



Bernie's Mittens and How it Applies to Investing

Five simple investing concepts derived from mittens that broke the internet

On Wednesday, January 20th, Joseph R. Biden, Jr., was sworn in as the 46th president of the United States as Chief Justice John Roberts administered the oath of office shortly before noon time. President Biden begins his term as the country continues to struggle with the deadliest pandemic in our lifetimes and a deeply divided country.

No matter your political affiliation, it was a historic event. But for all of the planning, security, and Hollywoodesque choreography, there is one iconic image that was not planned, but it will forever be linked to President Biden's inauguration: the mittens that Bernie Sanders wore.

Before Lady Gaga had finished singing the national anthem, Bernie's mittens were flying around the internet. Within minutes, Bernie and his mittens were superimposed onto thousands of iconic images, spliced into films, added to family portraits and were trending in every possible way. And let's admit, the Mitten Memes were exactly what the internet was made for. And the timing was just when we needed it most.

But, what is the meaning, the "Mittenology" of it all? Maybe Bernie was trying to convey his thoughts about investing? Probably not, but let's assume he was and see what we can learn from Bernie's Mittens.

I Want to Keep Warm

During an interview on "Late Night with Seth Meyers" the day after the inauguration, Bernie said he had no clue that his mittens would become so iconic.

"I was just sitting there trying to keep warm," he said.

Can you succinctly sum up your investing goals in so few words? Try completing this sentence as it relates to your investing goals: "I want to..."

Can you do it in two words? It's not as easy as you think, but it's a worthwhile exercise.

Your Style is Important

Bernie's mittens give off this 1970s cross-country skier, almost anti-style vibe. Contrast that with the sleek leather gloves favored by most of the attendees at the inauguration. Think Bernie cares that his style was so different? Not if it helps him achieve his goal of keeping warm.

What is your investing style? Are you an active investor? A passive investor? Growth versus Value? Small Cap versus Large Cap? Do you know?

More importantly, does your investing style help you achieve your investing goal?

Your Investments Don't Need to be Sexy

Go back to Bernie's "I was just sitting there trying to keep warm" comment. His answer was very practical: the hand-crafted mittens were the best tools – in his opinion – to keep him warm. He reached this conclusion because past experience has told him that mittens are generally warmer than gloves because your fingers generate more heat when they're together. Sounds logical.

What tools are you using to support your investing goals? And are those tools consistent with your investing style? Mutual funds? ETFs? Stocks? Bonds? CDs?

Let's ask that question another way: are you more concerned with having a sexy story to tell your friends versus finding the right investments to help you meet your goals? Are you more interested in telling someone when you bought Tesla stock because it's a cool story?

Expenses Always Matter

We really don't know how expensive it would be to buy those Bernie-mittens because 1) they're not for sale and 2) they were given as a gift. But let's assume that similar mittens cost about \$35. Contrast that with the \$50 "Men's Winter Cashmere Lined Touchscreen Lambskin Leather Gloves" on Amazon. To you, are those gloves really worth an additional 42% in cost?

Go back to your original investment goal: you want to [fill in the blank]. In order to reach your investment goal, you need to understand your investing style and then decide which tools are best suited to help you reach your goal while remaining consistent with your style.

And those tools are going to cost something. Maybe it's a few basis points. Maybe hundreds of basis points. Do you know how much those fees add up to? And, more importantly, are they worth it?

Someone Else Made the Mittens

The mittens were handmade by a teacher from Vermont and were made from "repurposed wool sweaters and lined with fleece made from recycled plastic bottles" according to her tweet.

Said another way, Bernie did not make the mittens, but he sure benefited from them. Just as we can all benefit from a financial advisor that helps you:

- Determine your investing goal;
- Determine your investing style;
- Determine the right investing tools; and
- Keeps costs low.

It really is that simple. As are mittens.