

#FPW: Financial Planning Wednesday

7 Financial Lessons From Luling

July 10, 1877: How can there be so much blood? John knew what he was seeing wasn't good. Blood this dark meant something serious; something arterial hit by the bullet. Heavy twill pants went saturated so quickly they might as well have been made of cheap linen. •

A shaken, ashen-faced 30 year-old John Hardeman tried to remain calm. He falsely assured his brother all would be well as William Hardeman bled to death in the gravel of a red-dust main street. The ground was so parched William's life liquid didn't soak in, it pooled in a warm bubble underneath him. Nowhere to go, it rose and spread, beaded over the grit ? light red, then dark to black. Like Texas crude rising from below. ?Get that dyin' man out of the street, it's bad for business!??bellowed ?Rowdy Joe? Lowe who operated the only gambling house in town? Allegedly the shooting was over an unpaid gambling debt. Justice swiftly rendered. For decades, the dusty mecca of Luling, Texas (pop. 5,500) has celebrated all that is cold, wet and sweet

through its annual watermelon thump. Once coined the "toughest town in Texas," Luling was initially known as a center-point rest-and-rambunctious stop for cattle drivers along the Chisholm Trail. It's sort of odd it would become associated with anything as sweet and refreshing as ripe watermelon but so it goes in Texas. An acrid odor arises from oil pumps, punches the stillness, (I'm told it's gas) and irritates the nostrils. The faint aroma of metal grind on metal as the railroad, along with an ear-piercing whistle, rolls through frequently and mixes with the fragrance of barbecue that rises and suspends in smoke-filled gossamer ribbons. Luling's era as a hub for heavy commerce and cattle are long gone. Yet warm shadows of the past embrace the inevitable invasion of the present. They cast vigilant shade. Progress is allowable only to a point, never enough to shut out the light of what was. Current residents are far from back woods. There's a clothesline here and there with large overalls hanging, I'll give you that. Most dwellings are not much to view. They're worn from constant heat. Need work. Sun-faded remnants of outdoor plastic toys litter front and back yards. A tattered couch on a porch catches the eye. There exist old majestic structures that gleam white and border the center of town beautifully preserved. The history in the walls is nurtured. Artistry lives in the wood, expansive porches, columns that guard grand entrances halls. Ordinary episodes of daily life strain through a time warp - polite words travel along bands of narrow streets within this close-knit town webbed to a rail line. When trains run, a round sound of train whistle sepia tones the sky. Clouds halt above. The current year fades in decade drips. The signs of enlightenment are there for those open enough to accept them. The teachings carry strong on the smell of industry, the local smoked cuisine and in the sweetness of carnival caramel corn. White-hot brick walls and penetrating sunlight can't stop history from fading. And for this I'm grateful. True: Folks are comfortable with rusted memories of accomplishments long ago although they seem fine to allow the past to co-exist. In fact, they relish and celebrate the idea, especially when the thump raises Luling's map dot even if it's for only for a few days. Otherwise, not much happens. And I'm being polite. I mean nothing absolutely happens here. Just living and dying in a small town. Naturally, football pride (Friday Night Lights) is strong like most places in Texas. Oil and gas exploration is experiencing a renaissance in this area, too. A slight claim to fame was the 2006 movie *The Return*, a horror/supernatural thriller starring Sarah Michelle Gellar who portrayed a young woman haunted by psychic visions of a murder that happened years back in the character's hometown of, that's right, **Luling**. Then there's the watermelon. Lots of watermelon. Every year, homage is paid to a produce-induced vision of a school principal from way back. Another world in fact: 1954. Carnival festivities and watermelon-themed events like seed spitting (not as gross as it sounds) are bathed in ropes of colorful party lights for four fun-filled days. A warm breeze carries a pungent wave from a teeter-tottering arm of an aged oil pump and bounces it across and through what seems like endless strings of tiny white lights. The lights flicker so much I can't tell whether watermelon is a fruit or a vegetable in the ebb and flow of reflection. This is a big controversy on the internet by the way. I stick with watermelon as a fruit. I don't like my vegetables sweet. That's how I roll. Activities kick off on a Thursday evening with the crowning of "Watermelon Queen," selected from a small group of junior-high and high-school young ladies. Sponsored by community services and local businesses, the girls, dressed in formal best, gather at an outdoor aged wooden structure called the "pavilion" and sit nervously awaiting the judges' decision. The "fresh-picked" Queen holds the primary responsibility of representing the town at upcoming statewide events and local school and business functions until the next thump and new royalty is crowned. For eight consecutive years, my daughter and I have honored the tradition and at the same time, created a strange one of our own by sweltering in the Texas humidity. Partaking with gusto in all that small-town hospitality has to offer. For temporary relief at least, watermelon is plentiful. Icy-cold that stings the gums (two slices two dollars). Miles of funnel cake and food specialties are savory high-caloric backups. I've visited at least a dozen times (*for savory barbeque served on butcher-brown paper at the iconic City Market*), and came to know business owners and residents at least on cordial speaking terms. I'm viewed as sort of odd man out and been laughingly called a Yankee a time or two, however hospitality runs strong in these parts and no matter how out of place I appear, I am treated as

warmly as a native (after light jabbing). A fascination with Texas history rolled me down Interstate 10. I have remained intrigued as those I encounter manage to survive, even thrive on modest financial resources (a per-capita income of roughly \$13,000 a year). I've been a respectful observer. Under the radar. A speck on painted oil pump.



My window of observation is usually limited due to the July blast-furnace Texas heat. Surprisingly weather conditions were different this year. The late afternoon brought with it a front of cooler air which pushed out humidity, broke the heat and exposed a pinkish-blue Technicolor sky against a busy Ferris wheel dripping in colorful carnival lights. Over the years, I've compiled notes of the best of lessons money and otherwise, from the residents of Luling. Here are seven of the most memorable: ***?I don't eat the whole chicken all at once, just a piece at a time.??*** You can't make this stuff up! Those who seek immediate satisfaction or look to get rich quick are going to suffer from incredible financial indigestion or worse. Growing wealth isn't magic ? it begins with a financial awareness of cash flow, consistently spending less than household income, managing

debt and a saving and/or investment plan for specific life benchmarks like retirement. Many feel the tasks too overwhelming. Why bother? Well, listen to Luling: Take a baby step: If you're not saving, start. Even if it's an additional \$50 a month to bolster an emergency cash stash. Increase your 401(k) or retirement plan contributions by one percent next week. Apply as much as you can to get credit card bills paid off quickly. Take the action now. Worry about the repercussions on the budget later. Take a step forward. Find a way to make it work. **?Don?t owe nothin? to nobody.?**

?Appears those with smarts in Caldwell County, mostly the ?senior folk,? abhor debt. The gentlemen who blurted this insight at me had a mouth full of ribs and a face devoid of several teeth (meat falls right off the bone at City Market). Wisdom happens even if those providing it are all gums. U.S. households are slowly getting their balance sheets in order and that requires reducing debt and working to aggressively increase savings. Be proud of the eventual independence that comes from becoming debt free. Principal, interest, taxes and insurance doesn?t exceed 25 percent of gross monthly income. Standard rule of thumb is 28 percent; my advice is to come in below as the rule is antiquated like many of the downtown Luling facades. I have been disciplined enough to follow a ?20 percent of gross? mantra. But then I've never perceived a house as an investment ? just a place to hang the hat.

Side note: *City Market only takes cash ? no credit cards, no checks. You can enjoy melt-in-your-mouth brisket without taking on additional debt. The establishment is eternally smoky and there?s no air conditioning. Spicy sauce makes the experience hotter. Don?t worry. As the sweating kicks in you feel cooler.●*



?You can fool yourself but the pigs?ll still laugh at you.?? I needed to think outside the box with this one. Emotion is the greatest enemy of investment and financial success. Individual investors are constantly plagued by overconfidence (you didn't beat the market, I'm sorry-you didn't). You consistently sell low and buy high, hold on to losers too long, sell winners prematurely and create trends in your head where none exist. Understand your limitations and emotional biases and you'll be much more successful. You'll deny this at first. Your performance should be gauged against specific goals you have for money, not an index like the S&P 500. Your performance should be compared on an absolute basis, to the return you require to hit the gusher (Texas talk). I consider it ?financial life benchmarking.? Financial life benchmarks are those specific milestones you create, accomplish and check off. They move you ahead, keep you focused and ostensibly bolster your household balance sheet. There's a point, a law of diminishing returns (or financial



commensurate amount of return. As you approach or breach the point, it is greatly detrimental to future results.

When you're focused on beating

the market, you will lose sight of the risk and wind up like poor William Hardeman as your net worth bleeds away. FLB helps you understand clearly the returns you require to get to where you want to be ? It's about you, not a market index. It's your life, your attitude towards money, what's important to you about having the money to meet lifestyle goals all wrapped together in a functional action plan. It's your town and the roads are unlike any others. By the way, those I've encountered with impressive success in markets rarely brag about it. Look in the mirror and understand how the stock market will humble you today. *Always perceive markets as ornery as ?Rowdy Joe.??* ***The heat won't kill ya until it does.??*** I needed to sit a spell after hearing this Lone Star nugget of wisdom. What the heck did it mean? Then I realized-in Texas you respect the heat and understand the danger of oppressive weather conditions on your health. Ignore the heat and deal with the consequences. The famous quote by Albert Einstein comes to mind: *??Insanity: Doing the same thing over and over again and expecting different results.??* If your current relationship with money or yourself is subpar, it isn't going to change itself. Overextending on credit, not saving for retirement or at least forming a strategy, a lack of an emergency cash buffer, using spending as a substitute for happiness, not taking care of your body physically/mentally, failing to continue to learn will burn you to a crisp. Start a personally heated change wave. It doesn't need to be huge. A habit takes repetition to become second nature. Soon a healthier and wealthier routine will be yours but it doesn't happen by accident. ***?Hay is gold.??*** An unprecedented drought and elongated period of record heat, and hay becomes a valuable commodity in Texas. All of life comes down to supply and demand. Right now there's a greater supply of you and little demand. Just look inside the unemployment rate or employment numbers.. What makes you unique? It's a tough reality. The skills you had, or even the career you thrived on have a greater chance of being sour permanently since the Great Recession. That doesn't mean

you don't possess several core strengths to expand upon. Confidence in your personal skills and abilities has been shaken more than any other time in history outside the Great Depression. Take control. ***?I'll take small quality over big a big stack of nothin'.*** I admit it. I overheard this one. Yes, everything is bigger in Texas. Texans also respect and appreciate quality and pureness of heart over size. It's a good time to go smaller. How much you need anyway? Luling is home to an interesting business: Tiny Texas Houses. Each house is made of 99 percent salvaged materials. No structure is bigger than 12' x 28' with a loft. How much square footage you need? Get yourself two dogs (they're loyal), two acres and possibly a person to keep you company once in a while and you'll be styling. I've been preachin' this two dogs, two-acre sentiment for years because it seems right to me. Feels like true independence. Peace of mind comes from taking in more than you need to meet expenses. I've been told that too, in Luling. I've seen it. ***?The past has a place but shouldn't interfere too much with the present.*** The new owners and staff of the Francis-Ainsworth Bed & Breakfast are in the process of restoring the historic structure for a new generation of guests to enjoy. I feel history tap me on the shoulder here. It's a presence which lightly beckons, lowers its head in deference as I enter, and invites me to never forget to respect what's come before me. I'm merely passing through. With that I learn how I must deeply preserve those in my inner circle, swiftly cut out negative presences, continue my understanding of the human condition and work to assist, respect my teachers. In August, 1922 another shaken, ashen-faced man watched as black bled into dirt. The flow of the liquid was so strong it cut a trail into sunbaked earth for over a mile. The discovery of oil by Edgar B. Davis changed Luling's landscape dramatically in 1922. He mortgaged everything he owned and was about to throw in the towel when Rafael Rios #1 became a gusher. Edgar Davis' creation of the Luling Oil Field promoted rapid growth as the town population grew to 6,000 and 100 new businesses were created by 1928. At its peak, the oil field produced 11,134,000 barrels. One 100 degree-plus day in 2015 as I stood outside of Blake's Restaurant on Main Street, a hot breeze overtook me. I could barely breathe. With it came the odor from nearby operating oil pump jacks. I crinkled my nose ? who wouldn't? An elderly local walking by tipped his white cowboy hat at me, stopped and politely said: ***?I wouldn't do that son, that's the smell of money.*** It was another trip. The same trip. But it was different. The heat was cathartic. The watermelon was sweeter. The lessons were timely. And the train kept going on through. Until next year. The whistle blows. Knifing through the humidity of what now is past.