifying her personal assets, by adding this risky activity.

So, my friends, I invite you to step back and take stock of your personal assets: your **mind, heart, body, and spirit**. Think hard about how your goals may have changed, and then take charge: diversify, take risks, and rebalance your assets in support of a life that gives you meaning. And, don’t be discouraged from time to time, for as the hymn says, the search for “the spirit’s wholeness is an endless human quest.”

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