

Why do you invest?

It's one thing to talk about arcane investment stuff like one stock vs many, risk & return, standard deviation and Sharpe Ratio, etc. etc. Important but not as important as why you invest.

Do you know why you invest? What's the purpose of your investments?

Is it to preserve your money while keeping up with inflation?

Is it to grow your assets for a later day or for your family legacy?

To produce income?

To live the way you want?

Because it's what you're supposed to do? Because everyone else does it?

Again, it's one thing to talk about how one invests but the much more important question is why because the answer to that question informs the how one invests. This is particularly important as your "why" changes. Investments and investment returns vary and so does life.

If I'm young I may be investing for a college education for my kids or a secure retirement. But when the kids graduate or I'm retired, that why has changed. If you're already retired perhaps your reason is to maintain a secure retirement on an after-tax, inflation-adjusted basis. If I get Alzheimers, my why has changed markedly. My mother-in-law had Alzheimers and it changed everything. No more vacations but a good bit more medical care expenses, a significant change in her why.

So think about why you invest, why you have investments and keep track to make sure they are supporting your why. Here are some questions to consider.

What is most important to you?

What are your greatest concerns?

What message about money were you given growing up?

What was your most positive experience regarding money?

What was your worst?

It's not that these questions have any magic to them but they can stimulate your thinking and your conversation with yourself and your loved ones.