

How Does That Movie End?



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Picture this...“Your Retirement Movie.” Now, think about the headlines and credits that would appear in this movie: Your retirement- starring you and your spouse is filmed on location at your house and the supporting cast is your children, parents and grandchildren. Major scenes of this movie are: social security benefits- maybe or maybe not, your pension that probably does not exist, and the final scene is your retirement savings (other scenes may be your business, your real estate portfolio, or other business assets).

The villain in this movie can be one of several characters: Inflation- able to dilute the value of your portfolio and purchasing power over a lifetime of retirement. Illiquidity- investments such as commercial or residential real estate that do not provide any positive cash flow or it can be a family business that has no succession plan for raising cash to buy out the retiring owners. Finally, it can be declining health, divorce, or worse yet death.

The reason I bring this up is that recently the Employee Benefits Research Institute published its annual Retirement Confidence Survey revealing our attitudes about retirement. They surveyed both working people and people that are already retired. Well, it seems that only four out of ten people have ever done one retirement calculation for themselves. Think about it for a second. Six out of ten people haven't even run one calculation to see where they stand in reaching their retirement goals. This is probably not a good picture to watch how it ends (if you're the starring character).

However, the hardest part of this is not the making of the movie, but watching it. As in any normal movie, we might have the tendency to want to fast forward to the end or if we find it boring, just disregard it. In the case of a scary

movie, close our eyes and hope for the best. These symptoms seem to be the cause for the dismal results of the survey, as follows:

Fast Forward Your Movie Even when we are doing something for entertainment, we can sometimes become impatient and want to find out how the movie ends instead of letting it run its course. When we rent a movie, sometimes we feel this isn't moving fast enough for me and start to fast forward. Very much like Adam Sandler does with his life in the movie, "Click". Sometimes that can happen in retirement planning. It is a work in process which continues to evolve over time. Be patient.

Movies Need to Stimulate We live in an age that we feel we need to be stimulated constantly to be entertained. Unlike our movies from the past that were mostly made up of the dialogue of the actor, today's movies are made to stimulate our senses...we don't like to slow down and do what we need to do to plan for our retirement.

Scary Movies – Hope for the best! What do we do in scary movies? We put hands over our eyes so we don't see what is really going on. Again, we see another possible reason why only 4 out of every 10 persons have done a retirement planning calculation. The rest of us are too scared to find out that we possibly didn't save enough in retirement. Easier to bury our head in the sand and tell ourselves, "We'll be fine."

So, how does your retirement movie end? The only fast forward button you have to push is a comprehensive retirement calculation that will take what you know for sure and provide more information about the conclusion. Do you think it has gotten more or less difficult to have a happy ending to your retirement movie over the last decade? Want to find out how?

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