

Time for you to embrace economic adulthood

When people write articles or columns on retirement planning, they always say the same thing. Advice telling people to “save as much as you can”, or “maximize contributions to your 401K”, or “never time the market”, or “buy and hold and then dollar-cost-average in mutual funds to build your net worth”, are the standard package for all retirement articles. When reading these articles it always seems like such an easy process to build up a nice retirement nest egg. So if it’s so easy, why are so many people retiring poor? Why is the savings rate in this country one of the lowest in the world? What happened to this build-up of net worth? Why have the majority of Americans failed in their desire to comfortably retire?

There are a number of reasons why most people struggle into retirement. I think one of the main reasons is that people have not embraced the concept of “economic adulthood.” I define economic adulthood as taking responsibility for your own economic future through your own aspirations, accomplishments, planning and investments. Professor Shoshana Zuboff of Harvard University calls economic adulthood the “growing desire for psychological self determination”.

The recent Bernie Madoff scandal is a prime example of people NOT embracing economic adulthood. High net worth, sophisticated individuals and institutions failed to take the logical first step in any investment process and that is simply doing the necessary homework to check out Mr. Madoff and his firm. As Peter Lynch, the legendary fund manager has written, people do more homework when buying a big screen T.V than they do investing \$100,000. Some people invested their entire life savings with Mr. Madoff and did this without ever meeting him or simply talking to him on the phone.

Remember, this is YOUR money. It is not your broker’s or financial advisor’s money. It is all about YOUR future, not theirs. It is imperative that you step up and take responsibility for it. By becoming an economic adult and taking responsibility for your

own future, you will be in control instead of in need. You will become more creative and empowered and become proactive instead of reactive. You will become a better investor.

The Bernie Madoff scandal once again has begged the question “who can you trust?” I answer that question in one word. YOU. There is no one else in the world that cares more about your future and your investments than you do. Therefore, it is imperative that you learn about the markets and how they operate to be successful in investing in them. Attend workshops (make sure these workshops are strictly a “learning” experience and NOT a “selling” one), sign up for classes or read a couple of books but start learning about the things you invest in. With all of the complicated investments out there being offered to an unsuspecting, uninformed public, the Madoff scandal is not shocking. It is more important than ever to know what you own and why you own it. There are no excuses for not understanding an investment AFTER you have already invested in it.

In this new economic era that has been thrust upon us, being able to change and adapt to new economic laws will be the difference between survival and extinction. An asteroid has hit the economic world and all things that were, are no longer. The survivors will be the investors who can adapt their thinking and learn to survive in this new government controlled economy, zero interest rate world. Investors who continue to cling to the old rules and ways of investing will end up like the dinosaurs and their portfolios will become stagnant and fail to keep up with their retirement needs.

My key advice for any one within 10 years of retirement is to learn as much as you can about investing and then start interviewing investment advisors including your current one. Find out how they think. Ask a lot of questions and most important, listen to their answers. The most successful investors always have taken a “team” approach when mapping out their strategy. They have a “coach” who not only advises them, but teaches them about the markets and

investment strategies. To excel in retirement you need an investment coach, not a sales rep.

As your knowledge grows and you hire your coach, your whole attitude will change... You are discussing strategies, not being "sold." You are engaged and involved in investment decisions and not being "told" what to do. You are thinking, acting and monitoring your holdings, no longer afraid to open your monthly

statements due to the fear of major losses. You have become an economic adult.

The economic crisis of 2008 has changed everything about investing. As with everything in life, the successful investors over the next decade will be the ones who work at it and develop new skills and strategies to adapt to the new economic realities. My retirement planning advice to you is simply. Think, learn, and take responsibility for your own future.

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