Speaker 1: Sometimes new isn't always improved when it comes to investing. Welcome to Take 6 of Episode 25, the Bobby Bonilla. Probably the single worst contract, certainly in Mets history, and maybe in all of baseball. The Mets wanted to get rid of Bobby Bonilla. This goes back almost 20 years now. They called him in with his agent and said, "Hey, we want to release you. We owe you about $8 million left on your contract. Would you be interested in deferring this money for 15 or 20 years and we'll pay you 8% interest?" Bobby and his agent thought about it for about 11 seconds and said, "Sure, that's great." Take $8 million, compound that by 8% for 15 or 20 years, get back to me with the math. It's a gigantic number. The Mets didn't care though. They were smiling all the way to the bank because they had a money machine called Bernie Madoff who was clocking-in at 10% a year, so they were actually going to make money on this. The joke's on them, so too bad.

What we do in these videos is we get topics that our clients want to talk about or people on social media are reaching out to us with questions. If you've got a question, lay it on us. You may see it in a future video. Right now, Casey, what are we going to talk about today?

Speaker 2: I recently found out that I can check my 401(k) on my cell phone. Do you think that this is a good idea?

Speaker 1: It's great that there are so many things that you can do on your phone now that make life a lot easier. You can check the weather, you can check out a lot of things on your phone and find out instant information. Sometimes too much information can be a bad thing. Like checking your stock portfolio or your 401(k) on your phone. It's a little dangerous, especially if you're like 94% of the American population who's a little emotional when it comes to investing. It's very easy if you pull up your app or your portfolio on a cell phone and you see that a particular investment is down today. It's very tempting to just hit that button and sell it. I really need to caution, and I think a lot of advisors will caution you, against being impulsive when it comes to making changes in your portfolio.

Here at Mullooly Asset, we use point and figure charts. They help us. We also use relative strength. They help us determine where we want to make changes in the portfolio, where we want to move in or move out. Sometimes, we've got to give things a little longer leash, but here's the comparison. When I got started in the business, now this is 30 years ago, there was not any electronic trading. When a client wanted to come in and talk to me about their stock portfolio, they came in with a notebook, yellow pad or whatever. They would open this thing up and there would be, it would smell like moth balls, and they would say, "We bought this stock in 1967, it's now 1986, and this is how many shares we have." They would write down all the dividends that they've got in notebooks with one of these things. It's called a pen.

People kept totally great records, but here's the other thing. When we would buy a stock or a bond for a client, you know what we did after the trade settled? We would ship the certificate out to the client. They would take the certificate and they'd throw it in the bank in the safe deposit box. Think about this. If they wanted to sell a stock, what did they have to do? First of all, they're going to have a conversation on the phone with their broker, "Hey, do you think we should own this anymore?" Okay, then what did they have to do? Then they have to go down to the bank, they've got to get into the safe deposit, they have to get the certificate out, they've got to bring the certificate down to the broker, they've got to deposit it in an account, then it has to go through safekeeping. It's going to take about 2 weeks to sell an investment, so it really makes you think long and hard about whether you want to get out of something.

That sounds really archaic and really old fashioned, but here's what happened. It kept people in investments a lot longer than they would today because today you can look at your phone and say, "Wow, it's down a point and a half? Sell. Get out of it." I think having access to your 401(k) or your investment account on your phone may lead to more over-trading or more impulsive decisions. That's not always a good thing. I'm not advocating that we go back to paper and pencil like we did 30 years ago, but there's got to be some kind of happy medium. I just fear that a lot of people are going to begin over-trading their retirement accounts or their investment portfolios just because they can. Because it's available on their phone. While there might be an app for that, it may not be for you.

That's all we've got for today. We'll see you on Episode 26 and hey, don't forget. If you're watching this on YouTube, hit that red subscribe button, okay? Thanks for watching. We'll see you next time.