Tom Mullooly: In this episode, we're going to talk about managing expectations. Should I ever stop putting money into a 401(k)? What's the prediction on the market? We'll talk about that.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly. We get the questions that we cover in this episode, Episode Number Four. We get these questions from clients, from prospective clients, from people on the street. We even met a talking gorilla the other day.

Ask your questions. You can find us on Twitter, on LinkedIn. You can email us at show@mullooly.net, but bring us your questions. With that, let's get our roll on here. Case, what's question number one?

Casey: All right. The first question we got came from a prospective new client. It was, "How long does it usually take for a new client like me to start seeing results?

Tom Mullooly: This is actually a really good question. We get a lot of referrals from clients. The clients will tell these new folks that call us, "Just talk to them. They've been doing great." That's kind of how our first conversation goes like, "You don't know me, but I work with so and so and they tell me that everything has been going great. I'm not doing that well with my investments. Can you help me out?"

We'll walk them through our process, how we approach investments and how we manage portfolios for clients. Every once in a while, we'll get a phone call or an email from a new client say three months into the process. They'll say something like, "I haven't seen anything happening yet," or, "Not too much going on," or, "What's happening?"

That's a signal to us that we need to reengage with the client and talk to them about what our process is, and also remind them that when we started managing this account we did outline, in most cases, that we're managing for some long-term goal out in the future. It could be putting money away for college or it could be managing a retirement account.

There's a lot of different things, but they're usually not events that are going to happen in six months or even twelve months. These are long-term goals that we're trying to help our clients with.

That usually helps a lot, but then every once in a while we'll get another check-in from a client say six months into the process and they'll say, "When does the magic happen? When does all the magic start?" Because they came to us with this feedback from other clients saying, "Oh yeah, everything is great."

That's usually another opportunity for us to have a chat with the client and talk about when the magic starts. The magic actually starts when you stop looking at your account on a daily basis. I hate to say it, but we have clients that we can see when they log into their accounts.

We see clients who tell us that they say that they're long-term, but they're checking their account twice a day, three times a day. That's just too much. We don't do that many transactions to really generate the need to look that much.

We even have clients who tell us that they're conservative and they're looking for income, but they check their account every single day. I really think that's micromanaging. I know employees wouldn't like to be micromanaged. It's really tough when you're looking at your investments on a daily basis, especially when they're supposed to be really long-term.

When I was new in the business, I had a sales manager who had a really corny sense of humor. He said that your investments are like a bar of soap. The more you touch it, the smaller it gets. That's something to think about. Try not to look as much at your investments.

I know last night we were watching the Presidential Debates and Donald Trump was on there and he said that there's parts of the internet that he would like to close. Honestly, he has my permission if he wants to turn off this part of the internet so our clients can stop checking their accounts so much. I'd be okay with that. Big Don, you have my permission on that. All right Casey, what's next?

Casey: Next question is, "I've been putting the max into my 401(k) this year. It kills me to see the account hasn't really grown at all this year. That's a lot of money coming out of my paycheck each pay period. Should I continue contributing?"

Tom Mullooly: That's a question where I think there's another question or another topic buried inside of it. There's the issue where this person said, "That's a lot of money coming out of my check to go into a retirement account." We happen to know that this person is in their thirties.

Look, when you're in your thirties it's important to put money away for retirement. That's really important, but don't overdo it. We've seen way too many times where folks will put money in. They'll be socking money into their retirement account.

Then two years later, they have to take a loan out because they have to pay off a boat loan or they've got credit card bills or they're taking the money out to put a down payment down on a house. Look, in your twenties and through your thirties, you've got a lot of expenses.

You're going to have credit card bills. You're going to have student loans. You're going to be saving money for a home some day. It's really important that you save for retirement. The sooner you start, the better.

Keep it within reason. Don't get into a situation where you have to stop putting money into your 401(k) or your retirement account at work, because all of your day to day bills or your monthly bills are exploding beyond control.

I don't know if that really answers the question, but it's something that I really needed to talk about with clients. There's a lot of financial planners and a lot of investment folks that are just pounding the table now saying, "You've got to be putting money away for retirement because we're all living longer, and who knows about Social Security."

The reality is you've got to pay bills today. You've got to put money away for a down payment on a house, maybe you have a car payment. Maybe you don't have that safety net that we talked about back in Episode Three.

These are things that you have to address before you can put money away for retirement. We've got to keep this all in perspective. Right big guy? Casey is nodding his head. You can't see him. He's off-camera though. All right Casey, what's next?

Casey: Next up, we've got someone who wants to know what your outlook is for the market. 2015 has been pretty flat.

Tom Mullooly: The market has been pretty flat. In fact, the market in 2015 has been waiting for the Fed to finally start raising rates. It's so funny that we're I think about a half hour away from the Fed announcement. We're taping this in mid-December. The year began with the S&P 500 hanging around 2,050. Casey, go over to the machine right now and tell us where the S&P is.

Casey: 2,050.

Tom Mullooly: 2,050, okay? The whole year, big nothing. All right. That's not necessarily the precise reason why the market has done nothing. It seems like we're going to have years where the market is just on hold, where the market is up or down a little bit.

The one thing that I want to address though is that Mullooly Asset is not in the prediction business. Over the next couple of weeks, there's going to be a lot of new published articles and a lot of new stuff coming out online about what the predictions, what the experts say will happen in 2016. We're not in that business.

In my opinion, the role of your investment advisor, two-fold. Really important. The first one is make sure that your investments are in line with your goals. Like the prior question the person was asking about, "Hey, I'm investing for the long-term for money that's supposed to last for thirty or forty years, but we haven't made any money this year."

Well, let's take this on a long-term perspective, all right? We have to really be careful about not getting caught up in the day to day news and the day to day fluctuations in the market. Five percent drops in the market can happen without any kind of news or any kind of event. Things happen all the time.

We've got to make sure that your investments are aligned with your long-term goals. We also know that your situation can change over time. People move. They get new jobs. They get laid off. They get married. They have kids. Things happen. They get sick. They get disabled. Things happen all the time.

Part one (a) of our obligation is to make sure that as your situation changes, we want to make sure that the investments continue to stay in line with what your long-term goals are. The second job, which I think is a really most important job for investment advisors is to stop their clients from making serious mistakes.

I'll give you a great example. Market pulls back four, five, six percent. Client loses patience and says, "Forget it. I'm out. I don't like the way the economy is going. I don't like the president. I don't like Congress. I don't like the new tax law." I don't know, whatever.

They come up with the goofiest reasons why they want to get out of the market. What they're saying is I hate looking at this day to day and I'm getting really impatient. I just want something that's going to make me sleep at night. That's coming back to managing expectations.

Again, the two main roles of your investment advisor are to make sure your investments are in line with your goals and stay in line with your goals. The second thing is to stop you from making a serious mistake.

Okay, that's enough for today. Don't forget you can always subscribe. If you're watching on YouTube, just hit that red button down there, that red Subscribe button and send us your questions please, Twitter @MulloolyAsset, email show@mullooly.net.

You can always pick up the phone and just call us too. That's all we've got for today. We'll see you next on Cinco, Episode Five, the big Cinco.