

Exceptional Care, Exceptionally Close

Welcome!

*Keeping Emotions Out of
Estate Planning and Investing*

July 8, 2022

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

1

Torrance Memorial Highlight

Emergency Department



June 5 – set
record with
331 patients!



PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

2

Types of Planned Gifts

1. **Bequest** – gift through will, living trust or designation in a qualified retirement plan.
2. **Immediate Charitable Gift Annuity** – Simple contract between donor and the Torrance Memorial Foundation whereby lifetime payments are made to one or two individuals.
3. **Deferred Charitable Gift Annuity** – Annuity payments are deferred until a specified date in the future.
4. **Charitable Remainder Trust** – Trust that provides fixed or variable payments to named beneficiaries for life or a specified term of years.
5. **Retained Life Estate** – Gift of remainder interest in home or farm. Donor retains the right to live in the home for life.
6. **IRA Beneficiary** – Naming Torrance Memorial as the beneficiary of your retirement accounts (percentages can be designated as desired)

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

3

IRA/401k Beneficiary Designations

- Provides tax benefits for heirs of pre-tax IRA, 401k
- You pay income tax on your IRA RMD*
- No different for your heirs when inheriting IRA or 401k
- No tax liability when naming Torrance Memorial
- Use other assets to pass along to heirs

*RMD=Required Minimum Distribution

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

4

Resource for Planned Giving

www.TorranceMemorialFoundation.org/planned-giving

- Learn about the different arrangements available
- Plug in some numbers in the “gift calculator” to get an idea of how this type of gift might work for you
- **Download a FREE estate planning kit**
- Contact Sandy VandenBerge at (310) 784-4843
sandy.vandenberge@tmmc.com



Financial Health articles - www.torrancememorialfoundation.org/News

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
 Cedars
Sinai

5

How to Donate to Torrance Memorial Medical Center

Online

<https://www.torrancememorialfoundation.org/Donate>

By Phone

Please call Torrance Memorial Foundation at 310-517-4703.

You may charge your gift to your credit card or make a gift pledge.

By Mail

Check or credit card information to: Torrance Memorial Foundation
3330 Lomita Blvd.
Torrance, CA 90505

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
 Cedars
Sinai

6

Exceptional Care, Exceptionally Close

Keeping Emotions Out of Estate Planning and Investing

Grace Greer St. Clair, Esq
St. Clair Law
2312 Artesia Blvd
Redondo Beach, CA 90278
(310) 374-5479
grace@qualityestateplanning.com
www.qualityestateplanning.com

Phillip Cook, CFP®
Mogul Wealth Management
818 Manhattan Beach Blvd Ste 200
Manhattan Beach, CA 90266
(310) 545-6700
phil@cookandassoc.com
www.cookandassoc.com

PROFESSIONAL ADVISORY COUNCIL



7

Why Do We Have Challenges With Our Emotions?

When we have an emotional
trigger to an event . . . First . . .

IT'S HUMAN NATURE!!!!

PROFESSIONAL ADVISORY COUNCIL



8

EMOTIONS AND DECISION MAKING

A GREAT TWOSOME OR A TERRIBLE TWOSOME?

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

9

Fight or Flight

WHAT HAPPENS WHEN YOU HEAR NEARBY ATTACK DOG SNARL?

- Message from the amygdala sent to the cerebral cortex
- “Fight or Flight” signal
- Your body gets ready
- It is involuntary, automatic and unconscious

WHAT HAPPENS WHEN YOU HEAR THE MARKET FELL 1,000 POINTS?

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

10

Fight or Flight (cont'd)

The cerebral cortex (where the brain does its thinking) begins to size up the threat.

- **What do you know?** Russia and the Ukraine; Inflation; Raising interest rates
- **What do you know?** A friend just got out
- **What do you know?** The sky is falling, the sky is falling!!!!!!

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

11

So What Do We Do?



PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

12

Emotional Triggers Create. . .

- FEAR
- Confusion
- Awareness of lack of knowledge – in turn creates:
 - Distrust
 - FEAR
- FEAR . . .OF MAKING A MISTAKE, more FEAR
- And no one wants to make a mistake, so we react instead of using critical thinking . . .

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

13

Examples of Emotional Thinking

- Confirmation Bias
- Recent Past Bias
- FOMO – Fear Of Missing Out
- Availability Bias
- Pattern Seeking
- Listening to the Wrong People

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

14

Confirmation Bias

- We are set on a thought, and
- We look for information to prove that thought:
 - ✓ “My brother will _____ . . . He does it every time.”
 - ✓ “The Stock Market _____ . . . It happens every time.”

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

15

Confirmation Bias (cont'd)

- We'll find the evidence because we are **LOOKING** for it!
- But only for that particular evidence – even though other evidence is also seen

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

16

Recent Past Bias

- The Past always repeats itself, and
- We KNOW it will repeat itself the same way



PROFESSIONAL ADVISORY COUNCIL



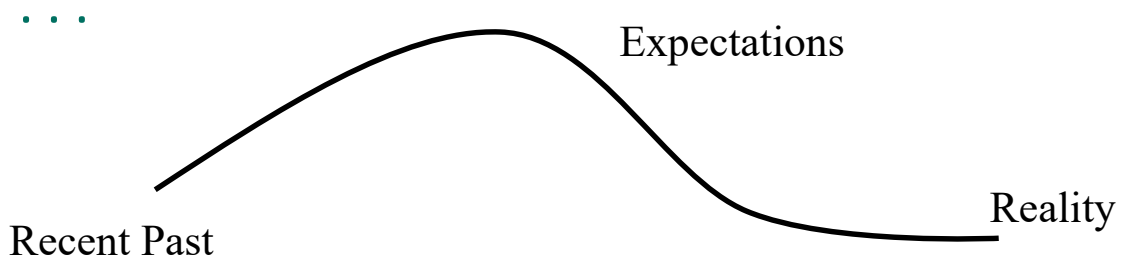
TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

17

Recent Past Bias (cont'd)

- We Have Recent Past Bias . . . Whatever our expectations are, the REALITY will be different



PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

18

Best Asset Class – Repeat Performance?

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | YTD |
|--------------------|---------------------|--------------------|-------------------|---------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-----------------|---------------------|--------------------|-------------------|--------------------|---------------------|
| EM 39.8% | HG Bnd 5.2% | EM 79.0% | REIT 28.0% | REIT 8.3% | REIT 19.7% | Sm Cap 38.8% | REIT 28.0% | REIT 2.8% | Sm Cap 21.3% | EM 37.8% | Cash 1.8% | Lg Cap 31.5% | Sm Cap 20.0% | REIT 41.3% | Cash 0.2% |
| Int'l Stk 11.6% | Cash 1.7% | HY Bnd 57.5% | Sm Cap 26.9% | HG Bnd 7.8% | EM 18.6% | Lg Cap 32.4% | Lg Cap 13.7% | Lg Cap 1.4% | HY Bnd 17.5% | Int'l 25.6% | HG Bnd 0.0% | REIT 28.7% | EM 18.7% | Lg Cap 28.7% | HG Bnd -10.4% |
| AA 7.6% | AA -22.4% | Int'l Stk 32.5% | EM 19.2% | HY Bnd 4.4% | Int'l Stk 17.9% | Int'l Stk 23.3% | AA 6.9% | HG Bnd 0.6% | Lg Cap 12.0% | Lg Cap 21.8% | HY Bnd -2.3% | Sm Cap 25.5% | Lg Cap 18.4% | Sm Cap 14.8% | HY Bnd -14.0% |
| HG Bnd 7.0% | HY Bnd -26.4% | REIT 28.0% | HY Bnd 15.2% | Lg Cap 2.1% | Sm Cap 16.4% | AA 11.5% | HG Bnd 6.0% | Cash 0.0% | EM 11.6% | Sm Cap 14.7% | REIT -4.0% | Int'l Stk 22.7% | AA 9.8% | Int'l Stk 11.8% | AA -16.0% |
| Lg Cap 5.5% | Sm Cap -33.8% | Sm Cap 27.2% | Lg Cap 15.1% | AA 0.3% | Lg Cap 16.0% | HY Bnd 7.4% | Sm Cap 4.9% | Int'l Stk -0.4% | REIT 8.6% | AA 14.6% | Lg Cap -4.4% | AA 18.9% | Int'l Stk 8.3% | AA 10.9% | EM -17.5% |
| Cash 4.4% | Lg Cap -37.0% | Lg Cap 26.5% | AA 13.5% | Cash 0.1% | HY Bnd 15.6% | REIT 2.9% | HY Bnd 2.5% | AA -1.3% | AA 7.2% | REIT 8.7% | AA -5.6% | EM 18.9% | HY Bnd 7.5% | HY Bnd 5.4% | REIT -19.2% |
| HY Bnd 2.2% | REIT -37.7% | AA 24.6% | Int'l Stk 8.2% | Sm Cap -4.2% | AA 12.2% | Cash 0.1% | Cash 0.0% | Sm Cap -4.4% | HG Bnd 2.7% | HY Bnd 7.5% | Sm Cap -11.0% | HY Bnd 14.4% | HG Bnd 6.1% | Cash 0.0% | Int'l Stk -19.3% |
| Sm Cap -1.6% | Int'l Stk -43.1% | HG Bnd 5.9% | HG Bnd 6.5% | Int'l Stk -11.7% | HG Bnd 4.2% | HG Bnd -2.0% | EM -1.8% | HY Bnd -4.6% | Int'l Stk 1.5% | HG Bnd 3.5% | Int'l Stk -13.4% | HG Bnd 8.7% | Cash 0.6% | HG Bnd -1.5% | Lg Cap -20.0% |
| REIT -15.7% | EM -53.2% | Cash 0.1% | Cash 0.1% | EM -18.2% | Cash 0.1% | EM -2.3% | Int'l Stk -4.5% | EM -14.6% | Cash 0.3% | Cash 0.8% | EM -14.3% | Cash 2.2% | REIT -5.1% | EM -2.2% | Sm Cap -23.4% |

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

19

Recent Past Bias (cont'd)

- “What ifs” worrying
- Thoughts based on FEAR
- It's not different, markets fluctuate

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

20

Recent Past Bias (cont'd)

- How Recent Past Bias shows up
 - ✓ Financial Planning
 - ✓ Estate Planning

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

21

Fear Of Missing Out - FOMO

We Don't Want To Miss Out On Something

- “Everyone is making money in Bitcoin”
- “My friends are putting their kids’ names on their real estate”

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

22

Fear Of Missing Out – FOMO (cont'd)

TRUTH: We Aren't Missing Out – We Just Think We Could Be . . .

- Bitcoin is a new currency, and its use is still being decided
- Cheap Estate Plan mechanisms have unintended consequences

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

23

Availability Bias

We use the most easily accessible information to make a decision, even when it may not be the most important information

- “I googled _____”
- “I saw a post on Facebook about _____”

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

24

Availability Bias

Availability Bias is the human tendency to think that examples of things that come readily to mind are more representative than is actually the case.

The psychological phenomenon is just one of the number of cognitive biases that hamper critical thinking and, as a result, the validity of our decisions.

PROFESSIONAL ADVISORY COUNCIL



An Affiliate of
Cedars
Sinai

25

Availability Bias (cont'd)

Examples

FAQ: have you ever seen your question answered in these FAQ reports online?

We often need more information from a variety of resources and a trained advisor rather than one Google post . . .



PROFESSIONAL ADVISORY COUNCIL



An Affiliate of
Cedars
Sinai

26

Sound Economic Decision

DO YOU NOW HAVE ENOUGH INFORMATION TO MAKE A SOUND ECONOMIC DECISION?

- “What ifs” – just speculation on negative outcome
- Most investors – little, if any, knowledge of what stock market has done over last 100 years
- Recognizable patterns repeated in market’s behavior?
- Always some worry when it comes to economy
- Buy lightning insurance? No? Why not?

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

27

Fearful and “What If” Thoughts

- When you experience market declines, you have less money and no one likes when that happens
- Don’t let your fear and your “what if” overthinking get in the way of rational thinking based on the facts

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

28

Pattern Seeking

We see order where there is only randomness

We rationalize our behavior . . . because we
FIND a pattern.

PROFESSIONAL ADVISORY COUNCIL



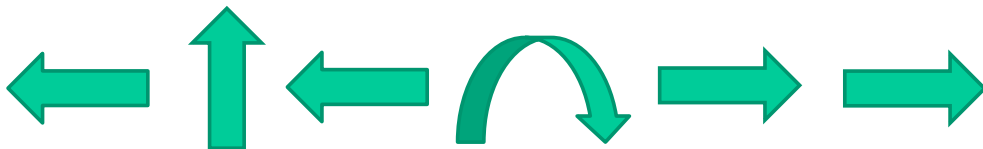
TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

29

Pattern Seeking (cont'd)

Would you rely on this pattern?



Is this a pattern of arrows, or is it they are all
green and 4 are pointing to horizontal directions?

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

30

Listening to the Wrong People

Why Do We Let The Wrong People Influence Us?

[in your mind, allow your brain to play
the FINAL JEOPARDY music]

Dum, dum, dum dum, dum, dum, dum, dumb, dum dum
dumb, dum, DUMB, dum, dum, dum, dum, dum . . .dumb

PROFESSIONAL ADVISORY COUNCIL



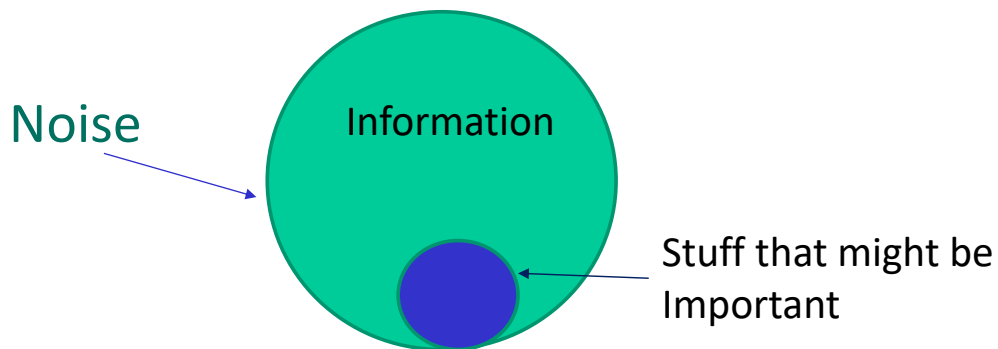
TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

31

Listening to the Wrong People (cont'd)

Talk about the right things with the right people!



PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

32

Things We Know But Do Not Do With \$\$\$

- Buy Low Sell High
- Black Friday – We buy more towels but we don't buy stocks on sale

Emotions/Fear Drive these Decisions

PROFESSIONAL ADVISORY COUNCIL

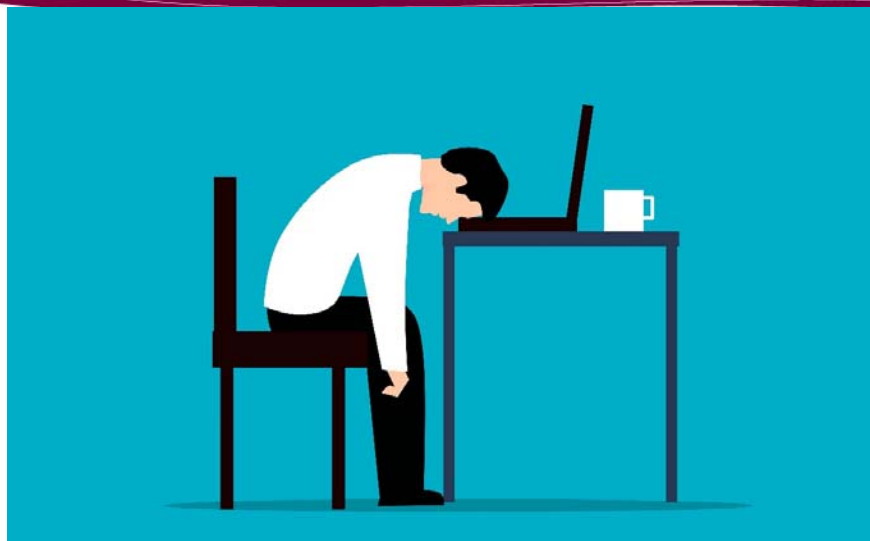


TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

33

Why Do We Do This?



PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

34

Here Come the What Ifs

- What if the market falls further?
- What if it really is different this time?
- What if Russia invades the European countries and we have to come to their aid? World War III?
- What if I don't have enough to live on in retirement?
- What if this is the start of another Great Depression? 1929 – 1939
- What if I have to pay \$100 per gallon at the gas station?
- What if I don't have enough money to buy groceries?
- Do you see a common theme or element here?

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

35

'What Ifs' Are Not Guaranteed To Happen

Worrying about the "What Ifs" is a waste of valuable time that could be used for things you CAN control . . .



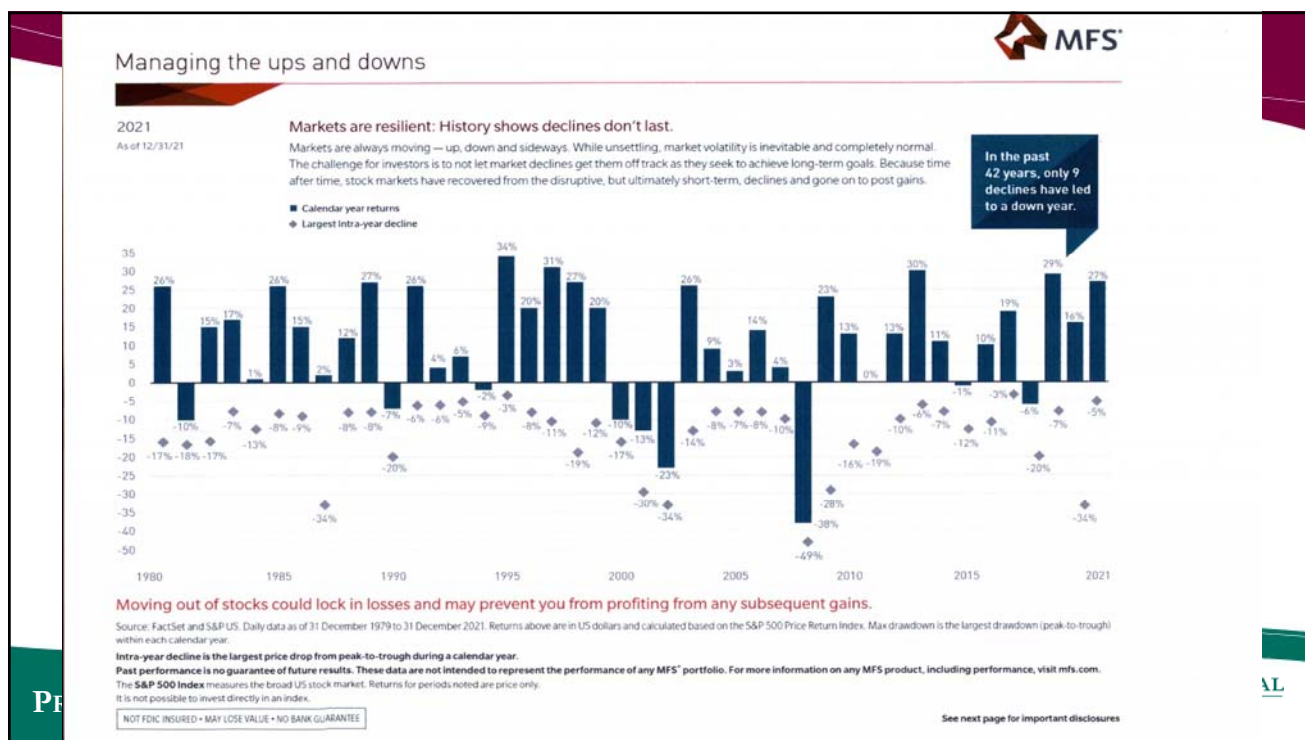
PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

36



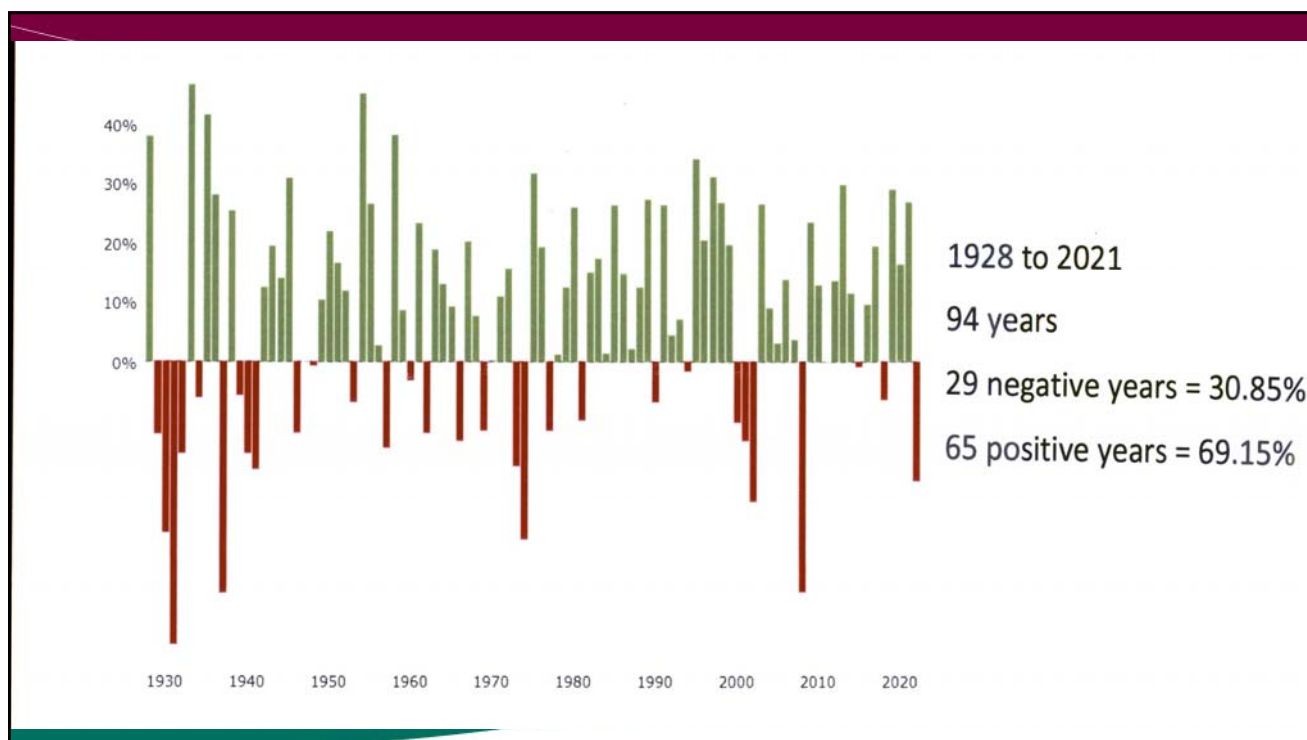
37

Stock Market's Odds - Historic Perspective

Notes on previous graph

- Performance 1/01/1980 to 12/31/2021 – 42 years by S&P 500 performance index
- 33 up years and 9 down years
- 78.57% vs. 21.43% - What would you do with these odds in Vegas?
- Intra-year draw downs – EVERY YEAR!!! It's normal. . .
- Need more evidence?

38



39

Probability of Recovery

| Portfolio loss | Needed cumulative gain to restore loss | Percentage chance* of recovery from loss within... | | | | | |
|----------------|----------------------------------------|----------------------------------------------------|---------|---------|---------|---------|----------|
| | | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years |
| -10% | 11.1% | 52.5% | 74.4% | 81.6% | 78.4% | 77.8% | 93.5% |
| -20% | 25% | 25.0% | 48.7% | 68.4% | 67.6% | 72.2% | 93.5% |
| -35% | 54% | 0.0% | 17.9% | 34.2% | 56.8% | 61.1% | 93.5% |
| -50% | 100% | 0.0% | 0.0% | 7.9% | 13.5% | 36.1% | 80.6% |
| -65% | 186% | 0.0% | 0.0% | 0.0% | 2.7% | 5.6% | 61.3% |

*Probabilities calculated from historical returns of the S&P 500 Index over the past 40 years.
Source: Craig Israelsen, Ph.D.

40

Historic Perspective

- Many, many times I've heard clients say, "I don't have 20 years to wait for the stock market to come back."
- None of us knows how long we will live
- Let's see how long it took the 10 worst declines in market history to recover

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

41

Time to Recovery for 10 Worst Declines

| # | Start Date | End Date | Total Days | Start DJIA | End DJIA | Loss | Time to Recovery |
|----|------------|------------|------------|------------|----------|--------|------------------|
| 10 | 1/15/2000 | 10/9/2002 | 999 | 11,792.98 | 7,286.27 | -37.8% | 2 yrs 9 mos |
| 9 | 11/21/1916 | 12/19/1917 | 393 | 110.15 | 65.95 | -40.1% | 1 yr 1 mo |
| 8 | 9/12/1939 | 4/28/1942 | 959 | 155.92 | 92.92 | -40.4% | 2 yrs 7 mos |
| 7 | 1/11/1973 | 12/06/1974 | 694 | 1051.70 | 577.60 | -45.1% | 1 yr 11 mos |
| 6 | 6/17/1901 | 11/9/1903 | 875 | 57.33 | 30.88 | -46.1% | 2 yrs 5 mos |
| 5 | 11/3/1919 | 8/24/1921 | 660 | 119.62 | 63.9 | -46.6% | 1 yr 9 mos |
| 4 | 9/3/1929 | 11/13/1929 | 71 | 381.17 | 198.69 | -47.9% | 2.5 mos |
| 3 | 1/19/1906 | 11/15/1907 | 665 | 75.45 | 38.83 | -48.5% | 1 yr 11 mos |
| 2 | 3/10/1937 | 3/31/1938 | 386 | 194.40 | 98.95 | -49.1% | 1 yr |
| 1 | 4/17/1930 | 7/8/1932 | 813 | 294.07 | 41.22 | -86.0% | 2 yrs 3 mos |

42

Recognize Emotional Triggers and Avoid Them

What can I do to avoid human nature?

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

43

What You Focus On Grows

FEAR
OR
SUCCESS



PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

44

Using a Plan/Advisor

Without a Plan means decisions were:

- not well thought out
- made hastily based on what was possible
- driven by what you had to do
- or by no plan at all
- emotionally devastating due to results created

USUALLY NOT BENEFICIAL

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

45

Using a Plan/Advisor

Using a Plan means decisions were:

- based on information
- based on knowledge
- based on thoughtfulness
- based on goals

NOT BASED ON EMOTION

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

46

Thank you!

Questions?

Disclosure

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. To determine what is appropriate for you, please consult a qualified professional.

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

47

Follow-up questions

Sandy VandenBerge

sandy.vandenberge@tmmc.com

310-784-4843

www.torrancememorialfoundation.org/news

PROFESSIONAL ADVISORY COUNCIL



TORRANCE
MEMORIAL

An Affiliate of
Cedars
Sinai

48