

How long does a financial journey really last?

Can a financial journey ever be thought of as complete? This may sound like a philosophical question, but I feel the matter at hand is rather more psychological.



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Broadly speaking, my answer would be this: it might be *possible* for a financial journey to achieve some form of completion, but it is seldom helpful to believe it has. Let me try to explain.

Imagine a couple marry in their mid-20s and begin saving and investing together. Their overarching aim is to accumulate a certain level of wealth and retire in around 40 years' time.

Fast-forward four decades and we find they have done precisely that. They have amassed the assets of which they once dreamed and are able to draw a line under their working lives.

Does this mean they have met their financial objectives? Yes and no. They have fulfilled the big-picture goal that guided them for many years, yet the overwhelming likelihood is that they will now need to take entirely different aims into account.

Most obviously, they will have to adjust to the demands of decumulation. They might start to give much more thought to the task of efficiently passing their wealth on to future generations. Crucially, they may also continue to invest.

Ultimately, however comfortable and satisfied they might be, they would be unwise to rest on their laurels and take the way ahead for granted. The fact is that there are always further challenges. In one way or another, the journey goes on.

I was recently reminded of this truth after my wife and I at last rounded off our epic trek along the Via Francigena, the historic route of pilgrimage from Canterbury to Rome. We had barely finished basking in our shared feat when Mrs C suggested we plough on, navigate the Apennine Mountains and march towards the Adriatic Coast – and maybe from there to the Holy Land.

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Thus I suddenly came to understand that, at least in the great scheme of things, I had made it only as far as the sunlit uplands. I now appreciate that the summit remains some way off. Another leg of the journey beckons.

Such a realisation can bring a sense of deflation. Similarly, it is only natural for investors to experience disappointment whenever it becomes apparent that the job is not done. Far more often than not, though, such disenchantment proves short-lived, because the road still to be travelled is likely to bring new rewards.

The importance of commitment and resilience

I mentioned at the outset that I regard this issue as largely psychological. From that perspective, there are two emotions in particular that investors may need to guard against: complacency and disillusionment.

The first stems from a “mission accomplished” mindset. The second stems from a short-term outlook. Neither is firmly rooted in reality. Both risk undermining informed decision-making.

By way of illustration, take some of the headline-grabbing market events of the past month or so. October commenced amid fears of a bubble in artificial intelligence and with heightened tensions between the US and China; it concluded with a fresh burst of confidence in AI and a US-China trade deal.

I ought to stress that I am not highlighting these twists and turns by way of offering specific investment advice. I am merely pointing out that we are living in volatile times.

By any standard, today’s markets are fast-moving and somewhat less than predictable. As a result, there are periods in which investments may take a hit and periods in which they may fare well – and sometimes *very* well.

This underlines the wisdom of *staying* invested. In the face of uncertainty, as I have written previously, the key usually lies in a measured response.

Dramatically leaping in and out of investments, often on the strength of little more than second-guesses, is an inherently perilous business. It is also likely to be an exhausting one, especially over the span of a lifetime.

By contrast, carefully adjusting portfolios to reflect real-world events is normally a prudent course of action. I would say it is also likely to be a more productive one.

The act of staying invested demonstrates commitment to a long-term view. It indicates resilience to occasional setbacks. It defies complacency and disillusionment. By its very nature, in my opinion, it taps into the enormous importance of thinking of a financial journey as ongoing.

Ralph Waldo Emerson, one of the great American thinkers of the 19th century, famously observed that it is the journey, not the destination, that really matters. For investors, all things considered, it is both.

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