There are words that make you cringe as soon as you hear or see them.

Several conjure up memories of financial schemes of the past. Or worst ? the thought of lost opportunities. Perhaps you read somewhere, heard from a friend, listened to an ?expert? in the media, who validated your negative feelings. Although, if you dig deep, I dare you to recall specifics as to why you despise these words so much outside of feeling that you should because you did once. After all, the crowd believes them to be bad. The cool kids. The mainstream. **Let me warn you.** Continue to brush over them at your own financial risk. Savvy stewards of money are willing to change their minds as conditions change. The marketers? Not so much. They?re banking on an audience?s limited attention span. Heuristics is a joker, a teaser, when it comes to money decisions. It?s an ally when you need to jump out of the way of a car that blows through a red light or see fresh bear paw tracks in the mud outside your cave. When you were required to make quick decisions with limited information to guard from predators, heuristics was a survival mechanism. Today, simple, efficient rules or mental shortcuts we use to form judgments and make decisions don?t apply effectively when it comes to financial matters. With the information barrage we?re assaulted with daily, it makes sense how heuristics relieve stress, allow us to make quick choices, not look back. Move on.• Check a box. When it comes to money however, you need to step back. Take a breath. Investigate every angle. Explore the motivation behind the messages. Hasty decisions can make or break you. Given the opportunity they will pounce and destroy your investment strategy or household balance sheet. **I?ll go through the 4 words that generate pucker face when I utter them.** Hear me out. You may change your perspective.

Cash:

Such despised four letters. I can?t even deal with how hated cash is outside of money set aside for emergencies or re-creating a pay check in retirement. **Cash has its place and it better not stray from its limited footprint. Cash is immediately deemed ?losing money,? ?opportunity cost,? ?the drag on a portfolio.?** It creates distress for robot-advisor pioneers who believe cash in an investment allocation is ?a crime.? No doubt cash is considered the perpetual loser. No matter what. From the media?s perspective, cash represents indecision or by investors or money managers, when ironically, it can be an active, smart decision to hold more than the usual allocation when markets are turbulent, stock valuations are excessive or a retiree requires cash for ongoing living expenses. **Cash may save or prolong the life of a portfolio. And yet, it?s never favored.**

> *But what about inflation, Rich? Cash gets devoured by inflation. See? I got you there.*

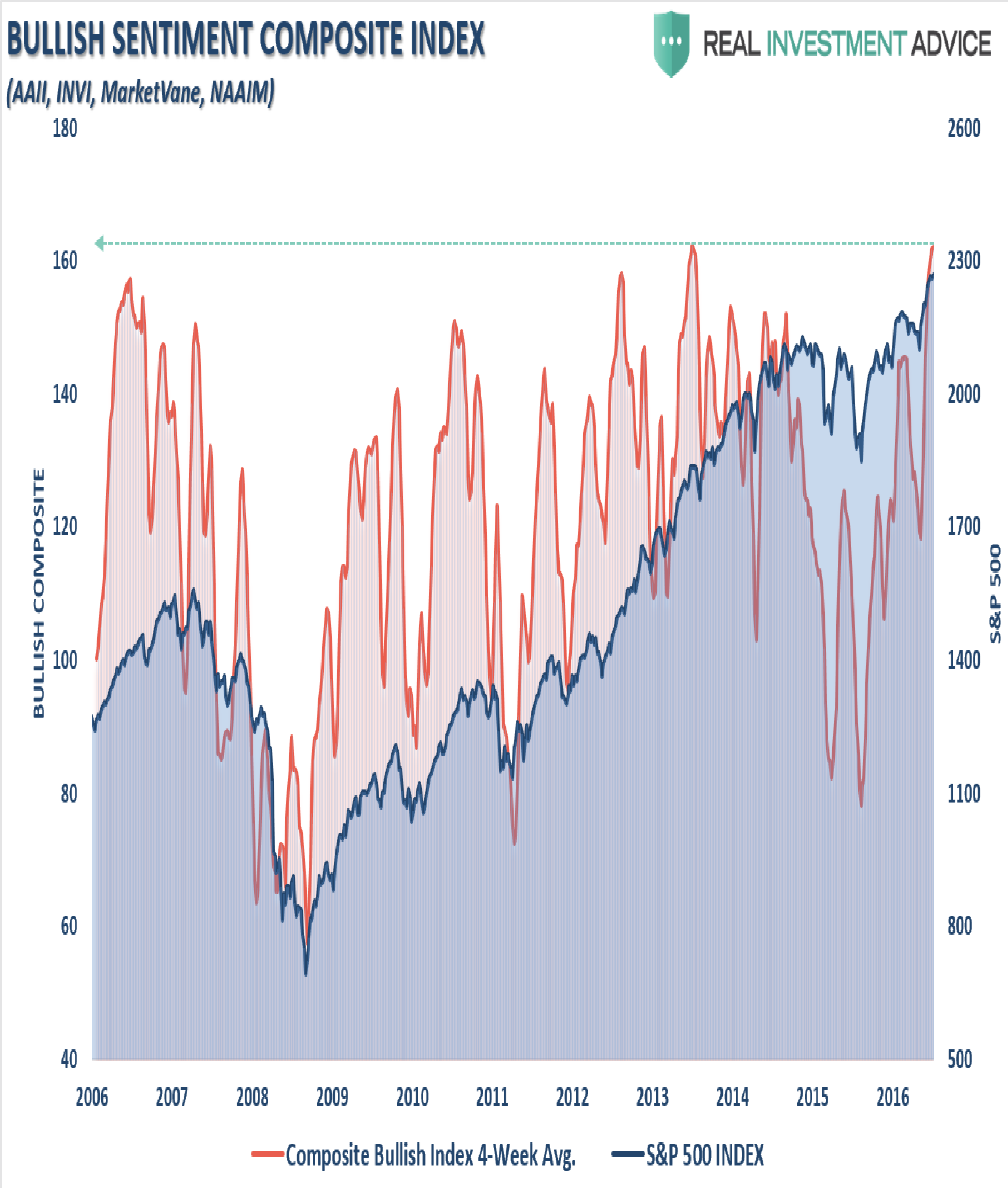
I can align with that sentiment if you?re planning to be allocated 100% to cash throughout a majority of a wealth accumulation and distribution cycle. In other words, as an investor, you?re so risk averse, that cash or cash equivalents are the only way to avoid sleepless nights. Other than that extreme, cash can preserve and protect. No expensive hedge funds, no fancy gimmicks. Cash is the cheapest, most efficient risk management choice out there. A recent study by Joe M. Luskin, CFP for the January 2017 Journal of Financial Planning, outlines how dollar-cost averaging (placing money into investments on a periodic schedule) can provide superior returns over lump-sum investing when the CAPE exceeds 18.6. Currently, the CAPE 10 stands at 28.13. The Cyclically Adjusted PE Ratio, also known as the PE 10, was created by Yale Professor Robert Shiller and represents the yearly price to (real) earnings of the S&P 500 for each of the past 10 years. Dollar-cost averaging is a method for many investors through funding company retirement plans from payroll deductions. Investors who have been mired in excess cash and contemplating stock investments, can look to vector capital over an identified time frame, from a money market or other cash-type bucket. For example, look to invest a specific dollar amount from cash over the next twelve months. The bottom line? Holding a healthier cash coffer now is not a bad idea. Nor should cash be considered a mistaken four-letter word for indecision at appropriate times. When you hear the ?bash-cash? bunch rise up, think the opposite. Be skeptical. Cash is part of a savvy investor?s survival kit. As RIA?s Lance Roberts has outlined and charted in the past:

> ***?The benefits ofhaving capital to invest at lower valuations produced substantial outperformance over waiting for previously destroyed investment capital to recover.?***

So, let?s give cash the respect it deserves. It?s an important sleeve of an asset allocation plan and the managers you entrust with your investment dollars deserve credit for expanding and contracting cash balances based on the macro economic environment, your requirements for distributions, and current stock valuations. Last, if the thought of maintaining a personal allocation to cash stresses you out, keep in mind global stock indexes are likely to head in the same direction (down) in times of corrections or bear markets. Ostensibly, stock diversification as a risk management method fails miserably. Cash doesn?t. Cash is indeed a true portfolio diversifier.

Sell.•

Rising from the depths of a language rarely spoken in offices of thousands of brokerage firms across the nation, rises the "**S" word**. The last eight years, one of the longest cyclical bull markets in history, has spawned a generation of professionals who never managed money through bear markets. We are awash in•euphoria.



Tread carefully. Having a written, specific sell discipline for every investment you own should be your most cherished investment rule. **The destruction of capital and the time it takes to recover from that destruction can be lethal to the accumulation of wealth. After all, how much time**

Starting Value	% Draw Down	$ Loss	Ending Value	Back To Breakeven
$100,000	10%	$10,000	$90,000	11.11%
$100,000	15%	$15,000	$85,000	17.65%
$100,000	20%	$20,000	$80,000	25.00%
$100,000	25%	$25,000	$75,000	33.33%
$100,000	30%	$30,000	$70,000	42.86%
$100,000	35%	$35,000	$65,000	53.85%
$100,000	40%	$40,000	$60,000	66.67%
$100,000	45%	$45,000	$55,000	81.82%
$100,000	50%	$50,000	$50,000	100.00%
$100,000	55%	$55,000	$45,000	122.22%
$100,000	60%	$60,000	$40,000	150.00%
$100,000	65%	$65,000	$35,000	185.71%
$100,000	70%	$70,000	$30,000	233.33%
$100,000	75%	$75,000	$25,000	300.00%

you got? Financial media preaches

constantly how markets have recovered from the financial crisis lows made in March, 2009. On the surface, that is indeed a true statement. They speak of 8 years like it?s a tiny dot on a life map. They seek to sweep the damage under the rug, pull it into the haze of market averages, and minimize the event. Time heals all wounds. Or does it? I don?t know about you, but to me, 8 years is an eternity. It?s ravaged my hairline. Eight years to get back to even is an eternity. I?m being generous with my assumptions. Many individual investors I speak with haven?t yet recovered from the tech bubble that burst in 2000. A sell discipline is not an ?all or none? proposition. Market timing is a fruitless effort and those who attempt to disrupt an investment strategy by completely shifting assets from one side of the portfolio deck to the other, will destroy returns. However, establishing a rule to take profits, and/or a discipline to rebalance as a method to control risk, is a responsibility you assume as an investor. There are several philosophies when it comes to rebalancing portfolios. Money managers may seek to ?buy low, sell high? based on the calendar ? every quarter or once a year. Rebalancing return benefits may be more than doubled by taking on a method of opportunistic rebalancing which employ tolerance bands that allow winners to run and purchase investments at lower prices than afforded by stiffer, auto-pilot calendar rebalancing. The goal is to look often and rebalance less frequently. Regardless of your preference, it?s important to formulate a strategy or find a fiduciary who employs a sell or rebalancing discipline and can explain it to you in simple terms. **SELL** may just save your financial life. Embrace the word.

Annuity.

Billionaire money manager Ken Fisher, appears as the senior version of Eddie Munster in a recent TV ad for his firm. He stares dead-eye into a tight camera shot. Laments solemnly: **••••••••••••••••••••••••••••••• annuities.?** Which obviously means you should too. No offense to Eddie, but? Let?s face it. Ken Fisher is a master marketer. There?s no doubt of his prowess to pitch his wares. However, what he knows academically about annuities and how they help mitigate life expectancy risk can fit in to a dollhouse thimble. Based on past comments he made in print about financial planning, deeming it ?unnecessary,? I understand why he isn?t a fan. Unfortunately what Ken Munster (I kid), is correct about is you as a consumer and investor **must be skeptical** of annuities as they are customarily ***?sold first and planned for, later. If at all.?*** An annuity solution shouldn?t be offered until holistic financial planning is undertaken to determine whether you have a great chance of outliving your nest egg. Annuities, especially deferred income structures with guaranteed withdrawal benefits, takes the stress off a portfolio to generate lifetime income and places it with an insurance company. Income or longevity annuities are a pragmatic addition to an overall retirement distribution strategy. For people who are at odds of outliving their investments or don?t have large enough investment assets to generate a paycheck for life, annuities are important. Understand the pros & cons of annuities. Shy away from variable annuities as they?re a mix of mutual funds and insurance and carry heavy costs. See? Annuity is not such a scary word. In some cases, it?s the difference between having a secure retirement or not. Keep in mind: Social Security is an annuity. A pension (rare) is an annuity. Annuity means ?check for life,? and who is against that? The billionaire Ken Fisher. That?s who. You need to be open-minded about them to survive.

Bonds.

When yields begin to rise, the bond haters emerge from the dead. It?s like they?re frozen and as rates heat up, they thaw out and hit financial media in full force preaching the same mantra, playing the worn out record we?ve heard for over three decades. **?The bull market in bonds is over. This is it!!?** This message now resonates with investors who observe red or negative numbers as they check out their bonds and bond mutual and exchange-traded funds on statements and online. Perhaps the bond zombies are correct this time and bonds will devour portfolios. Frankly, it?s irrelevant because bonds, especially the ownership of individual bonds, have a place in a balanced investment allocation. As long as they?re monitored for quality and ratings changes, we are assured full principal back at maturity. Intermediate and long-term bond and ?bond-like? investment yields have pulled back as the Trump presidency euphoria pales to the economic reality of continued malaise. Unrealized losses are beginning to narrow as we expected and wrote of here at Real Investment Advice.

The loudest, most repeated messages and words gain attention. Sometimes, to your disadvantage. When you hear the same story repeated often, most likely what you least expect is about to occur.

> *Cash equals indecision. You?re a wimp and a loser if you hold cash. It doesn?t earn anything. And what about inflation? Annuities are always bad because they?re all expensive and unnecessary. I hate annuities. They?re complicated and there to*

generate fat commissions. You shouldn?t sell investments. Just ?set and forget? an allocation because in the ?long term? markets always go up. No need to worry. Bonds are dead. None of the cool kids own bonds anymore.

One-sided phrases and flippant statements that fire up heuristic bias can be dangerous to your wealth. Do your homework. There?s more to every story. **Never ignore a word or philosophy based on pundits or marketing messages.** You and your finances will be rewarded for it.