



ARISTA ADVISORY GROUP, LLC
Values-Centered Financial Planning

Spring 2022 Newsletter



A Message from Jerry

Dear Friends,

In our last newsletter I took some time to reflect on the macro or big picture regarding money, finance and how the wider world frames the context and limit of our understanding of money energy. I want to continue with a few more macro musings.

Often, this financial frame or context imposed by the wider world, if left un-interrogated, conditions the largely invisible assumptions we inherit and carry with us for our entire lifetime. Our family of origin economics are also among the most significant aspects of our identity that we absorb from early childhood. This is why we encourage you to have regular conversations around what shapes your concept of value.

Given the significance that money has in our lives most people, if asked, would be hard pressed to describe what money essentially IS. We are more familiar with the “what’s” and “how’s” of currency, but rarely know how to distinguish currency from money. So, let’s unpack that.


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Currency is the result or product of an agreement. Anything can be currency; labor, vegetables, time, expertise, you get the picture. There is a story from the pages of American History that illustrates this really well. In 1626, the First Nation Lenape tribe “sold” Manhattan Island to the Dutch for what has come to be known as \$24.00. Hmm...so one could own Manhattan Island for \$24? As they say on the lower East Side, “Such a deal!” This dollar valuation is, of course, an equivalent value based on the Dutch guilder. The actual currency, however that was exchanged (according to the story) was “beads and trinkets.” So, the island was in fact purchased with currency because Dutch guilders (money) held no value for the sellers.

When we confuse currency with money we often lose the magical and creative quality of money. Where is this “magic”? It is in recognizing that “value” is changing hands, but so much more is embedded in that exchange. The magic of the greater system is inherent in every monetary transaction. Life needs are being met through each exchange, and each exchange exists within a greater circulatory process that is the very essence of human economy and of LIFE ITSELF. When the magic of money radiates its presence through currency, the power of creativity, of bringing something into being out of nothing, lives. Our very lives depend on this grand circulation of energy and value.

Human beings, however, almost instantly become mundane and practical when it comes to money/currency and the need for accuracy. Whether we are reduced by the stress of daily subsistence (as are many people) or in the midst of abundance, we easily lose connection with the existential reality of what the circulation of currency/money serves. We take it for granted like we take breathing and our heartbeat for granted. However, just as the blood of our circulatory system carries the mineral nutrients and oxygen to each cell of our bodies, so money/currency carries the life forces that enliven the larger structures of our society and civilization.

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The elaborate system of credits and debits that has evolved to track the constantly changing balances of myriad account values is what we call accounting. With apologies to accountants, much of the deep significance of money energy is often lost as money in most accounting circles has been reduced to transactions, sums, balances, and finite numbers.

I invite you to reflect on this. Perhaps a ray of light that endures within the substance of money itself will emerge for you, and help you encounter the magic of this macro financial picture. I have much more to discuss with you about the philosophical and spiritual dimensions of money, the mystery and magic of money, and how to elevate its meaning in your own life to the realm of its origin. But, I will save those musings for the next newsletter.

I will end here with a gentle reminder that our task is not to predict the markets; which is, in any environment, impossible. Our task is to help prepare each of you to meet the ever-present uncertainty of life with knowledge and confidence. If we follow our financial plans our material life goals can be met, perhaps with sufficient extra to extend beyond ourselves to our families and the larger world. As ever, here's to your good wealth!

*Aloha,
Jerry*



All Life is Transition

Ruminations from Bernard Murphy

All life is transition. Living with this awareness can be helpful during transitions that are more blatant than others. In our personal lives periods of abrupt change are experienced in microcosm. When changes take place on the global stage they are experienced by billions. Media outlets, whose very existence depends on how many people opt in, focus in on chaotic global events as they are keenly aware that nurturing and elevating our fear and anxiety is a sure way to keep us tuned in. This cycle can elevate and exacerbate our uncertainty aversion.

The truth is that uncertainty is a part of our daily life. None of us can know, in fact, if we will return to our homes safely each night. On some level we accept this, but we try not, on average, to live in perpetual strife due to that awareness. We all know that the mere act of living involves risk taking. If every day we were bombarded with the number of people that die or are permanently disabled in road accidents in the US alone, we would likely live in fear of getting into a vehicle. We have to find a way to make our peace with baseline uncertainty in order to function.

In my mid-thirties, while visiting my hometown of Dublin, I took a walk along the river Liffey through the heart of the city. As I am prone to doing, I stopped to ponder life and watched as the water flowed gently below me. I remember in that moment having a complete sense of awakening to the fact that my current presence on earth was akin to one of the drops within the continuum of that river. There was a presence before my arrival and there will be a presence after I have passed though. To some degree we can imagine what the future may hold. We can even plan for it. We can, however, never know what future conditions will emerge.

On this day in May 2022, world events have unfolded

that few could have foretold a year ago. War has not broken out 'for the first time in decades', far from it. Wars in Syria, Afghanistan and Yemen to name only a few, have resulted in a loss of life and liberty for far too many people. However, there is one significant difference with the current war in Europe; it is having an impact on the lives of all people throughout the globe. Energy costs have risen, as have food costs. Added to this is the ongoing impact of Covid; we still have entire cities closing down in China and lingering effects of the virus throughout the rest of the world. We are truly in a time of transition. It appears as if this transition has just gone from 0 to 60mph in 3 seconds flat.

There are positive aspects of this accelerated transition. They are evident in the strengthening economic growth that has unfolded here in the US over the past two years. Monetary and fiscal policy have certainly supported this growth in different ways from low interest rates to Covid relief grants. Over this period of economic activity our Gross Domestic Product (GDP) accelerated from what had been a steady growth rate of around 2% to just under 6% in 2021. That growth was spurred by pure demand; a level of demand that could not be matched by an adequate supply chain. Price is a function of many things, but perhaps its biggest indicator is what is known as the Supply: Demand curve: prices will rise as demand outpaces supply, and prices will fall as supply outpaces demand. We have been, and to a lesser degree still are, in a state where demand continues to outpace supply. Many economists in 2021 thought that this state would be more 'transitory' or short-lived than it is turning out to be. Alas, it is not proving transitory at all, and, though it is now looking like this trend is nearing its peak, it will take some time for it to return to a more manageable level. Hopefully things will settle within the next eighteen months to two years.

There is no crystal ball for the transition we find ourselves in. Our best estimates are built upon past experience of how we, humanity, respond to uncertainty. In addition to the start of 'interest rate increases' that are intended to slow down demand (hopefully not too

quickly), new supply chains will be created that will seek to mitigate the blockages we are experiencing. For example, total dependence on one country for the majority of one's goods and services may have worked in a static world, but that dependence has clearly failed us of late. More manufacturers will likely diversify their suppliers and indeed will rely less on overseas producers by opening plants here in the US. The same will be true for other developed nations. Countries that have depended on Russia for anywhere from 40% to 85% for their energy needs are currently on an accelerated path to remove that dependency. Tesco, a major food distributor in Europe, just revealed that 100% of their Sunflower oil comes from Ukraine. My guess is that they are looking into diversifying their sources.

The US economy continues to strengthen. We are all investors in this economic activity. While economies beyond our borders are struggling a bit, eventually they too will rebound. Our investments in international economic activity will provide key diversification. In this environment we truly don't want to have all of our eggs in one basket.

The value of our investments in the global economy is in a constant state of flux and this is all the more marked as we enter periods of more significant volatility like the one we are in now. It is important to know that this fluctuating value is less an expression of the value today and more one of the anticipated value at a date sometime in the future. This future date of that valuation will be different for individual companies, but is on average about six to nine months for the market in general. Right now, the pricing ascribed to our investments is the result of factoring in expected growth for the future while simultaneously factoring in geopolitical and inflationary headwinds. As the Demand: Supply curve begins to rebalance towards equilibrium reducing pressure on inflation; as new supply chain sources open up for the production and distribution of

energy (including renewables) and raw materials; as this process becomes clearer, we will see the value of our investments stabilize and begin to find their new value.

So where does this leave us? How do we continue to plan for the life that we choose to live and the role we choose to play in helping to bring about the world we want to live in?

Transition takes the time it takes. This transition to the next expression of the global economy will indeed take its own time. But as we enter into this next stage, human ingenuity and creativity will contribute significantly to bringing the Supply: Demand curve closer to equilibrium.

I am and always will be an optimist. When I get in the car to drive somewhere, I do so, knowing that I am taking a risk, yet with full optimism that I will reach my destination safely. Sometimes that drive is like rafting down a lazy river in the summer. At other times it can be like navigating a class IV rapid.

It certainly feels like we are in the class IV rapids in our world just now. If you have ever gone river-rafting, however, you might remember that when you hit a rapid you don't really have much time to think about drowning; you are too busy using your will and creativity to successfully maneuver your way to the other side. Your river rafting guide knows that you will prevail, and she/he will tell you how and when to paddle to ensure your safe passage. Our current environment is challenging, but without meaning to sound trite, this rapid too shall pass. We can safely maneuver through this turbulence together as long as we stay focused on what is most important: living our lives to the fullest, making our intended contribution, and stewarding our resources in the service of those intentions.

We may need to paddle our raft a little harder in the days to come to see our way through. We may have some stiff muscles when we arrive. We may even need some time to recover and heal. Yet we will prevail.

Financial Planning Corner: Planned Giving

When I grew up, Planned Giving was the term our local church used when they moved from dependence upon the offerings placed on the plate during mass to the 'novel' idea of asking every parishioner to pledge a fixed annual gift. Of course, to allow for everyone to participate, this could be paid on the HP (Hire Purchase – essentially pay for something over time while having full use of it in the meantime). This initiative was quite an improvement over 'passing the plate' as it provided the church with a steady stream of income with which they could run the parish. Mind you, it was never sufficient, and the plate was still passed around on a Sunday and, of course, there were also special appeals for the roof etc. Such is the situation with most if not all charities even today and they continue to operate the same way as the local church of my youth.

As individuals, family units and/or legal entities, we have a choice in how we give – we can choose to meet the needs as they are presented to us on a regular basis (the annual appeal), we can contribute to the structural growth of the charity (Capital Campaigns) and we can also opt to contribute to the long term stability of the charity (The Endowment Fund). Indeed, we can participate in any combination of the above.

I imagine that most readers are familiar with what I am talking about and have likely contributed to one or more of the above funds for one or more charities. I say this because Americans are very likely the most generous donors of 'free gifts' on the planet. In 2020, approx. \$471 Billion were donated to charities 80% of which was donated by 56% of US citizens. The balance was donated by Foundations and Business's. The approx-

imate distribution for the gifts is: Religious Organizations (39%); Universities and Other Educational Institutions (19%); Human Services (15%); Health (11%); Gifts to charities outside the US (7%); the Arts (6%) and Nature (4%).

Living our life in the service of helping to bring about the world we want to live in, may or may not include charitable giving. If it is important to you, then let's make time to discuss it when next we meet. For instance, in addition to the annual gifts you may make, there are a myriad of ways that one can make a planned gift to your important charities, including ones that can provide you with a source of income while you are still alive.

If this topic is of interest to you, make a note to add it to our agenda next time we meet to review your financial plan as a whole.

Bernard Murphy



What's New With AAG & Office Updates

Kimberly Mullin

Happy spring! The Spring Equinox is all about the energy of renewal and the opportunity for new beginnings. In this light, here at Arista we are thrilled to report that we have finalized and submitted our our BCorp Assessment, and are diligently working on our next steps with the BLab team to achieve our BCorp certification. While the path to becoming a certified BCorp takes time (potentially up to a year) we are devoted to the process and are fully embarked on this journey to approval. This new beginning has been a wonderful practice for us in exploring and measuring our impact in the world. As many of you are already aware, we support values based financial planning and investing, and have for decades. The central idea of that practice is to plan for the life you want to live, in the world you want to live in. Moving forward on this journey that is becoming a certified BCorp further supports that foundational principle here at Arista. In other words, we are practicing what we preach!

The Arista team is looking forward to the opportunities and the adventures this new beginning will reveal. As always, the opportunity to learn and grow together, to work and collaborate with you is our daily reward.

We want to share with you that our valued associate Colleen Cassidy is taking a break from her work with Arista. We know that many of you have worked with her and enjoyed those interactions. The good news is that Colleen and her husband have joyfully welcomed a new baby and she has decided to devote more time to her growing family. Colleen has been a wonderful addition to our AAG team, and we all wish her the best in everything to come!