



Dear clients and friends of RZH:

Over the past couple of weeks, Carl, Spencer and I have tirelessly been reaching out to all of you, through calls and emails, to address your concerns and review your personal planning, considering world events and the financial markets. One consistent message we have been relaying is looking at what we can control and what we cannot. In times like this, there is comfort in being able to exercise some level of control, even if only in small ways, to help us feel better.

So this brings us to the "theory" I have shared with all of you as we began working together on your planning...

DANA'S THREE BUCKET THEORY

In order to have financial equilibrium in your life there are three buckets (or factors) that need to work in concert with one another to achieve financial security- the first one is your ability to earn income, the second one is your propensity to spend and third one is your investment portfolio and the way that it is allocated and managed over time. The first bucket often "dries up" or gets dramatically diminished when you retire, typically leaving only social security and perhaps pensions. When this bucket dries up, it puts more emphasis on the remaining two buckets to work together to maintain your financial equilibrium and security. At RZH, we have influence over the third bucket and have been working diligently to raise the bar wherever we can.

Actions RZH is taking...

1. Ensuring all clients who actively use their accounts have between two and three years in cash and recurring dividends and interest to allow stocks to rebound.
2. Confirming with clients that they have at least six months of cash reserves at their local bank accounts as a cushion and a comfort. If you do not, please give us a call.
3. Monitoring your bond funds to be sure they are performing as we would expect during these volatile times. In some cases, upgrading certain funds if we feel necessary.
4. Taking tax losses across all taxable accounts to lower taxes.
5. Moving portions of the stock portfolio from international stocks and small cap stocks to US large cap stocks.
6. And, for some with large cash positions from recent sales of businesses, etc., dollar cost averaging into stocks, to take advantage of this dip.

Actions you can take...

The bucket that you can control is your spending. All of us can look at our spending and find expenditures that we could adjust, decrease and even eliminate...even if only temporarily. I have had so many clients say to me that they can't think of anything significant enough that it would make a difference. My response is always look for the small expenditures first, as they do add up, and then you will see more, as you get into the flow! It can become a "fun" challenge. The following are suggestions to help you reduce your spending bucket:

- Look to refinance your mortgage. Rates are near all-time lows and this is one way to potentially lower expenses. We are happy to help with this evaluation.
- Evaluate your discretionary expenses. Our expenses all tend to increase over time as our wealth increases. For example, we subscribe to various. monthly

services. Review them - if you have not used some of those services as you thought you would or not as much as you used to, perhaps consider cancelling them.

- Postpone any major discretionary expenditures - now is not the time to buy a new home, renovate, redecorate, landscape, buy a car, purchase a significant present for someone, etc. All of these can most likely be deferred for some period until the market recovers.
- While in self-quarantine, do spring cleaning in all your closets. You may find clothes and jewelry that you no longer want or wear that may be valuable to sell on consignment. There are now websites that sell used designer clothing, shoes and bags. Even if what you find is not worthy of selling, donate it to charity.

Some of our spending is perhaps automatically being reduced because we are not going out to eat! As you all know, we always tell you that we have no judgement on what you spend your wealth on as each of us have our own value judgments. Only you can look at your lifestyle and say what you value and what you can adjust - but our ask is that you do look and see what you can do. I always believe that in any crisis there are is always something that is "good" for us to learn or be reminded of. For me, it is just how important our health is - so much more important that any possession I can buy or own. My family's, friends' and clients' health - I value my time with them, sharing our lives together, more than anything else. I have used this lens to reflect on my life and spending as have all of us at RZH.

On a more personal note...

Some of the things all of us at RZH are doing:

- Enjoying spending quality time with our family's (when not working) since there are no social gatherings, sports events, etc. to distract us from just being together.
- Having fun using the Table Talk app either in our homes or virtually with family to spark conversations.
- Carl, Spencer and Chris have started to grow a beard.
- Susan, Candice, Jane and I are snacking more and enjoying laughing at all the jokes on the internet about pre- and post-quarantine body images.
- As the days have provided some spring-like weather we have taken to the outdoors for running, walking and enjoying nature.
- Trying new recipes and laughing with family no matter how the meal turns out.
- Laughing as much as possible at silly things, and ourselves, to help raise our spirits and our hearts.
- Forgiving ourselves and our family members for "annoyances" that don't really matter when we think about it in the lens of being alive and healthy.

From all of us here at RZH, we hope and pray that you all stay healthy. We are here for you and are sending a big virtual hug to all!

Best regards,

Dana, Carl, Spencer, Chris, Susan, Jane & Candice

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Important Disclosures



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