

When You Reach Your Goal: Stop



You will never achieve what you want without defining goals. To accomplish this, you need a strategy, and you must stick to it.

A patient presents to the Emergency Ward with an anterior myocardial infarction. They have a murmur of mitral regurgitation, their neck veins are elevated, they must sit up to breathe, and their blood pressure is 85. Don't waste precious time asking for an ophthalmoscope so you can look in their eyes, ears, nose, and mouth. Don't be diverted from your goal, which is to reperfuse their myocardium as quickly as possible.

In the first Star Wars movie "Episode IV-A New Hope," the valiant rebels are making a run at the Death Star. The evil Sith Lord Darth Vader is picking them off one by one. A rebel fighter is damaged and must disengage. Vader's consort wants to pursue them and finish them off, but Vader says "Let him go, stay on the leader."

Everyone wants to maximize return, but if you are saving for a specific goal, and you reach that goal, you must stop. Say your goal is \$60,000 for a 20% down-payment on a \$300,000 home (I believe a 20% down payment is mandatory to purchase a home). The stock market has been kind to you and you have this amount in your account. Every fiber in your body tells you to push it, but you have reached your goal, so sell—and start shopping for your first home.

I personally know a dozen people who in the late 90s, just before the stock market dot.com bust, thought they were "In like Flynn," a reference to Errol Flynn, the dashing movie star of the 30s and 40s, dreaming of the good life, sipping margarites on a beach in the Caribbean. They forgot their goal, which was to have enough to retire. They should have placed a higher percentage of their portfolio in risk-free fixed-income vehicles, such as bonds and Certificates of Deposit, and made sure that at least 3 years of living expenses were in similar

risk-free investments. Instead, just as they had ridden the stock market up, they just watched and rode it all the way back down. Several were still working, or worse, had retired and were forced to return to work, 5 or even 10 years later.

Consider this from another point of view. You have reached your goal because you were thrifty, or you rode a stock bull market, or an investment returned more than you ever imagined. It's easy to be seduced into thinking the good times will last forever. They will not, and they do not. Prudence suggests it's time to take profits, but as it relates to this discussion, if you have reached your goal—quit, and enjoy your accomplishments.

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