

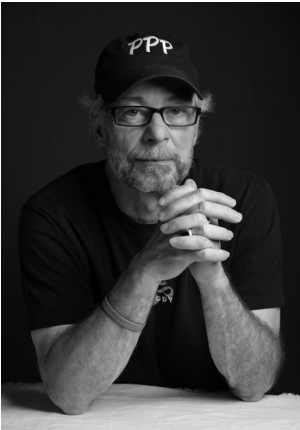
ADVOCATE PLANNING

TO DO WHAT  LOVE TO DO

M.E. Sipe

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Foreword by Jeff Montgomery
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About the Author

Mike Sipe is a recently retired Life-Wealth planning practitioner on a mission to profess people's passion pursuits, including his own: capturing the photo of a lifetime that, when printed large and hung on the wall, captures the attention of all who look at it.

A passionate CPA for over 40 years and a passionate CFP® for over 30, Mike followed his planning passion from an international CPA firm to a small regional CPA firm to a national broker dealer, and finally, at the age of fifty-three, to his own boutique planning firm, Accredited Investor Services LLC (dba AIS Planning). Before selling AIS Planning in 2008, Mike grew his client-focused team to 6, and the company operated in the top quartile of the industry for comparable size firms. Mike stayed on with AIS Planning until his retirement in March of 2013.

In the 5 years prior to his retirement, Mike contemplated ways to deepen relationships and promote personal passions. The result is his Advocate

about the author

Planning Model, a planning approach based on the Planning Values of Self-Realizing, Connecting and Giving, and driven by the idea that, by better understanding your passions, you and your personal and professional advocates can better serve your best interests. Building on this premise, Mike developed a Personal Priorities Process predicated on the notion that you and your advocates must clearly understand your history, dreams, values, passions and plans before ordering present priorities. The process examines your past, present and future through the 9 Planning Values Activities of Learning, Serving, Mentoring, Exploring, Relating, Playing, Protecting, Contributing and Transferring, and the 3 Resources of Health, Wealth and Time. His approach is designed for you, whoever you are, to help you do your own priorities planning and establish strong relationships with personal and professional advocates.

In his seminal book, *ADVOCATE PLANNING, To Do What You Love To Do*, Mike details the Model and unique approach to advocate planning, reflects on the life and career that gave birth to his philosophy and passions, and invites you to join him in his ongoing journey as a priorities planner dedicated to developing practices to expand advocacy relationships.

Mike is the eighth of Walt and Betty Sipe's 10 children. He's been married to his wife and personal advocate Patty Woolsey Sipe for 47 years. After 66 years in Minnesota, Mike and Patty moved to beautiful Burlington, Vermont. They have two adult children, Bridget and Michael. Michael has one daughter, Avi. Michael and his wife, Jessica Anderson Sipe, welcomed their son Emmett to the world in August of 2014, during this writing. In his personal life, Mike is pursuing pleasing people by performing his photography passion as well as promoting priorities planning.

You are welcome to contact Mike directly if you are interested in diving deeper into Advocate Planning or his photography. Email mike@mesipe.com, visit www.mesipe.com or call 320-493-1318.

ADVOCATE PLANNING

TO DO WHAT  LOVE TO DO

The Promotion of Your Unique
Passion-Driven Planning Value Activities

M.E. Sipe

For Patty

My personal advocate since 1964

THANK YOU

Thank you all who have helped me in producing
ADVOCATE PLANNING, To Do What You Love To Do.

Without *Connecting with you* the thoughts and feelings
expressed in this book would have never seen the light of day.

God and Guardian Angel. Patty, Bridget, Michael, Jessica, Avi and Emmett! Walter and Betty Sipe. All my former clients. Cathy Juilfs, Jason Hallonquist and AIS Planning. Jeff Montgomery and AFAM Capital. John Anderson and SEI Investments. Phil Maness and First Mercantile Trust. Ernie McMahon and Tom Hartmann. Former CFP®, CPA and broker dealer associates. Numerous CFP®, CPAs, attorneys, bankers and insurance agents. Jack Richter, Thom Kieffer and Winona Bank. Jim Tures, Christopher James Ryba-Tures and Rosie Sipe Tures. Elizabeth and John McGinty. Johnny D. Sipe. AWR (Dick) Sipe. Sister Joan Sipe. Bernadette Nolan. Tom Sipe. Gary Marsden. Jim and Michele Cox. Joe Gaida. Tom Welle. James Sipe, PhD. Michelle Pape and Next Monday Coaching. Ronn Paulson and the team at Thelen Advertising (Thelenideas.com). Dan Carle. Steve Fischer. Jim Barkley and Sonant History. Dan Buettner and the Blue Zones. Toy Ward. Doug Lennick and Think2Perform. Bill Bachrach and Bachrach & Associates. Fred Hudson and The Hudson Institute of Coaching. Joe Bailey and Psychology of Mind. Shirley Dahlen. St. John's Prep School. Merlin Dewing and KPMG Peat Marwick. John Weitzel, John Swift and Banker Systems. Eric and Margie Spanier. Tom and Rose Meyer. Bill and Kate Stangler. OB. Steve Engels. Koji Yoda. Bob Verkennes. Bert McD. Bill Gilbreath. Randy Elovich. Coaches Lefty, Fred, Red, Rob, Pete, Otto and Mr. Forrey. Sandy Engblom, Steve and Diane Forrey. Bob Cummings and Love That Bob, Mickey Mantle, Fred Astaire and Ansel Adams.

GIFT EDITION

This edition of *Advocate Planning: To Do What You Love To Do* is not for sale; it is a gift to you from whomever you received it. Mike Sipe derived the planning value of *Giving*, which you will read about herein, partly from coming to understand the phrase “**All is Gift.**”

“All is Gift” is an idea that Jim Tures shared with Mike two weeks before Jim's death in 1997. Jim was full of love and love is what *Advocate Planning* is all about – love of self and love for others in the process of realizing your unique good.

If you find value in *Advocate Planning: To Do What You Love To Do* and want to share it, put your name below, date it and pass it on to someone you love who you feel may also find value in it. Encourage them to use the ideas and concepts and to copy the forms. The book is only copyrighted by Mike Sipe © 2014 for any future paid distribution.

Plant a seed, grow a forest.

FROM

TO

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FOREWORD

by Jeff Montgomery

How many of us have asked ourselves, “Why do I feel lost?” or “How can I connect more with those whom I love and the things I love to do?” In many ways, this is the essence of life and is truly the core of the journey we all embark upon at birth. Without overstating the concept behind *ADVOCATE PLANNING: To Do What You Love To Do*, the book you are about to read touches upon the true meaning of life itself in a very grounded and practical way.

Mike Sipe was a long-time friend and colleague when he became my formal business partner in 2000. I became Mike’s partner and a co-owner of his financial advisory practice because I truly felt that Mike’s “client first” approach was unique. More than that, I felt Mike had developed an approach to effectively get at the deepest goals and needs of the client. For Mike and I, managing money and investing was just one tool in the overall process of enriching clients beyond just manufacturing more money for them.

Successful people – in life and in business – generally do a good job of “deconstructing” their problems in the great quest to find solutions. Stated differently, successful and happy people are good at building paths to their goals and destinations. Mike Sipe’s book gets to the heart of that process by providing a model we can all use to understand our passions and better serve our highest interests (thereby serving those around us and our communities). *ADVOCATE PLANNING* is the *process* to support the aforementioned *path*.

One key to Mike’s thinking is the concept of the *advocate* – a term that so many people misunderstand. The advocate is not a crutch, nor a magic bullet. The advocate is a guide for the journey; an experienced listener and practitioner who can provide solutions and ideas based on experience and training that would not otherwise become part of the discussion.

In reading Mike’s work, I asked myself, “How many of us have really taken the time to organize our priorities around wealth, time and health?” How many of us truly understand our priorities in a larger context? How many of us are willing to engage in a deep, truthful discussion about them?” Mike understood that in writing this book. One of his primary objectives – perhaps the primary objective – was to provide a model and a path for us to do what we generally cannot accomplish on our own; that is, for all of us to truly identify our past, present and future dreams and priorities – and then act upon them.

As you embark upon this worthwhile journey with Mike, I urge you to ask yourself three key questions. First, have you ever truly documented your passions and understood them? Second, are you willing to share your priorities, passions and dreams with a trusted advocate? Third, are you able to imagine what life would be like if you truly lived in alignment with your passions? In short, are you committed to reaching the destination for the journey you have chosen? These three questions will provide context as you learn from Mike’s teachings and experience and work to

develop your plan with your advocate.

We know two things for sure. First, we know it would be great to go back and live like a child again – dreaming, experiencing unrestricted joy, and discovering new things every day. Most of us lose sight of that path as the years go by. Second, it would be wonderful if we also felt a sense of connection to something greater than ourselves, such as a stronger connection to our community, our spirituality, or a deeper alignment with what we love and those we love. Mike’s book provides a true model for that which we can all relate to. Part of the key to Mike’s teachings is that we all need help – we all need someone who can be a listener, a sounding board, an advocate and a problem solver. The best financial planners, who are truly life guides, can provide this type of advocacy.

If you could read a book that made your life better, would you? If you found teachings that helped you lead a more passionate, fun and fulfilled life, would you follow them? *ADVOCATE PLANNING* focuses on what really makes happiness tick as few have done before. Specifically, the book examines concepts like learning, exploring, contributing and serving in the context of leading a full and financially successful life. It has been said that “money isn’t everything, but it does make everything a little easier.” Mike understands that concept, and in the book he marries concepts of growing and protecting wealth with concepts of health and happiness, because it takes both sides of the coin to spend your time wisely.

Success is defined in as many ways as there are people in the world. Some people focus on money first. Some focus on fulfillment. Some don’t focus at all. As you turn the pages of *ADVOCATE PLANNING*, you’ll find a true process for making your life journey a better one. You’ll boil down the things that really make you tick and that make you who you are to simple, actionable elements.

The key to getting the most out of Mike’s book is two-fold. First, open

up your mind – and heart – as never before and work with the Advocate Model to bring you to a new state of understanding of who you are and what your priorities mean. And second, be willing to share this understanding with an advocate who will keep you on course, keep you thinking, and challenge your ideas to get you to best place possible. Do this and it will all happen sooner than you think!

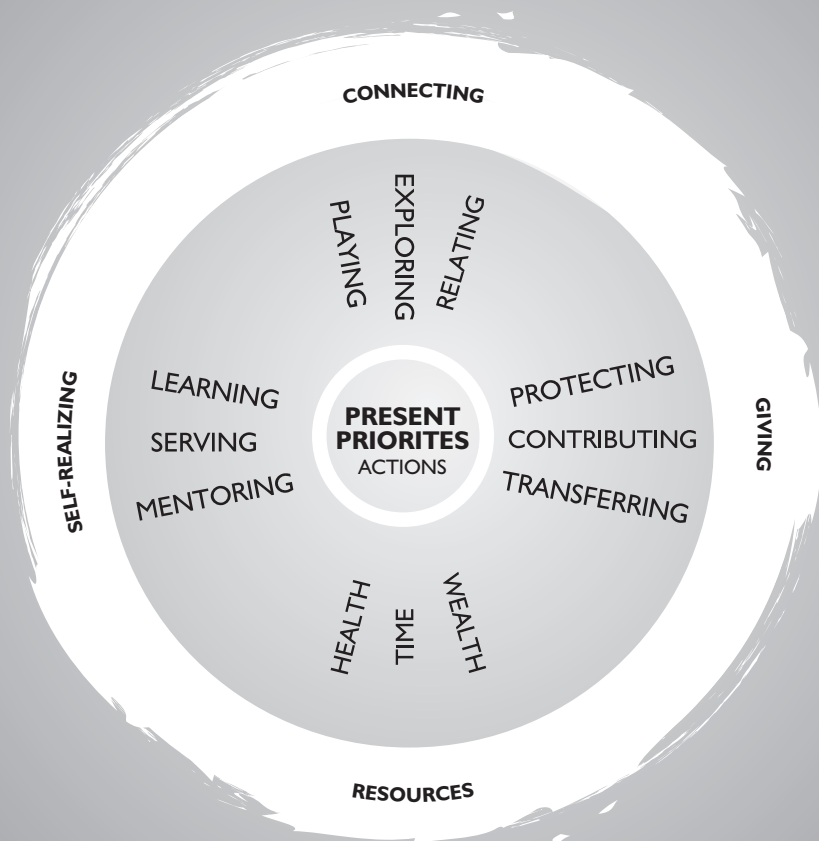
A poignant part of why Mike put his heart and soul into this book is his discovery late in his practice years that the most meaningful contribution he could give to his clients was to advocate for what they love to do. Mike was determined to create a system that other practitioners could use to advocate for their clients' passions. He accomplished building a worthy outline for professional planners to follow. But more, the process as explained in *ADVOCATE PLANNING* is designed for you to use in coordination with your personal advocate.

When Mike looked back on his forty-plus year career during his search to create deeper planning relationships, he became more aware of just how valuable his wife Patty's personal advocacy was for him regarding following his passions. He then knew it was important to create a process that everyone could use, regardless of having a professional advocate or not. The process was created to enhance communications with your advocate, align priorities with your values and passions and encourage *doing* your priorities. Mike is right on target in sending a meaningful message that you will enjoy reading.

PROTIREMENT
ADVOCATE PLANNING MODEL

DOING WHAT YOU LOVE TO DO

You live a passion-driven life by using **your** unique resources and doing **your** unique SCG activities.



Chapter 1

The Evolving Advocate Planning Model

On January 10, 2013, I sent a card to each of my clients. On the cover of the card I attached a photo I took for the occasion titled, “Seeing the Trees from the Forest.” The message in the card read:

You want to make God laugh? Tell him your plans. It was just a half year ago I spoke of working four more years (until seventy). The new owners talked me down from my planner’s high. I am retiring March 31, 2013.

I am retiring March 31, 2013. This was a shock – and I had the weight loss and sleepless nights to prove it. Even though I had been working on a succession plan for over five years, sold the practice in 2008, had a second chair on all my accounts for years, reduced my schedule to half what it was prior to the sale and even moved 1,200 miles away to Vermont, the shock of actually putting a date to my retirement knocked me off my feet.

I had done a good job of succession planning. The firm retained my clients, the staff was well trained and the overall company culture was in a pretty good place. My young associates and the new owners were ready to take control and do their thing.

I knew this was on its way. What did I expect? Even though I had spent 45 years preparing people for retirement, I was still not fully prepared myself. I guess it's because I really don't believe in retirement. I mean, I *do* believe in it. It clearly exists and is a major focal point for most people in the planning world. But I never focused on my own retirement because I was focused on something else: Protirement.

Protirement is a positive period when you perform your passions, and produce and play as you please. At the time of sending out that card, I thought I was in Protirement – I certainly felt like it while at the helm of AIS Planning for the better part of 15 years. Something just didn't feel right about *retirement*.

You see, my passion for making a positive contribution to the financial planning community is still very much alive. Retirement from planning with a couple hundred clients marks the end of my practitioner days. It also affords me the time to document my thoughts and feelings on planning to hopefully make an impact on (who knows?) maybe a couple hundred thousand people as they read this book and implement a few of the concepts! The possibility motivates me.

Over a period of six years, I was driven to refine my planning methodology. Part of the process was documenting ways to have deeper planning relationships. Through the process, I ended up defining terms I had thrown out to clients for years, including *Values, Passions, Purpose* and *Priorities*. Our company purpose was *Questioning, Listening and Acting to enrich lives*. Even though it was on all our literature, I had never really defined it. Here I was, approaching the end of my career and picking apart the words I used every day.

You'd think I would have done this years earlier. It seems like a no-brainer now. Maybe it had something to do with succession or maybe it was a legacy issue. No matter the reasons, I am doing it now and it is one of the most rewarding projects I have ever tackled. I'm excited to share some of these rewards with you.

A number of revelations that came to me during this period are sprinkled throughout this book. Some of these include: the importance of living your passions; the value of a true advocate; the importance of knowing histories and producing life stories; the benefit of aligning your priorities with your history, dreams, values, passions, and plans; the effectiveness of doing your well-aligned priorities; the understanding that the Planning Values of Self-Realizing, Connecting, and Giving (SCG) drive passions; and the importance of working with all 3 Resources (Time, Health, and Wealth) in order to do your passions in a timely way.

This book is for anyone interested in *financial planning*, a term I use in the broadest sense. It is designed to help you focus on your motivations, methods, activities and processing priorities to help you achieve and, more importantly, *live* a passion-driven life. This book can help you do this on your own, but to achieve the greatest results it is best to have an advocate or two to help you live your passions in a balanced, meaningful way.

But what is an advocate? Advocating for one's passions is the essential element for effective planning, and clearly defining the agent of advocacy – an *advocate* – was the greatest revelation in my search for deeper planning relationships.

Notice I didn't use the term *advisor*, or even *planner*. These terms are important, but there are some big differences between those roles and that of a true advocate. An advocate does what is necessary to really *understand* the person they are supporting and *know* what makes them tick. As I said to a young couple while presiding over their wedding

ceremony, “This will be the closest relationship you will ever have with another human being ... except for maybe your Personal Financial (Priorities) Planner!” This may have garnered a few laughs from the bride and groom, but it is one of my deepest core beliefs.

Your advocate – be it a professional planner or your significant other – asks you powerful questions. Your advocate listens intently. Your advocate confers with you and advises you – sharing what he/she thinks are the best actions for you.

An advocate is even more than that though. An advocate is more than someone that is well informed about you; someone who makes recommendations for you within the context of your objectives. An advocate “pushes for something.” That something is what I call *Planning Value Activities*. The Planning Value Activities bring out the best in you. They identify your passions; what you love to do. The Advocate Planning Model puts order to your priorities to nurture your passions. My primary purpose of this book, beyond sharing this process with you, is to show you how the Planning Value Activities can be of maximum value to you and that the process I suggest is an effective way to actually do your passions.

Some will say I am too idealistic with the Advocate Planning Model; that it would take too much time, or that the Planning Value Activities get too personal, or worse, are too “pushy.” But, I’m willing to bet that no one refutes the importance of you doing what you love to do, or having an orderly set of priorities to help you do it.

How can you nurture what you love to do without knowing your history, dreams, values, passions and plans? How do you align that knowledge to set priorities toward achieving what is most important to you now? What about the Wealth, Health and Time that are necessary to do what you love to do?

We’ll get there. But first we have to talk about 9 Planning Values Activi-

ties. These are crucial to your success in using the Advocacy Planning Model. They are:

Learning about what you love to do.

Serving others and yourself through the job or activities you love to do.

Mentoring others once you have mastered your passion(s) and love to feel the rewards of teaching others about what you have learned.

Exploring where you love to go or just enjoying the adventure of exploring something new.

Relating to the people you love, the God you love and the communities you love.

Playing the sports, hobbies and activities you love.

Protecting the family you love.

Contributing to the charities or causes you love.

Transferring values, assets and ideas to the people you love.

These Planning Values Activities comprise the broader Planning Values:

Self-Realizing Planning Values: Learning, Serving, Mentoring

Connecting Planning Values: Exploring, Relating, Playing

Giving Planning Values: Protecting, Contributing, Transferring

It’s a lot to take in right now, but over the course of this book you will see how it all works together. I am absolutely convinced that these are the essential elements of good financial planning, or as I like to put it, *rewarding life-wealth planning*. The word *financial* is too limiting. In my

view, money is a means, a resource, not the focal point or the end. In fact, Money is only one of 3 Resources necessary to do the life you desire. The other two are Health and Time.

I should note now you'll see that I use the word *do* a lot in this book. I think it's one of the best words in the world – full of action and inspiration and potential. What's more, it's applicable to almost any passion. So whatever your passion is, this is a process to help you to *do* it more easily.

When making life decisions, you and your advocates achieve the best results by knowing you at a deep level *and* knowing your resources. This helps you determine what steps to take *now*. With this knowledge, you can make the best decisions for your present and your future, right now. That is the Holy Grail of financial planning, regardless of whether you do it yourself, with a loved one, or have a formal agreement with a professional financial planner.

My model, as I describe it in this book, is evolving. It is not tested to the degree I would like – I ran out of time to implement all these ideas with my clients. However, it is based on 45 years of working with clients and a whole lot of soul searching and love. The model will continue to evolve with usage by people like you.

A high priority for me in writing this book is to inspire you to push for what you love to do and invite people in your life that will advocate for your priorities to help you do what you love to do. These people are important. After all, they are your advocates.

The need for advocacy is similar to the need to belong, or the need to be loved. Sure, it is good (and necessary, I might add) to be your own best advocate, but it is wonderful to have someone else keeping you accountable and pushing for what you love to do. Your personal advocates may include your spouse, your brother, your mother or your best friend.

Your choice of professional advocates can be just as diverse. You should

find the professional advocates that are right for you. However, I'll make the case that a certified financial planner (CFP®) will be your best professional advocate. They necessarily need to know you very well in order to make recommendations appropriate for the myriad of possibilities that relate to your priorities.

Effective advocacy does not happen without you taking the responsibility to open up and reveal your history, dreams, values, passions and plans. This is crucial to the process. Openness is the most direct way for you and your advocates to be well informed enough to lay out the right priorities and the best ways to get them done.

Focus on Doing Your Passions by Prioritizing Your Activities

As I sit here writing this I feel a little like I did after my last football game, nearly 50 years ago. It was my best game ever, loaded with diving catches, long runs and good blocks. And I played like it was my last game – leaving it all on the field in an impassioned protest of the gridiron chapter of my life coming to a close.

We lost the game and I remember crying on the bus ride home. But I didn't even care that we lost. I cried because in that game I finally put a name to *that little extra something that makes the big difference*: passion. And just as soon as I named it, the opportunity to give football my all was over. That little extra effort made all the difference. Lesson learned, just a little too late.

With all the left-brain training that came with becoming a CPA and CFP® in the following years, I lost sight of that lesson. I find myself now, at the end of my client-planning career, once again realizing the power of passion. I want to shout it out to the entire world: *FOCUS ON THE PASSION! THE MONEY, TIME AND HEALTH WILL FOLLOW!*

It's true. If you follow your passion, you will be driven to obtain and manage the resources you need to do your passions. Think about a time

you really wanted something. If you really want something, you will do that little extra to make that big difference. If it is the highest priority for you – you get it done. One way or another, sooner or later, you get it done.

My passion for planning, for being productive and for having deeper client relationships has been a driving force within me and a motivator to write this book. It's hard to talk about passion without talking about love. And this book is definitely about love – the importance of igniting your passions and demonstrating your love for the *whats* and *whos* in your life. It's about love *and* having advocates who go beyond what you would expect from the average planner, advisor, personal trainer or coach, to help you live a most fulfilled life. A fulfilled, enriched life is a successful life. It really has nothing to do with your means (i.e., money). It has to do with the realization of your unique good. This kind of success is a feeling. Only you and those closest to you are going to know your real success! Don't let anybody tell you otherwise.

You will best realize your unique good by prioritizing your activities using the 9 Planning Values Activities. As I noted earlier in this chapter, these comprise the 3 Planning Values of Self-Realizing, Connecting and Giving, or **SCG**. SCG all support the same overarching goals of love of self and love of others. SCG is achieved and strengthened through the 9 Planning Values Activities.

- You Self-Realize by Learning, Serving and Mentoring.
- You Connect by Exploring, Relating and Playing.
- You Give by Protecting, Contributing and Transferring.

It's safe to say that in some fashion or another we all wish we could more easily do some of these activities more in our lives, if not all of them. The thing is, we can – it's just a matter of prioritizing our activities based on what we love most, meaning our passions, and then *doing* them.

Without prioritizing your activities, it's easy to get off track (or maybe not even get on the track in the first place) and lose sight of your passions. Unfortunately, we often put “managing our resources” as the end goal, when instead we should be determining what it is we want to do, then managing resources to support achieving it.

Your passions will align with one or more of the 9 Planning Values Activities. For that matter, as you go through different passages of life you will most likely encounter all nine of them. You will have opportunities to engage your passions through these activities, with varying outcomes. With very strong passions, you will find yourself out of balance during some periods of life. Don't worry, this is normal. It happens to everyone actively working on living their passions.

It's time you and your advocates become completely aware of your priorities so you can work together to align them with your passion-driven life, while still being able to do all the necessary daily activities that, to this point, have stood between you and your passions.

In the coming chapters, I will walk you through my simple Advocate Planning Model which incorporates the 9 Planning Values Activities that comprise the 3 Planning Values, all of which are supported by your 3 Resources: Health, Wealth and Time. I recommend you use it with your advocates to help you keep your priorities straight and in the right order.

The two graphics at the end of this chapter set the stage for the rest of the book. These demonstrate that there are really only two fundamental steps to making good decisions in living your passion-driven life:

1. Develop an understanding of yourself by connecting the dots of your history, dreams, values, passions and plans; and
2. Maintain a recurring process of setting priorities and doing activities that result in *doing what you love to do!*

Remember, if it's at the top of your priority list and you are passionate about it, you will get it done. No doubt. If it is lower on the list, forget it ... at least for now. Well thought out, aligned and communicated priorities will give you the greatest chance of doing what you want to do, when you want to do it, with support and direction from your advocates. The more organized you are, the more a lower priority might inch its way up the list.

There is Real Value in Advocacy for Doing Your Passion-Driven Priorities

The challenges and complexities of first knowing then managing your unique priorities is more difficult if you're focused on more than a few priorities at a time. I found it helpful to meet with clients quarterly and limit the major decisions to align with no more than a few priorities at a time. This approach – be it with a professional advocate or a personal one – is a means of forcing prioritization and avoiding becoming overwhelmed by the process to the point of wanting to quit. You determine what one, two or maybe three priorities will be done next and set the rest aside (for now). With those top priorities in focus, you take small, important steps toward doing what is most important now. Then, in the next quarter, you'll return to the list to take a few more steps. Soon you will find yourself in a habit of continual forward motion, implementing priorities while doing your passions. You will be in a positive routine of making a big, positive impact on your life.

The Advocate Planning Model is designed to help you determine and do your priorities, encourage you to have a personal advocate, and when necessary, use a professional CFP®. When you determine your personal and professional advocates, you will build an advocate relationship with them by revealing to them your history, dreams, values, passions and plans. If you do it yourself or use professionals, remember, you are the one driving the bus.

There certainly is a lot of help out there for you if you can weed through all the varying electronic solutions and newsletter opinions. With the advancing state of technology and financial solutions, investments are becoming quite the commodity. If you have the time and attention, the tools are there to develop a well-diversified portfolio yourself. I do strongly suggest, though, that you do-it-yourselfers have a personal advocate to call on to bounce your planning thoughts off to help you make your next best decisions while using the Advocate Planning Model I detail in this book.

When planning, the benefit of advocates is two pronged. In priorities planning, advocates help you ignite your emotions and push you to get to that rewarding place of passion-driven living. With investment planning it's the opposite – you and your advocates are most productive by reducing emotion, implementing a methodically developed investment process of selection, monitoring and replacement, as well as looking at cash needed from your investments in the short term (0 to 5 years), intermediate term (5 to 15 years) and long term (15+ years) to determine an appropriate asset allocation.

Be Wary of General Rules

There are some “general rules” you will hear in this book that you've probably heard before. As with all widely shared bits of advice, you should take these with a grain of salt.

For example, take the general rule that your allocation to equities should be no more than 100 minus your age. If you are 60, that means no more than 40% allocation to equities. But what if you are never going to need the money for yourself, that the money is intended to go to your kids for their retirement? In this case, the “rule” makes no sense and following it would result in a loss of significant potential income over many years.

For most every “rule” you can find situations in which the advice would

be bad. You need to approach the situation you're facing knowing who you are and what you need without being tied to some one-size-fits-all adage.

Investing without Emotion, Risk Control and Asset Allocation

Later in this book I'll address how you might invest on your own and, better yet, how you can do this using an advisor platform that carries the investment management load.

In addition to investing without emotion, I will drive home the need to focus on your asset allocation, first and foremost, with security selection a secondary consideration. I will cover the process of selecting security specialists and keeping them at arm's length, replacing them for cause if need be. I'll also discuss concerns regarding portfolio and advisor fees. In this age of expected lower growth, many people are paying too much for what they are getting.

Mike Sipe: A Case Study

Throughout this book I use myself as the primary case study, demonstrating the concepts I so passionately believe in through examples from my own life history. This book is not intended to be an autobiography or a memoir, but there are many instances in which I share my personal history and experience. After all, personal history is a crucial component of Personal Financial Planning. If you were expecting a workbook solely concerned with facts, figures, dollars and cents, you're going to be disappointed. I believe the profession of financial planning is becoming more and more driven by people like you, demanding an advocacy model that sees the whole picture of your life to help you do what you love to do, using the resources that you have!

With that in mind, here are a few things you should know about my per-

sonal history before we move on. I am the eighth child of 10 in a seemingly traditional Catholic family. The patriarch, Walter, was the owner of Sipe & Gray Oil Company, a business he passionately operated as his first love for over a half a century. Elizabeth, my mother, and character-builder of all 10 children, was the emotional strength of the family. She was the caregiver, while my father was an untiring worker.

With the help of Patty, my spouse of 47 years and my personal advocate since 1964, I have successfully made my way to Protirement. By knowing me well and lovingly nudging me to do what I love to do, Patty taught me what real advocacy is all about. Patty and I called Minnesota home until we followed our son Michael and our granddaughter Avi to Burlington, Vermont. What began as a second home became a permanent residence in 2013. Bridget, our oldest, and an occasional resident of Vermont, presently lives in Seattle, Washington. Our son Michael and his wife Jessica celebrated the birth of our second grandchild, Emmett, in August of 2014.

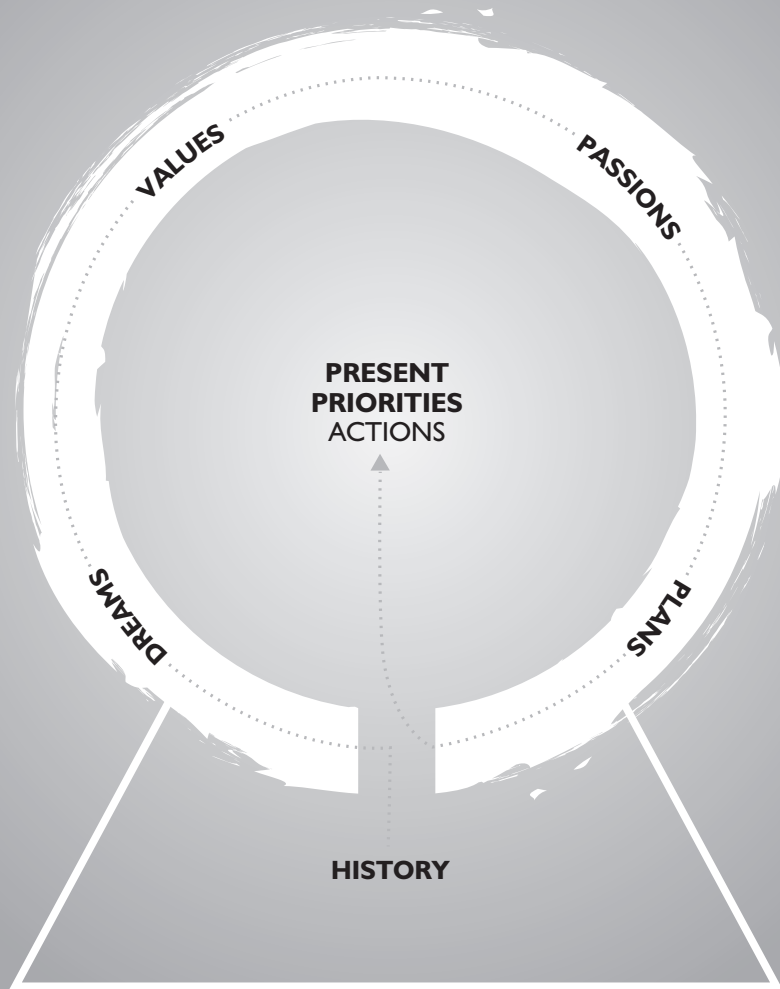
You may be wondering why there is a photograph section in the book. Photography is one of my passions. Passions being a subject matter, it gives me an excuse to expose a few of my photographs, and invite you to www.mesipe.com. I use my photography passion often in this book to illustrate a point or make an analogy.

We are given a short period of time on this earth – love it before you leave it. If not already there, it's time for you and your advocates to get your priorities straight and determine your next best action in doing what you love to do!

PROTIREMENT ADVOCATE PLANNING MODEL

ESTABLISH A FOUNDATION BY CONNECTING THE DOTS

(See 50 Foundation Questions)

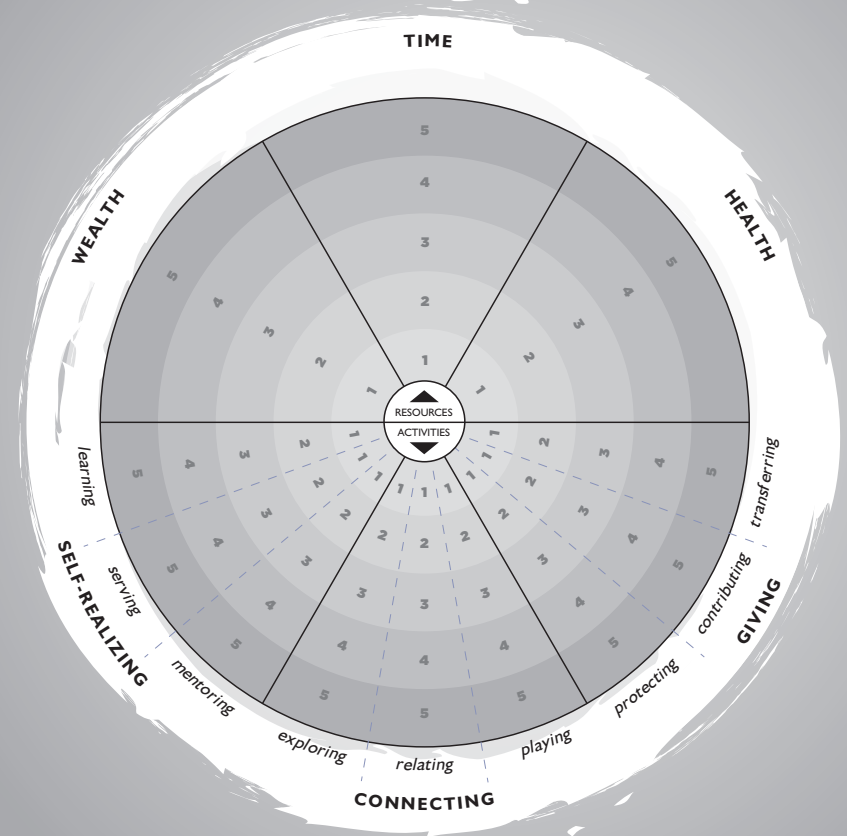


PROTIREMENT ADVOCATE PLANNING MODEL

PRESENT PRIORITIES WHEEL

Indicate what is **MOST** important to you **NOW** by circling the corresponding rating.

1 (lowest) | **5** (highest)

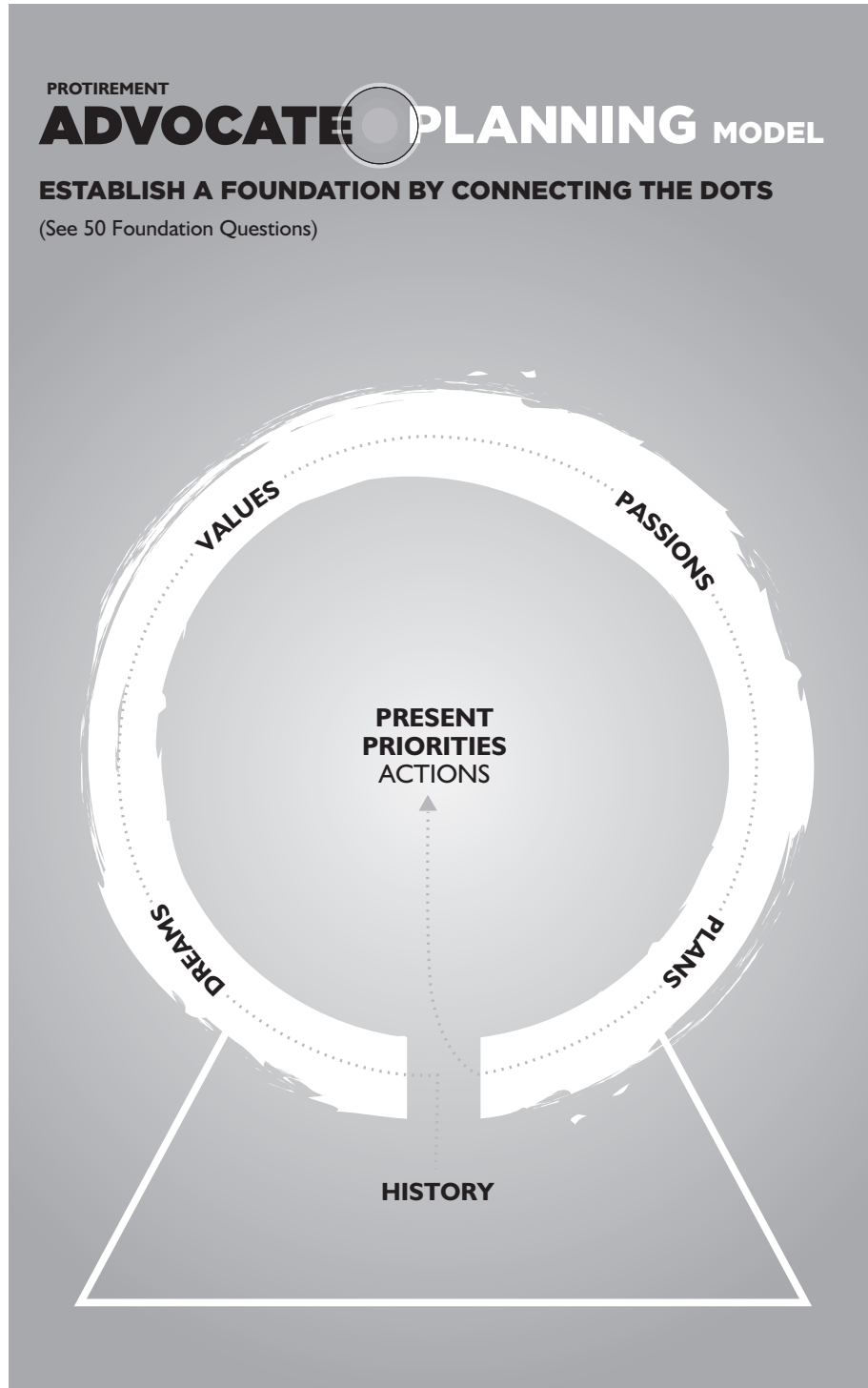


NAME _____ DATE _____



PART 1

The Process of Personal Priorities Planning (PPP)



Chapter 2

Focus on Protirement Now, Not Retirement Later

In the late '70s, I was a young CPA already growing tired of doing tax returns and audits. More broadly, I was tired of always looking in the rearview mirror. Though the work was a great way to learn about how things came together in the previous year, I was more intrigued by where people and companies were going in the year ahead. I loved projecting *what ifs* and calculating business valuations. I wanted to spend more time being prospective and working with individuals and families. I knew I had to change my perspective when I found myself dozing off while reviewing audit work papers.

During that time, I was unaware that the financial planning industry was slowly budding and taking form. But in 1980 I came across a financial planning retreat held at my alma mater, St. John's University. It was the first industry-sponsored retreat of its kind and was a mere 12 miles north of my CPA practice in St. Cloud. I immediately signed up.

It was a particularly hot summer and the lack of air conditioning in the dorm rooms dissuaded me from staying on campus. I went home each night and avoided the heat. Though enjoying the comforts of home seemed like a good move at the time, I think I missed an opportunity to hear more insights from some of the industry pioneers and share ideas with curious professionals like myself.

Regardless, I was excited by what I heard at the retreat – including a form of the 6-step planning process of Discovery, Goal Setting, Analysis, Recommendations, Implementation and Monitoring. I decided then and there that I wanted to be a Certified Financial Planner, or CFP®. I received my certificate in 1982 and started applying the principles in my CPA practice.

I have been a financial planner ever since, awake as can be, with both eyes on the road ahead. It has been an ever-developing discipline for me, and though the core has remained the same, there has always been something new to develop, learn or practice over the subsequent decades in this evolving industry.

The Depths of Discovery

I focus a great deal on the process of discovery in this book. Be it personal or professional, alone or with a planner, I believe a deep and extensive discovery process is crucial to your future success. The depth and focus of your discovery will lead to an equally deep and focused understanding of your history, values, dreams, passions and plans. From there, your objective is to align your present priorities with the values and passions uncovered and defined in the discovery process.

If you do a good, thorough job of discovery, you have already laid a foundation for success. Priorities will pop out at you, analysis and recommendations will be much easier to make, implementation will require less persuasion and the *whats* and *hows* of monitoring will be clearer.

However, this kind of questioning is often passed over, jumping to the question on everyone's mind when entering the planning process: *How do I invest for my/our retirement?* This is not surprising. Most planners receive the lion's share of their revenue from fees derived from long-term investing. Most clients come to the planner to invest long-term retirement dollars and to get advice on how to allocate the dollars, to determine the amount to invest and/or the amount to take out so they don't run out.

In the rush to talk about retirement, it is easy for both the planner and the client to bypass a lot of great discovery. Questions tend to be formulaic rather than personal. *How old are you? How much do you have? How much do you need? How much do you invest in your retirement plan? How much do you invest outside your retirement plan? How do you allocate your investments most appropriately for when you will be using proceeds from your investments?* These are all good questions. But don't just jump to them without asking the important questions about history, values, dreams, passions and plans.

To aid in a deeper discovery process, I have included 50 Foundation Questions in the Appendix of this book for your use alone and/or with your advocates. The exercise of talking about history, values, dreams, passions and plans does a good job of getting clearer answers to direct questions like *How much do you need?* By getting a base understanding of history, values, dreams, passions and plans through these questions, you and your advocates will know the real answers to those necessary, formulaic questions – you will know the *whys* behind the *whats*.

And it's more than likely you will learn something about what parts of your life need to be better aligned in order to live a passion-driven life. More than likely, your current priorities will require some adjustments. More than likely, you and your advocates will have a deeper relationship on which to base future decisions.

If you use a professional advocate planner, you should expect about four meetings plus preparation and follow-up to get the extra depth from your discovery process. Also, expect an extra meeting or two each following year to get new info as you enter new stages of life. If you take the extra time, your relationship with your planner will last. Not only will it last, it will be an authentic advocacy relationship. The planner will become an advocate dedicated to helping you do what you love to do. As an added bonus, this type of relationship will help the planner love what they do and enjoy enough business from you (and their other clients) to work with their own advocate planner to practice their own passion-driven life.

Discussing Protirement for Greater Depth

One way to move the conversation to greater depth while still addressing the obvious questions about retirement is to discuss Protirement. Fred Hudson of the Hudson Institute introduced me to this interesting wordplay about 20 years ago. He used the term protirement to address the issue of people wanting to remain vital during normal retirement years. He is a great example of this kind of vitality – a true advocate for his clients and a great teacher to the coaching industry. He sparked my thinking and actions and I am grateful to him for that.

A lot can be read into the term *protirement*, and should be. After a lot of thought and playing with the idea of vitality during normal retirement years, I defined the term for my practice to be something that can be enjoyed at any age:

Protirement is a positive period when you perform your passions and produce and play as you please.

I have refined the definition a half dozen times myself. People desire to produce and play as they please, not just at retirement but anytime. Don't you? And why not? If you love what you do, the energy derived

from it will reach beyond your imagination.

Generally speaking, most financially independent people have reached or are close to retirement age. This is especially true for those who have had a little help from an advocate. It's a great point to finally arrive at, but it is even nicer to be financially independent earlier in life. It always helps to have the financial freedom to be able to actively pursue something you love to do at any age. It also helps to have passions and a lifestyle that don't require a lot of money.

I know you can find statistics to support any stance you want to take, but I have heard this one a few times and, unfortunately, I think it is probably true: *less than 25% of workers are passionate about the work they do*. I don't think this means 75% of workers hate what they are doing, but it seems to indicate that there are a lot of people spending half of their waking hours not feeling great about their life's work contribution. This is not only unfortunate, but unnecessary.

Protirement means people are choosing to produce (work, contribute) by doing what they really enjoy doing. If you don't love what you are doing, move on, spend time with your advocate and find something that you do love. Life is too short to wake up every morning feeling unsure or unhappy about your day's contribution. It's better to find your work passion and do it. Realign your priorities accordingly. I did and it was worth the pain of moving from a comfortable place to the unknown of something new.

My Experience with Protirement

I moved three times to get to my dream job: my very own boutique life-wealth planning firm; one where I had control over my approach to working with clients. I finally achieved it at the age of 53. Thirteen years later, I was four years into the succession process, moved deeper into my passions of photography and family, and started writing this book. Wow,

time does go by fast when you're having fun.

As for my jobs prior to my dream job, I must say I enjoyed working in the national and regional CPA firms, as well as the national broker dealer. All three places allowed me to move in the directions I desired. I allowed myself to evolve and take on the risks of moving. I see now that every step and risk I took, no matter how frightening or uncomfortable, led me closer to a better Protirement.

It is not easy to move toward Protirement when you are “comfortable,” much less “*comfortable enough*.” It often takes help from an advocate. I would not have been able to make the move from the regional CPA firm, to the national broker dealer, to my own planning practice without the support, encouragement and counsel of my personal advocate, Patty.

Patty was instrumental in every move I made toward Protirement. She had the personal knowledge of who I was (and am) to give me the support and counsel I needed to jump ship when the time was right for me to do so, even when the ship wasn't sinking.

I was doing the prospective planning that I loved to do at the regional CPA firm in the early '80s, where I was provided a great deal of personal and professional flexibility. We even registered the firm as an RIA (Registered Investment Advisor) in 1983. Unfortunately, my partners got a little uncomfortable as an RIA after the Tax Reform Act of 1986. We were advising clients about tax shelters and the new law changes effectively turned those shelters on their heads. My CPA partners were afraid that the budding personal financial planning practice would jeopardize the tax and audit business. Even though we dropped the registration around 1987, I continued to offer personal financial planning in the CPA practice, albeit a bit restricted.

Personal financial planning seemed like a natural extension of my CPA practice. In fact, the American Institute of CPAs (AICPA) has developed a Personal Financial Planning (PFP) designation for the CPAs that wish

to specialize in the area. CPAs are trusted advisors. Many CPAs have a strong background not only in tax preparation, but tax planning. Some are great professional and personal consultants. They understand the value of diversifying investments and have a special way with understanding and projecting numbers.

I found it difficult to focus entirely on personal financial planning in my CPA firm. We did not have enough demand for the pure advice at our standard CPA hourly fees and my partners liked to do the fringe personal planning for “their own” clients. The partners were also nervous to internally refer these clients away at the risk of jeopardizing the audit, tax or other consulting business.

When I look at it today, it seems like the only CPA firms successful in financial planning are those larger firms that have truly figured out the art of designating specialties for all the CPAs in the practice while requiring and motivating internal referrals to each person's specialty. Many CPAs are great generalists and do a great deal for their clients. Unfortunately, many are just too pressed by deadlines, busywork and people management to do all that is needed for comprehensive financial planning or life-wealth planning.

I wanted to be a full-time financial planner. At the time, fee-based investment solutions had not matured like they have today. My investment advice had to be implemented at the brokerage down the street. I struggled to get my hourly fee while at the same time doing all the investment work. Meanwhile, the client paid the other guys to implement and monitor. With this type of practice there are more *fees paid* than *need to be paid* by the client.

My CPA firm started to show signs of slow growth in the late '80s. This really helped me to move on. I found myself sitting in more and more partner and management committee meetings, with too many partners wanting to be involved in too many meetings.

After 21 years you can get pretty entrenched in a firm. I was committed, responsible and financially locked in. It took five years from the first time I thought about leaving to actually walking out the door in 1993. I was comfortable and knew leaving would be a major, and likely uncomfortable, adjustment. I had a non-compete covenant. Staying in the same community meant I would not be able to offer any services that the firm was offering.

Luckily, I had Patty as an advocate in the five years leading up to my departure. I really needed her help to make the move. She knew me better than I knew myself. I couldn't see the stress. She could. I had a solid foundation for the new job, but I was worried about the discomfort of starting over. I thought I knew what was good for me. She knew what was best. With the help of Patty's advocacy, I joined a national broker dealer (BD) to head up the development of a new department offering financial and retirement planning services to brokerage representatives around the country.

It was a good fit for me. The president of the BD was also a CPA with public accounting experience. He understood my transition issues and afforded me time to work with a few local individuals and companies to provide IRA and 401(k) investment solutions. Without any solicitation, the local investment service business grew.

At the time, I had a two-part theory. First, I believed I was a better developer of planning services for the brokerage representatives by *doing planning for clients directly*. Secondly, I believed I was a better planner by actively *developing* a new system and services for the BD representatives. It was a wonderful combination. I loved it. When I think about my whole career, I have always loved that combination of *doing* and *development*.

Here I was, enjoying a lot of freedom and flexibility while doing what I was passionate about. I was in Protirement. Well, I was until the BD was sold to an insurance company, at which point I was asked to choose

between working with clients directly or being part of management, working with representatives. This was an easy decision: I would work with clients.

It was clear that there was an assumption I would be an independent representative under the BD I worked for, which in theory would have been the easy way for me to go. But they were too demanding and restricting. I had lost the flexibility I so enjoyed, and with it, my state of Protirement. I was comfortable enough there, but staying wasn't the best decision to get me back to Protirement. So I affiliated with a small upstart broker dealer started by some fellow former executives of my previous national BD. And though it was eventually fun to be involved in development and personal planning again, the move was hard. I certainly needed Patty to get through the transition.

I also needed another advocate: my adventurous and ambitious young assistant Cathy, who followed me from the BD. We worked seven days a week to transfer accounts from the national BD to our new BD. The national BD assigned a few of their people to "go after" the accounts and prevent the transfers out. One former associate, an attorney, a CFP® and clearly capable for competing for the business, refused to go after the accounts. He did not remain at the national BD much longer. I would have loved to partner up with him, but I knew it wasn't going to happen. He was off to the Twin Cities to follow his Protirement with an insurance fiduciary review product that he developed.

In the end, we were successful in transferring all the accounts but one married couple. The wife said she wanted to work with a woman, and, consequently, the woman I hired just prior to leaving won the account for the national BD. It took me three months to get over the loss. I needed regular counseling by Patty and Cathy.

Patty said I looked gray for three months during this transition. I was starting a practice at 53 and I did not have the comfort of being part

of an employer anymore. It took some effort, but it was the best career move I ever made. I was in Protirement again. I was in a positive period where I was *doing* my passion of life wealth planning and producing and playing as I pleased (pleasing my clients and myself). What's more, the feeling of Protirement was stronger in this position than any to that point.

I was in Protirement until the final stage of my succession planning 13 years later. Being about the age that most people retire, 66 years old is proof enough for me that I reached the final stage of my professional career. The business transferred successfully to its new owners and my younger associates, who were anxious to go it on their own.

To the credit of the firm's new owners and my former associates, they provided me reasonable motivation for a friendly departure and reasons to help client retention. I already had a strong motivation to make sure clients were well cared for. This business was my baby. It was my responsibility to have a good succession for clients. I am thankful for their assistance in making the final stage of my succession successful. It would have been hard for me to do alone, even with the support of my advocates.

My arrival at my current stage in life is still feeling a bit premature and appearing a lot like normal retirement. Patty continues to support me with this adjustment and supports my writing this book. I am also getting more involved with my other two passions, family and fine art photography. I am now, with more certainty than ever, in Protirement. I am excited about the possibilities.

Protirement: Is Doing Your Passions and Producing and Playing as You Please Possible Now?

You might say that there is no way that you can fully produce and play as you please in any job. You are always being pulled one way or another, by associates, customers, clients, and bosses. You have no time for yourself because too many demands are made on your time. Your time is not your own. You don't have enough time for your family. Your passions are reduced to hobbies, and you barely have time for them ... if any.

You can probably add more obstacles to the list, describing reasons why you are unable to produce and play as you please *now*. Maybe you'll have time when you retire ... but then, of course, you won't have any hobbies because you haven't ever made time for hobbies. In fact, you can't remember what you were passionate about when you wished you had more time for your passions. They've been brushed aside by the multitude of responsibilities and other things to do.

If you love what you are doing, you don't want to quit doing it. In fact, when you are really passionate about something, you may very well be out of balance. This creates the need to pull back from it a bit *for the good of your whole*: family, health, and overall well being. Passions are just a part of your whole.

I know a majority of people (around 75%) do their job, day after day, to make money so they can do what they love to do after work – or maybe just to make ends meet. That means far fewer people (25%, probably less) see their work and passions as one and the same. I don't think those percentages are going to change much anytime soon. In light of this, it seems you have three options to choose from:

Option 1

You can choose to be part of the group that works to make enough money to live their non-work passions.

Option 2

You can choose to be part of the group that works to make money to meet their obligations without doing their non-work passions.

Option 3

You can choose to be part of the group that lives a passion-driven life.

It is obvious that most people would choose Option 3. It is also clear that getting there may not be easy. The most comfortable route might be acceptance, no change, and just keep plugging away. Life is good enough the way it is. Just tell me how I can retire sooner.

Really think about it. Consider the options. There is no universal correct answer, but there is a right choice for you. Be honest with yourself and your advocate. Your heart may choose a different option than your head. Your advocate might change your mind or strengthen your resolve. In the end, you are not going to fool anybody ... especially yourself, especially in the long run.

My Family's Experience with Protirement

My dad, like most entrepreneurs or self-employed people, was a great example of someone achieving Protirement.

Dad had a number of gas stations and a fuel oil delivery business in the suburbs of Minneapolis. He started with a Texaco station with his older brother in the early 1900s. Dad had the northern and western suburbs. My uncle had the franchises north and west of those suburbs. They each were successful growing their business in their own ways.

But for some reason now lost to time and history, they split up and there was tension between them until they were both in their eighties. My dad said my uncle never worked after he turned 31, while my dad voluntarily punched his own timecard his entire life, regularly boasting about his 16-hour workdays. Maybe that had something to do with it. In their final years, I saw them relax with each other. They seemed to mutually acknowledge that all was well. There were no lingering hard feelings.

Each understood that they had achieved their own definition of success.

Though he achieved Protirement, I don't know for sure if dad actually *experienced* it. He would never talk in terms of *love*. I just knew that the business was dad's baby and it seemed to take precedence over everything else in his life despite making the time to have 10 kids and still go hunting, fishing and skiing.

I could see that dad had a great sense of obligation to many things in his life – work, church, education and discipline. But it was hard to see his love for these things, what he did and who was in his life. He was very concerned about impressions he made on other people, especially how his kids behaved. Productivity was a strong value in our family. Sipe family in-laws make fun of a phrase all 10 Sipe children use when pointing out a less-than-positive trait in a person; we almost always follow the critical comment up with “but he/she is a hard worker.” And we mean it. That value has been planted deep within all of us.

There were also secrets in my dad's life. He was the youngest of 11 children. He left home at thirteen to live with an aunt. I am uncertain about the circumstances and emotions around such a young departure from home, and I feel sad that I do not know his story. As it stands, it is way too sketchy for my liking and may be the reason I believe so strongly in the value of knowing histories to benefit the planning process. Knowledge about values comes out of histories. The values lead to the passions. And, living the passions helps us live in Protirement.

My career in the family oil business lasted one day. I had worked at the family business during summer vacation for a number of years, but this – this actually *being in the family oil business* – was different. At the time, I had gotten my CPA, had worked in a national firm and spent a year in the regional CPA firm. We decided to move back to the Twin Cities because Patty's mother died and we figured her dad might need some help. Besides, we missed the Twin Cities and I had a promising career in

the family business.

My dad came to me that Monday, my first day of work, and said he didn't think there was room for me in the business. That's it, no explanation. No questions asked. And though I didn't see it at the time, it was a blessing. I went on to open a Minneapolis office of the Regional CPA firm based in St. Cloud, dividing my work between the two locations – and doing a lot of driving. *A real hard worker, wouldn't you say?*

A year later, I was promoted to partner and we moved back to St. Cloud. We got over leaving the Twin Cities and learned to fully love St. Cloud, eventually making it our home for nearly forty years. I see now that it would have been hard for me to achieve Protirement in the family business. Dad controlled the business for another 10 years and I became his CPA.

My brother Tom, five years my elder, was *the chosen one* for the business. I say *chosen one* because there was a shadow of dad's ownership over what each of the kids did ... or maybe it was just parental pride. Either way, when he talked to people about us, we were the Doctor (Jim), the Nun (Joan), the Oil Man (Tom), the Priest (Richard), the Bookman (John), the CPA (me), and so on down the line, though I never heard dad refer to Margaret, Bernadette, Elizabeth or Rosie as such, but I do remember mother remarking that raising children (the primary job of the homemaker, in her mind) is the most important job of all. She referred to it as *building character*.

Dad encouraged the Bookman, John, to be a lawyer. Maybe *encouraged* is too soft a word. My dad went through law school and never practiced law. Again, I don't know the total story. He was in business while attending law school and maybe it was just easier not to practice. I'd like to think he chose the business for the love of it. John opted to not go to law school, which earned him the new title of the Obstinate One. John recently confided in me that dad would say to him, "Do you think you

will amount to anything, Johnny?" I thought I was the only one he said that to.

My mother believed parental influence is greater than we think, regardless of how much we rebel or how independent we think we are, and she was right. It took a real effort to break from the mold in our family. Given the strong parental influence we received and being treated like subjects for the sake of making a good impression, I would say it is a little surprising that all of my siblings have arrived at their place of Protirement, sooner or later, one way or another.

Richard, the Priest, entered the priesthood because he felt he had to. He left the priesthood early into his career. Whether it was because he became aware of abuse issues within the church, whether he realized that he didn't have to be a priest, or some combination of both, I don't know. He has since counseled clergy and stands as an expert on the sexual abuse issues within the Catholic church. Now in his eighties, he is still active with writing and expert witness testimony. He is a great example of someone who is passion-driven, even to the extent of being out of balance from time to time.

Richard tells me that when my oldest brother Jim finished med school he put his diploma on my dad's desk and said, "Here is your med school diploma." It turns out that Jim really wanted to be a lawyer. Jim was a good doctor, but did get heavily involved in the business side of his medical practice which may have met the passion he was looking for.

My brother Tom is also passion-driven. He was supposed to be the Oil Man. My father had reduced the family oil business to a corner garage before he died, leaving Tom in charge. At seventy-two, Tom still operates the business, but is open to selling it. Tom relies on managers to take care of operations when the snow flies. He and his wife Bobbi are passion-driven with their snow skiing. For years skiing has been their salvation from the time-sucking family business. They are professional

skiers, instructing in the Rockies. Their family is a true skiing family. A couple of their children work in the ski industry. They could be among the best skiing families in the U.S.

John, the Bookman, was also in the family business for a short while. Before that, he taught at a private grade school. Even though he loved teaching, he determined he couldn't support his family on the paltry wage, so he tried his hand at the family business. He ran one of dad's stations until eminent domain took the station for street improvement. It wasn't long before John decided the family business wasn't for him and started looking elsewhere. Comments from my dad like, "Jumping J***s, Johnny, I need you around here like I need a B-52 Bomber" certainly didn't change his mind.

John started looking around, and soon enough the perfect job presented itself: education book sales. My friend's father was involved in a Catholic bookstore and referred John to a supplier and John has worked for that same company now for over forty years. He is seventy and I am not sure he will be able to give up the keys to his company car. Traveling his territory and visiting with the many contacts he has made over the years is a love of his. He is in Protirement with his life's work and is presently thinking about the many things he may want to do when he retires from the company to which he has been happily loyal for all those years.

It's unfortunate for people who can't make a living wage in careers they love. My brother in-law Jim was originally a Jesuit priest before leaving the priesthood, starting a family and becoming a teacher at a Catholic high school. He loved teaching, but he eventually elected to go to law school to be better able to support his family. He ended up working for the city attorney's office in Saint Paul in a forty-hour a week job that he enjoyed (but enjoyed a lot less than teaching) that resulted in more money going to support the family in the manner he desired. Time with family, with sufficient income to support them in the manner he desired, was a passion he shared with my sister Rosie, and was clearly their top

priority.

Jim died of cancer at the young age of fifty-three. During his life, he made the time to write in separate personal journals for each of his two children over the course of 14 years. He also taped himself reading stories to entertain the family on long road trips. I listen to his tape of *A Christmas Memory* every year. When he made his decision to make time for the family, he didn't know how valuable that time would be. What a wonderful legacy, Jim.

Doing Your Top Priorities

Financial Planning is ideally about *doing* your top priorities while managing your 3 Resources of Time, Health and Wealth as well as you can without letting those resources become a top priority in and of themselves.

While in the midst of health issues, uncontrollable time pressures and/or financial straits, I know priorities can get out of whack. In such situations, these resources may very well become a top priority. A well-informed advocate is particularly helpful in these periods of stress, which undoubtedly hit us all somewhere along the line.

History, Dreams, Values, Passion and Plans: 50 Foundation Questions

What are your values and passions? Are your top priorities aligned with your values and passions? Are you periodically assessing your values, passions and priorities? Are you sharing your resulting thoughts with your significant others and your advocates? You know, it is not about dying with the most money, especially when you aren't getting to your top priorities!

Answer the 50 foundation questions in the Appendix of this book and share your results. I'd rather you share them with your advocates, than, say, on Facebook. Take the time to have an open discussion with your advocates about what is most important to you *right now*, what you would love to do *right now* and what you are going to do about it *right now*.

It is hard to get in the proper frame of mind and think of all the possibilities of ordering your priorities based on your history, values, dreams, passions and plans without a process and allotting sufficient time with yourself and with your advocates.

Every time you go through the process, updating your priorities becomes easier. The more thorough the original process, the easier it is to roll with your ever-changing life situations. The essence of proper planning is the soul searching, documenting and communicating of your history, values, dreams, passions and plans so you and your advocates can order your priorities so you can do now what you *really* want to do. A discussion about Protirement is a good way to move the discussion toward your passions, pre- or post-paid period.

Remember, Protirement is a positive period when you perform your passions and produce and play as you please. It is not reserved for people on social security. You do not have to be financially independent to achieve Protirement (though it certainly helps). It is a frame of mind, while you actively, as the song goes, “go where you wanna go, do what you wanna do.” It is a period when your resources of Money, Time and Health are not issues that weigh on your mind. It is a period when you feel passionate about what you are doing at work, at home, and with your hobbies.

It sounds unrealistic, doesn't it? Well, maybe it is hard to fire on all cylinders all the time. Life is not perfect, after all. On the other hand, if your car is not firing on all cylinders, you get a tune-up. You are much more valuable than your car. You care for your car, so care for your cause.

Living your passions is worth any effort you expend. In the next chapter I will address your Path to Passion. Passion is love. *Love generates energy that will spread beyond your imagination.* I have always been amazed with the power of passion.

FOUNDATION QUESTION

PASSIONS

How do your passions relate to each of the 9 SCG Planning Values Activities?



Chapter 3

Your Path to Passion

How do you become aware of your passions? How do you make room for living them? How do you deal with all the resistance you will face in trying to do what is necessary to live your passions? I will address these and many other questions regarding living your passion-driven life.

Being Open to the Possibilities

About thirty years ago, I had the honor of listening to a former professional boxer speak at one of the many continuing professional education events I attended over the years. I think his name was Rocky, or maybe it was Gordon. I don't remember. It's sad I can't remember his name. He was so good. I think I may have even heard him speak twice.

For now, let's call him Gordon. Gordon spoke at length about something called our *reticular activator* – an idea that stuck to me like bark on a

tree. Here I was, in my mid-thirties, and I had never heard of a reticular activator. Gordon defined reticular activator with a number of examples, the best of which is:

You know, when you buy a car ... let's say a yellow VW Bug ... you raise your reticular activator. All of a sudden you see yellow VW Bugs everywhere. That's because your reticular activator is engaged. You are keenly aware because your yellow VW Bug is on your mind. Your consciousness owns all VW Bugs, so to speak.

I just got home from a trip to the local Lowe's with Patty. I played the delivery boy, transporting her annuals for the garden. She mentioned seeing tulips during the couple-mile trip home and we talked a bit about their unfortunately short lives. I said I hadn't seen any yet this year, despite having been out every morning looking for spring trees and lake images to photograph. "We just went by some," she said. I put up my reticular activator and saw them everywhere in that final mile home.

Think about the times your antenna went up and, sooner rather than later, whatever it was you were thinking about popped up in front of you. That's your reticular activator in action!

Patty and I spent some time in our thirties and forties with Psychology of Mind (POM) specialists in counseling along with a bunch of reading about POM on the side. POM speaks to understanding separate cultures and realities, the natural flow of moods, how the mind gets in our way when we think too much and the power of our "inner wisdom." It was a great learning experience for both of us.

One of the counselors would often say to us, "Notice the feeling and do nothing." The inference is that *our moods change constantly; be aware of them, feel them, and they will pass through.* Thinking thoughts to death will result in locking you into a mood you may not like. Our natural, default mood is a positive one; a comfortable place. It is like the reticular

activator: if you are open to your inner wisdom, positive things and solutions manifest, oftentimes miraculously.

I don't know about you, but a lot of solutions to problems I'm wrestling with wake me in the middle of the night or come to mind when I first wake in the morning. I attribute this to not overthinking everything (it's hard to overthink anything in your sleep). If there's something I'm wrestling with or overthinking, I put it on the back burner and let my subconscious deal with it. Before I know it, ideas come to mind. It's weird. I don't try to understand it. I just know it's powerful.

Dewitt Jones, a great photographer who did a lot of work for National Geographic Magazine, echoed this sentiment in his video, *Celebrating What's Right with the World*. He said, "Believing is seeing." I interpreted this as, "Expect to find beauty and you will see it." When you believe that there is something beautiful to be seen, you will see beauty. It may not be in the form you expected, but you will see beauty. I often think of that when I photograph. I never find exactly what I visualize. If I am open, aware and general enough in my expectations, I invariably surprise myself by seeing something picture-worthy right in front of me.

I was out at sunrise this morning, looking for spring images to photograph around Lake Champlain. I was shooting lakeside, under a covered bridge. Suddenly, nature called. As I turned around for cover, there was a picture waiting to be taken: water under the bridge, with the bridge framed by spring leafing. I could have only improved the picture with a couple of colorful bikers entering or exiting the bridge road. I took the picture. Of course, as soon as I dismounted my camera from the tripod, those bikers finally came through to perfect the scene. Thousands of pictures to take, thousands missed.

Later that morning, I was in a field looking for the perfect cloud to pass over a picture-worthy grouping of spring trees under the blue sky. A biker passing on the nearby road yelled out, "Look behind you." He must

have seen *his* picture-worthy beauty. I laughed. I didn't find what the biker wanted me to see or the scene I visualized, but I did get a few shots of some clouds over a couple picture-worthy sprouting tree groupings. What a beautiful Champlain valley morning! So many possibilities.

It's helpful to look at things from different perspectives. High, low, front, back, up, down, all around. Use your reticular activator for the good stuff you are looking for and be open and flexible. Use it for finding ways to do your passions. Believe you will see the way and align your priorities with it so you can do your passions sooner rather than later.

My Passion Project

I started my research and reflection on deepening planning relationships in 2007. It did not take me long to title it *Passion Project*. I even named my boat *Passion Project*. This project has become a driving passion.

Early in my study, I concluded that planning is all about doing what you love to do, and more specifically, prioritizing everything so you live your passions. By planning this way, life becomes passion-driven, productive, and full of good feelings. I believe it's the path to one's success. *Success*, as I define it, *is the realization of one's unique good*.

My reticular activator has been locked in on the word *passion* (and its derivatives) for years now. I don't think a day goes by that I don't hear something about passion. Sometimes it feels overused, but then again, I am always looking for it.

My daughter often says, "Every day I see an elephant." It has special meaning for her. Why an elephant? I'm not really sure of its significance. I think it's just a great example of a reticular activator in action. She's open to seeing elephants (or pictures or sculptures), and she does.

Personal Capital, Social Capital and Financial Capital

When I initially documented my planning model and philosophy in the '90s, I concluded people had three types of capital: Personal Capital, Social Capital and Financial Capital.

I described Personal Capital as *who you are – your passions, desires, personality, strengths and weaknesses*. This includes how you contribute to generate income and what hobbies you enjoy; the character you are, your eccentricities; the lasting legacy you make with family and friends. Who you are is the embryo for the development of your Social and Financial Capital. The best investment you'll ever make is into your education (a term I use loosely) and how you leverage it into nurturing your passions.

I described Social Capital as: *who and what you care about – your communities, children, church, charities, and so on*. It also includes your friends and your social event preferences. Where you spend your money and how much money you spend is dependent on how much money you have. How much money you have, though, is mostly a result of *who you are* (Personal Capital) and *how you want to contribute to your communities* (Social Capital). You can have a very large amount of Social Capital with little Financial Capital. For instance, a missionary may care intensely about a cause or a people and contribute immensely without having or using much Financial Capital.

I described your Financial Capital as *the area most people in the financial services business dwell on, but is probably only the result of appropriate employment of Personal and Social Capital*. Most people-focused priorities involve Personal or Social Capital. We are most helpful as planners when we know you and what you care about in addition to your financial information.

I still believe in the three Capitals. The information derived from gathering the information about these Capitals helps considerably in the planning process for the people doing the planning as well as the planner.

The Essence of Motivation: Advocacy for Your Passions

While developing my model, I wanted to get to the overarching objective of deeper and more effective planning. To do this I had to get to the core; the essence of the motivators that drive people to accomplish what they really want to get done, and how I could help.

In time, the answer revealed itself: Advocacy is emotional and subjective, not strictly objective. All the same facts and circumstances of the three Capitals are still relevant, but advocacy proved to be the missing ingredient. What you love to do and who you love to be with – your passions – are essential to advocacy; it is that which is advocated. If a spouse, significant other, relative or friend understands the real and complete story surrounding your passions, they will likely prove to be a great advocate. And the same should be expected of your planner – you can expect them to understand you well enough to advocate for you and bring all the solutions to the table to help you get to where you want to go.

Who you are and what you care about ... I don't think there is a more direct route to real understanding of your passions. To properly reorder your priorities, you need to talk about emotions. You can't talk about emotions unless you ask questions that target emotional topics and ideas. This leads to ordering your priorities based on what and whom you love.

Financial planning can easily involve too much talking about dollars and cents, like, "What is the right financial solution given the three to five facts you told me?" I just re-read the announcement I wrote to clients in 1982 when I received my CFP®. All I wrote about was financial stuff. Now I realize the financial stuff is still important, but is secondary to the more important "soft" stuff – the Personal and Social Capital, passions, emotions and the like. I even used the word *comprehensive* in the article. How little did I know back then!

In his book, *The Fifth Dimension*, Peter Senger speaks of the human inclination to abstract a conclusion from a handful of facts. This basi-

cally boils down to a line of reasoning like this: *if Fact A and Fact B and Fact C are true, then the conclusion must always be X*. I cringe when I hear radio and TV financial advice spouted over the airwaves with just a few facts, as if everyone is the same. I know I wouldn't want to be plugged into a one-size-fits-all formula.

Gaining Necessary Insight Through History, Dreams, Values, Passions and Plans Foundation Questions

A planner can't give any meaningful advice – and certainly can't be an advocate – without really knowing you and your passions. There are too many variables and possibilities for ordering priorities to make decisions in a vacuum. Why not spend the little time answering the 50 Foundation Questions in the Appendix? Have you done that yet? You should. They are sorted into five valuable, thought-provoking and highly relevant areas: History, Values, Dreams, Passions and Plans.

It's just 50 simple questions. I guarantee you that if you take the time, the 50 questions will result in hundreds more that will help you clearly understand your passions, engage your reticular activator, go deeper with your advocate and more effectively reorder or refine your priorities.

Knowing Your Passions: A Prerequisite for Advocacy

To be an advocate, it is imperative to get to the heart of your passions. Once you get down to them, passions are easy to talk about. People love to talk about who they love and what they love to do. Too often though, life and its responsibilities get in the way. When confronted with this feeling, it's likely that you are mishandling one of your primary resources: Time. You may want to reallocate some of this resource to check your priorities. We all make time for what is most important. Think about all your life-changing events: births, graduations, marriages, job changes, adventures and deaths. You always make time when it is needed. A pas-

sion-driven life sounds like a pretty high priority to me.

You will discuss and identify passions through conversations about your history, dreams, values and plans. It's inevitable. Passions will arise in all the areas to contemplate. How do your priorities line up with what you love to do? Are your passions managed so they don't get in the way of your assumed responsibilities? Or are you deferring your passions because of your responsibilities? Is living your passions a personal responsibility or a matter of integrity? Are you more likely to have self-realization and fulfillment by doing your what you love to do?

When I photograph an image, I get best results when I keep it simple. I focus on the center of interest. I eliminate distractions. The environment needs to support the center of interest, one that complements the area of focus or directs your attention to the center of interest. It is the same with your passions – keep it clear and simple, focus your attention on your passions while having your surroundings complement or lead to your passions.

Easier said than done. I have a tough time finding a single center of interest with my photographs that, when printed large and hung on the wall, keep my attention for a long time. It is an ongoing challenge. Even with over 100 fine art photography books to study and attending many photo workshops, I need more help and experience before I realize my “best” picture. This is my experience, but I think it highlights the broader reality that the more you learn about something, the more apt you are to be successful.

I have learned that for me, both photography and planning are led by emotions.

Living Your Passions: Getting and Staying in the Zone

How unfortunate it would be if you hadn't found your passions by the

end of life. Maybe even more unfortunate if you know your passions but don't get a chance to do them during your life.

Ken Robinson, PhD, wrote a wonderful book called *The Element*, with the subtitle *How finding your passion changes everything*. Dr. Robinson defines the term “The Element” as *the place where the things that we love to do and the things that we are good at come together*. It is a little like that old joke, “How do you get to Carnegie Hall? Practice, practice, practice!” If you love something, you do it a lot. If you do it a lot, you are going to get better. If you are obsessed with it you may get damn good. If you don't get good at it you are less likely to love it. And when you're completely immersed in the process, you're in the Zone, as I like to say.

When I was in grade school I loved playing baseball and basketball. Half the year I was obsessed with baseball and the other half the year I was obsessed with basketball. During baseball season, if I wasn't at practice I was throwing the baseball against steps to field grounders or trying to hit the wiffle ball over the house. During basketball season, I would constantly shoot hoops after practice, even outside in the dead of Minnesota winter. And if the winters were a little too brutal, I'd be dunking a Nerf ball between the water pipes in the basement. I am sure the extra time made me the great player I was! I sure loved sports, sometimes to the point of neglecting my studies. Thank God for St John's Prep getting me on the study track.

Dr. Robinson gives numerous examples in *The Element* about people, both famous and not so famous, whose talent wasn't recognized right away. He advocated the need for schools and teachers to be flexible enough to make it easier to spot unique talents of individuals and nurture them. In fact, many of the very successful people he wrote about had been failing in standard schools because no one knew how to recognize their talents.

Paul McCartney and Elvis Presley are two examples. McCartney was

bored in school and never enjoyed music lessons. No one ever recognized any music talent in him. He tried out for the choir of the Liverpool Cathedral and was turned down. They said he wasn't a good enough singer. Ironically, they ended up staging two of McCartney's classical pieces. Elvis Presley failed to make his high school glee club. They said his voice would ruin the sound.

It seems the message here is *keep doing what you love to do; maybe someday someone will recognize your talent*. I'm doing that with my photography passion. I better get going though if I want to get in on that fame. I am pushing seventy, after all. I suppose I'm still 10 years ahead of Grandma Moses, who started painting at eighty.

I had a clue about my passion for photography very early. I was just a kid, maybe ten or so. I loved watching *Love That Bob* with Bob Cummings on a new invention at the time called Television. Cummings was a professional photographer, often taking pictures of beautiful models. He used a large-format camera in a cool studio with fancy lighting like the ones my son uses in his studio today.

I remember being intrigued with the idea of taking pictures ... a feeling that has stayed with me to this day. But the idea of identifying myself as a photographer never crossed my mind. It still doesn't. Maybe it's just not in my DNA to see myself as Mike the Photographer. Maybe I never broke from the expectations of standard schools and family. Regardless, it sure is a wonderful hobby. I am the only person I have to please and I enjoy that. But I can't kid you, it *is* nice to have others enjoy my work and want to put one of my pictures on their wall.

I love photography. I jump out of bed at 5 a.m. to look for images to shoot at sunrise and spend an inordinate amount of money on equipment. Patty is an unbelievable support and a great advocate for me in this passion. She even tolerates having pictures covering the walls in our homes. My associates were tolerant too; at last count, I had over 50

images hanging on the walls at my firm. I have been getting out to photograph almost daily since I retired from private practice. Do you think I'm obsessed? I might be. Either way, it's working for me.

Doing My Passions: A Key Element of My Mantra

I have a mantra that I affirm daily. I'll share the first part of it with you:

I love in the moment and the energy from it spreads beyond my imagination. I love in the moment by living the present, not fixating on the past, worrying needlessly about the future or fantasizing wildly about possibilities, but rather loving people, the process, the positive, the pristine and my passions.

This helps me stay connected to my passions, and I recommend that you develop a mantra if you have not already done so.

There is something magical for me about the extra energy I have when I am in the throes of one of my passions. I lose track of time. I forget about eating and my focus is completely on the here and now. I believe this basic experience is the same for everyone. It is at these times I feel connected to the roots of my soul. It is natural and intended.

I believe you are more likely to do your passions if you affirm them daily in a mantra, a mission statement or whatever keeps you continually aware of what you love to do and who you love to be with.

Passion Shows

You can often see, or at least sense, passion in others. It can't be contained and bubbles out. You see it in their eyes, their faces and their words. It comes out when people simply talk about doing their passions. I have seen this with clients as well as the people I meet in public, even if

only briefly. Maybe it is a kind disposition that takes hold when people get a chance to do what they love to do and/or be with whom they love to be with.

Take a moment to look at Ena in the photo section of this book. I believe Ena is one of these people. She's an elderly lady that enchanted me while Patty and I were in Dingle, Ireland. Ena was knitting and talking to a couple gentlemen. She was beaming, radiant with beautiful character. I was overcome by the impulse to photograph her.

I struck up a conversation with Ena. She was very friendly and open. I asked if I could photograph her. She obliged. She was as natural and relaxed as an experienced model, perfectly comfortable with herself. It was as if she was expressing that whatever is *is*; she didn't move a strand of hair or change her disposition whatsoever. She just looked at me and smiled naturally, enjoying the moment of being together.

Patty soon joined the conversation and fell in love with Ena too. Ena stayed in the moment, content to just be there in the sun, chatting about life. She told us about her cottage on the water, how she walks the beach every morning and that she owned the art gallery she was sitting in front of. It was the oldest gallery in Dingle.

Eventually, I looked in the art gallery and asked if anyone was there. She said she'd be glad to help us. We walked through the gallery and continued our conversation, looking at all the art. We learned some of the works were her daughter's and she spoke proudly of them. She was full of life, clearly pleased to be where she was and passionate about what she was doing. I took a second picture with Ena at her desk which you can see on my website, www.mesipe.com.

If I go to Ireland again I will make sure to stop by Dingle and see Ena, probably still full of life at one hundred years old, still walking the beach and still passionate about representing her daughter's art. We didn't buy any original art from Ena, but Patty did buy some jewelry.

Roger is another brief acquaintance. A man living a passion-driven life. You can see a picture of him in the photo section as well. Patty and I were strolling around Peggy's Cove in Nova Scotia at dusk one day last fall (see www.mesipe.com for images). We wandered onto the docks of Roger's family's fishing and touring business after normal work hours. Roger had turned the business over to his children, yet he was closing up that day.

As he was leaving for home, just around the corner in the local village where he lived his whole life, Roger rolled down the window of his new model truck and asked us if we needed help. We felt he genuinely meant to help, rather than delivering a polite version of *why in the hell are you on my property?* We stood by his truck, talking, enjoying the moment. He told us about the business evolving from commercial fishing to touring. He was proud of the business he developed for his family to continue. He mentioned the dwindling fish, but did not complain. It was a matter of fact and required him to adjust to it. He loved the business and is happy his kids can use it to take on the new mission of entertaining tourists.

I eventually asked him if I could take a portrait of him beside one of his boats. He quickly agreed, apologizing for the fading paint on the boat he named *Reverence*. There is an interesting story behind the name, I am sure.

I would love to hear the full history of Roger and the business. I bet there are a lot of interesting stories. I am confident that his passion for his business and family would thread throughout the history. I sent Roger a print. Next time we get to Nova Scotia, I hope to stop by and learn more.

There's one last portrait I want to tell you about. My sister Elizabeth and her husband John live in Trieste, Italy. They wanted me to see the charm of the square at San Gimignano. They knew I would love it, and they were right.

We only had an hour or so to experience the charm of San Gimignano. I

was off on my own when I heard music and followed it to the square. The scene and music captured me in the moment. My senses were heightened and I was delighted beyond what I can explain. The right music at the right place and time has done this to me before.

This is where I found *The Music Lover* (see photo section). I do not know his name. Our encounter was brief. We could not talk because we spoke different languages and classical music was filling the space we shared.

He was one story above me, viewing an open square from the balcony of what I imagine was his writing flat. I saw the character in the music lover's appearance. I imagined the music lover to be wise, content and relaxed ... maybe a literary type or former professor ... satisfied in all he has accomplished in life. I imagined he often took a break from writing his memoir or his latest novel to open the shutters to peer and hear, filling his senses to his contentment.

We exchanged gestures about permission to take a picture of him. He took off his red glasses, held them in his right hand and gave me a classic pose. A perfect image for me to remember the beautiful music of that time and place.

I imagine a passion-driven life for the music lover. But, he is the only one that can make that claim for himself.

Do your passions show? Ask someone close to you.

FOUNDATION QUESTION

HISTORY

What attributes did you pick up from your family?
Bad habits? Good habits? Passions?



Chapter 4

The Importance of Balance
in Your Passion-Driven Life

So Many Possibilities: The Benefit of Being Better Balanced

If you were capable of doing everything you desire all the time, you wouldn't have to think about prioritizing. You would just do it all, all the time. More often than not, the limited resources of time, wealth and health force you to choose. To prioritize. You are constantly choosing what to do next. Considering the near-limitless number of possibilities available to you at any given time, I don't know how you *cannot* have a priority plan. This is especially true if you have a clear vision of your desired destination.

Whether you write it down or not, you always have a plan. The question is *how serious are you about realizing the best you can do for yourself?* A written, documented plan is a serious plan. Your advocates certainly won't be of much help if they don't have a well-communicated plan to

work from. Out of all the available actions to take, you and your advocates are most effective when you know what action comes next according to the plan, and are especially effective when you both understand these actions in the context of your history, dreams, values, passions and plans. A documented plan provides a more complete perspective, strengthens your understanding and your advocate's understanding of all the important elements, and helps you achieve better balance moving forward.

Considering your balance while you are doing your priorities planning does not necessarily mean that your plan is balanced. I'm not sure if anyone is ever perfectly in balance. In fact, I'm not sure it's all that great to be perfectly in balance, especially all the time. In any case, maintaining perfect balance is not possible in a passion-driven life.

Balance is an important principle, because it requires you to look at every part of your whole picture and continually look at the impact of *doing* – now, later or never. This is the complete process of prioritization. When you know at all times what you *want to do now*, what you *have to do now*, what you *want to do later* and what you *have to do later*, you can prioritize your doing and achieve better balance. For example, if problems are arising from ignoring something you *want to do later*, you may move the activity from *want to do later* to *have to do now*. It's about awareness of all that is important to you and adjusting the balance of your priorities occasionally while living your passions.

A Snapshot of Balancing Photography

When Patty and I travel, I try to “balance” my photography and attentive time with Patty. I get up early and photograph for a couple hours before joining Patty for breakfast at a reasonable hour, usually around 8 or 9 a.m. This might also happen around sunset. But if I find myself sunset shooting too much, I know I might be pushing it with Patty.

Now, don't get me wrong, Patty is very supportive of my photography. As my best advocate, she encourages me frequently. She is a great, honest photo critic with a good eye – especially for unnecessary clutter in an image.

One day we were in Verona viewing the old coliseum. It was midday and, excited about the architecture, I went off by myself to explore different angles to photograph. I didn't realize it at the time, but Patty wanted to be with me. When I returned, she told me how she felt. While I was off on my own, she was left feeling alone. I certainly don't blame her for feeling that way. After all, was my first love Patty or my photography?

I was dangerously out of balance that day. I needed the help from Patty to waken my awareness and adjust my priorities. I needed a nudge from my best advocate and first love to help me adjust priorities on the spot. It took a few hours to recover our balance. I am a bit better now about photographing while traveling with Patty.

Passions Demand Time and Naturally Cause Imbalance

It's easy to get carried away by your passions. You lose track of time, forget to eat, and have a tough time pulling yourself away from being in the thick of your passion(s). You wonder how so much time passes so quickly.

Your passion may be your career, a sport or activity, a relationship, or even some combination of all three. Being immersed in the good feelings or personal rewards of living in your passion(s) will often cause you to lose sight of other important aspects of your life. That's the nature of passion. That's also a good reason to be aware of your balance; to always try to see the big picture and to consider all the SCG Planning Values and Activities while making adjustments to your priorities. It's also good to be cognizant of your limited resources of Health, Time and Money.

Too much or too little of a good thing can create havoc. Too much sun or too little; too much rain or too little; too much food or too little; too much drink or too little; too much time or too little; too much work or too little; too much money or too little; too self-centered or too little; too much giving or too little; and so on.

My mother was right when she said, “Everything in moderation.” I’ve modified it a bit. I say, “Everything *good* in moderation.” I am sure that’s what my mother meant when she said it ... over and over to me.

My Imbalance

For most of my young life, my mother tended to the kids (all 10 of us) and all the domestic activities. Meanwhile, my father tended to his work, seemingly his first love.

Somewhere in my thirties I realized that dad was a workaholic, and mother sometimes played the role of the martyr. When I was young I wanted to emulate them. I wanted to be hard working like my dad. I wanted to be a successful professional and work the time necessary to prove my worth. I wanted to marry someone loving and giving like my mother. I found that in Patty. She is a loving, giving wife to me and loving, giving mother to our children, but not so much a martyr.

Like my father, I became a workaholic. We both worked hard for long hours. We both got out of balance, letting the work interfere with other rewarding, productive activities that we could have done. I believe I have rebounded a bit from my work imbalance. The understanding that comes with the self-reflection in writing this book helps.

Even before I was really passionate about my career, I was driven to produce. The productivity-based system at the CPA firm – where every quarter hour of the day is accounted for – encouraged my obsession with productivity further. In those early years I believed I had to work the

most and be the most productive. This was the case until about 2004, when I had my prostate removed. Though an unnerving one, it was a wake-up call to balance my passions of Family, Fine art photography and Financial planning, or, what I call the Three Fs.

It wasn’t until I turned 53 and started my own financial planning practice that I started to get a handle on *not* letting my work imbalance interfere with the other important parts of my life. In this new mindset and new environment, I was starting to practice what I preached – balance with all your passions and all your SCG Planning Values and Activities. My mantra helped a lot with this.

My mantra is my script for success; the realization of my unique good. It’s a personal mission statement. I’ve revised it 67 times. I shared the first part already, but here it is in its entirety:

I love in the moment and the energy spreads beyond my imagination. I love in the moment by living in the present, not fixating on the past, worrying needlessly about the future, or fantasizing wildly about possibilities, but rather enjoying and loving people, the process, the positive, the pristine and my passions.

I love while listening to my inner wisdom, balancing my life, caring about others, being healthy and contributing my uniqueness. I accept the uniqueness in myself as well as that of others, without judgment, with respect and with a sense of humor.

Living in the present and balancing life are the hardest for me to do. My training has been to look to the future and work all the time. However, I’ve learned that my natural self is a little inconsistent with the stereotypical CPA. They’re generally thinking, judging and organizing types. I am naturally introverted, intuitive, feeling and perceptive; an INFP according to my Myers Briggs results.

It took me a while to understand and embrace my natural self. Years after my first time taking the Myers Briggs, I had an opportunity to take it again. The results were consistent with the first evaluation. I saw the truth in the results and did my best to accept and nurture those parts of myself. I now am comfortable with being an INFP and am much more ready to defend the results than to refute them.

Nurturing your natural self is a great way to know that you are living your passions. It's more likely you'll be *doing* what you love to do if you *know* what you love to do.

The Benefits of Balance

Talking about and understanding your history, dreams, values, passions and plans is good discovery for you and your advocates. And not just once. As needed, quarterly, or every year or two. Why isn't once enough? It's likely that imbalances are being created all the time by a number of factors including your 3 Resources of Wealth, Health, Time, as well as age, new ideas, boredom, graduations, quarter-life crises, weddings, mid-life crises, deaths, impulses, whims ... the list goes on.

Effective planning requires nurturing your Planning Values Activities by keeping your priorities top of mind and talking about them with your advocates quarterly. Your priorities must be orderly and manageable; you don't want 100 top priorities, all of which you're trying to do right now. You want 3 to 5 well thought out priorities and a willingness to evolve them into (or turn them over to) new priorities 3 or 4 times a year.

Your prioritization of Planning Values Activities will be unique to you. Your age and how deep you are into the planning will affect the order and intensity of your actions. What is most important in accomplishing your top priority items? Keeping the big picture and **all** your passions in mind all the time. This sounds a lot harder than it really is. Reviewing **each** of the Planning Values Activities and the 3 Resources during plan-

ning will help tremendously.

The Planning Values Activities are interdependent. Working toward growing each will help you achieve the balance and experience needed to best realize your passions. For example, when I spoke earlier of the benefit I experienced by both developing planning systems for the broker dealer representatives and doing financial planning directly with clients, I was, in effect, growing by doing multiple SCG Planning Values Activities – **Learning, Serving, Mentoring, Exploring** and **Relating**. It was a period of great growth for me because of my involvement of planning from multiple Planning Values Activities. When you review your action steps for any priority, you can approach the possibilities for growth and balance by checking in on all 9 Planning Values Activities and 3 Resources.

Balancing My Photography Activities as a Means to Success

Let's look at my priority to exhibit large photo images (30" by 40" or so) in exhibit halls, galleries, homes and offices. This is a stretch for me. There are so many great photographers that create stunning images. The images really have to be attractive to warrant the necessary cost to produce them so large. Everyone is a photographer today and wants to put their work on the wall. I am not sure why I want to do this. It entails so much more than producing the smaller photos that are normally on walls. It takes a larger camera, larger printer, larger paper, larger knowledge, larger walls and larger budget. As I see it, the key words here are **LARGE** and **attractive**.

Passions often can't be explained or logically justified – you just want to do them. Like the majority of photographers out there, I am not profit-driven. I know that I love the process of creating something unique that I can enjoy looking at on my walls. The 100 or so images on the walls of my former office and homes will attest to that.

I have grown from past experience and now I want to grow more. If I hadn't had the growth from **learning** and **exploring**, I would not be thinking about wanting to make new **connections** and sharing (**serv-ing, contributing**) my photography with others. I want to grow my skill (**learn, explore, relate**) and have an audience. I want to find ways to make my images available. I am reluctant to admit it, but that sounds like offering my images for public reaction and purchase (**relating, exploring**). The really good artists just seem to produce art for the love of it and eventually they are discovered and the art is sold. This is what I want. Unfortunately, many died before their art really took off. That's not my plan, but who knows what can happen when you do your passions?

I can't do anything about the dying part, but I can take action to get an audience (**connect**) for my images. Some of my past actions toward this priority of creating (**learning**) and sharing (**serv-ing, contributing**) images with the public included buying (**wealth, time**) a medium-format camera with 80 megapixels; buying a professional printer that can handle large enough paper to make the large prints; developing knowledge (**exploring, learning**) of the new equipment; talking to framers, galleries and other photographers (**relating**) about getting exposure; and starting a portfolio of images I think may have some appeal (**con-nection**).

My present priorities are to continue to take images (**learning, exploring**) for my Lake Champlain project; prepare a portfolio for presentation (**relating**) to local community premiere galleries with mostly my Lake Champlain project images; make an arrangement with my frame shop (**wealth, relate**) to present images and secure a quantity discount for framing (**wealth, time**); and to make my images immediately available (**relating, serving, contributing**) on my website, www.mesipe.com.

This is the plan for my photography passion for the next few months. None of these steps are likely to result in a large image on anyone's wall, except maybe mine. However, it is growth and progress that will take me

to the next actions, which will move me ever closer to my photography vision.

You can talk through any love (family, career, hobby, or whatever) the way I have here to get to your next best steps. Share with your advocates – it will strengthen the relationship. Besides, it's fun (**play**).

The Priorities Process: Congruent and Balanced

You use the 9 SCG Planning Values Activities to help you think through the myriad of possibilities of what is most important to you right now. You prioritize the activities to determine what your next best actions are to be. You talk this through with your advocates and then do what you consider most important *now*.

Lack of any one of the 3 Resources of Time, Health and Wealth can prevent you from living out your passions fully. Having all 3 Resources reasonably available and in sufficient shape will give you the opportunity to live out your passions as you desire. Bear in mind that what might be most important now may very well be something to do with getting your resources in shape so you can do your passion-related Planning Values Activities later.

You can summarize and sort your specific priorities by each of the Planning Values Activities, or you can generate your best priorities by triggering them through a broader discussion of each of the SCG Planning Values and individual Activities. How you proceed will depend on you and what approach works for you at the time. It will be different for everybody. I want to emphasize that you can approach it either way and be effective.

Initially though, the best way to get to your specific top priority actions is to build up to them with the following: Start with answering the 50 Foundation Questions. After you have aligned your history, dreams,

values, passions and plans, write down your passions, using the blank form provided for you in the appendix, which is laid out by Planning Values and Resources. The second and final step is the most important; determine your present priorities. The Present Priorities Wheel, exhibited in the first chapter, and discussed more thoroughly in future chapters, is a guide to help you discuss and summarize what is **Most** important to you **Now**. Use the form, not just initially, but on an ongoing basis to determine and order your priorities. You document your priorities with as much detail as you need to take specific actions. The Priorities blank form, exhibited in the appendix, is provided to summarize your priorities and is also laid out by Planning Values and Resources. Laying out your passions and priorities by Planning Values and Resources assists you in assessing your balance, as does the Present Priorities Wheel. By the time you've completed these 2 steps, your priorities will fall right into place in alignment with your passions. With this foundation, it will be a lot easier to update your present priorities on a quarterly basis – and get things done!

This process requires that you look at your situation from all the angles to confirm that your history, dreams, values, passions and plans are in alignment with your present priorities. It is the only real way to check out your balance and ensure you are being as thorough as possible in establishing the big picture. Are your priorities congruent with everything discussed and documented? Are they going to be effective? Are they the best ones? Are they in the right order?

Part of this process includes talking about your family of origin, asking questions that require some thought and reflection: What was it like for you growing up? What values did you establish in those early years? What lessons stuck? What don't you want to repeat? What motivated you in earlier parts of your life? What drives you now?

These questions help you assess your present-day values and talk about how – and why – they have changed over the course of your life. Talk

about your present passions and how they have changed over the years. Talk about dreams – present and past – that didn't come up while talking about your passions. It's all about gaining and sharing a better understanding of who you are.

Sorting values, passions and priorities using the SCG Planning Values Activities and 3 Resources is not a science. It is an art. One person might see it a little differently than another. No problem. Move things around until you feel comfortable. The important question to keep in mind is, "How does it all tie together?" More specifically, "How do I arrive at the best possible set of priorities to accomplish a well-balanced, enriched, passion-motivated, happy life?"

This focus on the SCG Planning Values Activities is new. At least I think it's new. I have not seen it elsewhere. The potential of its power to assist you and your advocates is enormous. It is like HDR (high dynamic range) photography software – it gives you the ability to tone down the intensity of light in one part of the scene so you can see the details, while bringing out the details in another area that is on the other side of the light spectrum and otherwise too dark to see. It gives you the ability to *see the light* and all the wondrous details in the final image.

The SCG way of looking at things through the 9 Planning Value Activities directs you to your natural, positive good. It covers the total territory. It addresses balance. It will make an advocate out of your planner. It gives you an outline of what to discuss with your family and your advocate, to get to your next best priority in living your passions. It is a means to take you through a planning process of continuous improvement in loving yourself and loving others.

The SCG Planning Values Activities are meant to be all-inclusive so you can assess balance. Be creative if you think you have a specific activity that doesn't fit into one of the 9 Planning Values Activities or one of the 3 Resources. In my limited inquiring of clients, the only area people said

might be missing is *spiritual* or *religious activities*. I thought this was ironic in that my premise is that enrichment comes from love of self and love of others. In my eyes, the implication of love of self and love of others aligns with the idea that *God is love*. It is fulfilling for us to realize our unique good, and it demonstrates our satisfaction of God's intention for us.

Your religious and spiritual activities will most likely fit under learning, serving, mentoring, exploring, relating, contributing or transferring. I only left out playing and protecting, but I suppose there are religious or spiritual priorities that would fit there as well. Specific priorities and detailed related action steps are limitless.

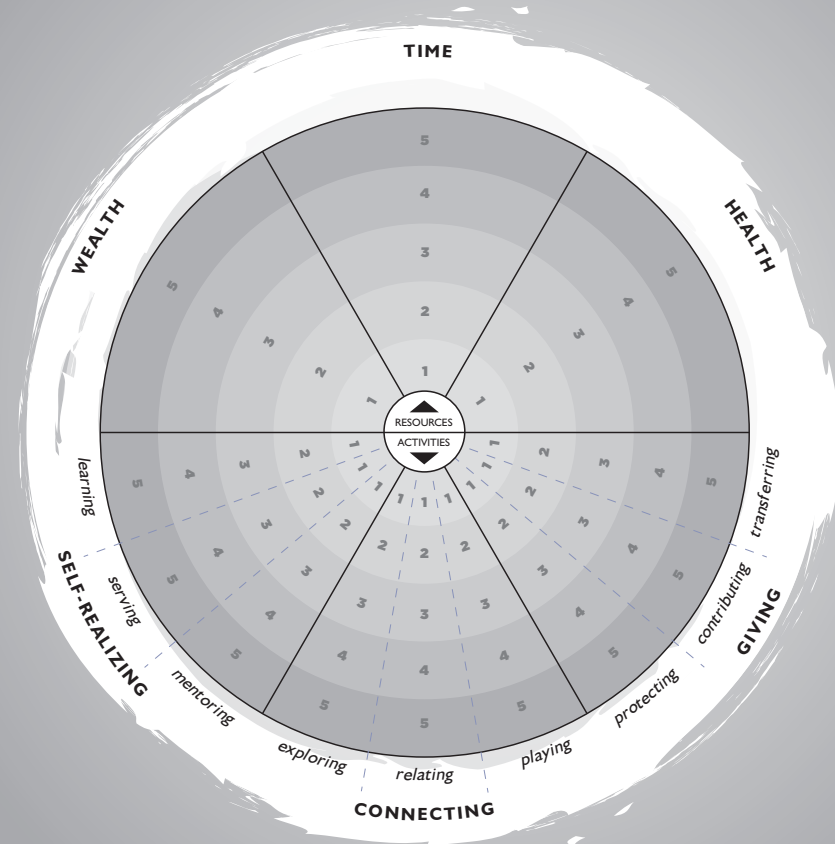
My intent with the Advocate Planning Model is function over form. Accordingly, alter any form I suggest to fit ordering your priorities to best do what you love to do ... with your total picture and balance in mind!

PROTIREMENT
ADVOCATE PLANNING MODEL

PRESENT PRIORITIES WHEEL

Indicate what is **MOST** important to you **NOW** by circling the corresponding rating.

1 (lowest) | **5** (highest)



NAME _____ DATE _____



Chapter 5

Your Planning Values:
 Self-Realizing, Connecting and Giving

Self-Realizing, Connecting and Giving (SCG): The Planning Values that Bring Passions to Life

As simple as it may sound, the planning values of Self-Realizing, Connecting and Giving (SCG) boil down to *love of self* and *love of others*. As you're about to see, the passions I've spent so much time talking about to this point are brought to life through SCG Planning Values Activities. Let's look at how this happens:

S: You **Self-Realize** by **Learning** what interests you most; by **Serving** your communities through what you love to do in your work, hobbies and volunteering; and by **Mentoring** the employees, associates, family and your other communities that can learn or benefit from your wisdom.

C: You **Connect** by **Exploring** your world of interest (i.e., places, people, nature) by **Relating** to your God, family and other communities you love; and by **Playing**, or doing fun activities or sports that you love to do.

G: You **Give** by **Protecting** yourself and those you love from peril; by **Contributing** to your communities such as your church, children, city and charities; and by **Transferring** your values and money to family and other communities you love.

If you are passionate about something, nothing will get in the way of doing it. You will be driven to accumulate sufficient Health, Wealth and Time to do your passionate top priorities.

Visualize the Elements of SCG for Doing Your Passions

Visualize with me for a moment:

*...you have always wanted to sail the summer away (**Explore**) on the Great Lakes with friends and family (**Relate**). You may need to save money and vacation time. You may need to **Learn** how to sail the larger boat you will buy. You may need to train (**Mentor**) your revolving crew. You will need to arrange schedules and many other logistics (**Serve**) to make the great experience happen.*

You can get as detailed as you want (or need) to make the passion float; whatever helps make it happen for you, as you make your way to doing it. And, your advocates will need to be on board with your needs. Having your advocates help trim the sails, so to speak, will get you to your destination faster.

Visualizing this example or something else that hits a little closer to home will help you begin to recognize the SCG Planning Values Activities that go into doing your unique passions. Consider the Learning, Serving and

Mentoring activities of Self-Realizing. Consider the Exploring, Relating and Playing activities of Connecting. Consider the Protecting, Contributing and Transferring activities of Giving.

Not all Planning Values Activities will be apparent or appropriate for each of your passions, but it's important to remember that your passions (and planning priorities to do your passions) will include at least some of these activities. Though seemingly straightforward, Self-Realizing, Connecting and Giving are pretty broad terms and may not provide the specificity you need to prompt your unique priorities.

I like to think and feel in terms of the more specific activities that support SCG through the following acronyms:

LSM: Learning, Serving, Mentoring

ERP: Exploring, Relating, Playing

PCT: Protecting, Contributing, Transferring

By looking for and applying each of the 9 SCG Planning Values Activities when looking at your passions, you will get a more complete picture. One quarter you may be more LSM focused, while the next you may find yourself more ERP focused. You may see that one value or value set is getting too much attention or not enough. Other times, you will find yourself doing all nine and enjoying a passion-filled SCG Value-driven life. Just as your priorities change, so too will your Planning Values Activities. It's all part of the process. Have fun with it.

My Photography: An Example of Visualization with SCG

Let me share my thought process through an example of one of my passions: photography. I am *doing* photography. I am not deferring that gratification. It is not a new passion. I have been photographing in some form or fashion over the last thirty years. Even when I was a workaholic in the accounting firm, I seemed to always find some time for photog-

raphy. Passions rarely are new. Sometimes they're latent and need to be renewed.

I put darkrooms in two different houses. They were cool rooms. I built my first one in the early '80s. It had this wonderful green and yellow plaid carpet from my work office. My partners were happy to see it go and Patty was happy it was out of sight in a dark room. My second darkroom was even better than the first. It had a fifteen-foot, custom-made temperature controlled wet area (which, sadly, ended up making a better platform for storing stuff). Proud as I am of these passion-inspired places, I am happy we have moved away from that sloppy, toxic way of printing images and into the digital world.

I have found photography-related priorities in all 9 SCG Planning Values Activities, utilizing all of the 3 Resources. It helped that I have always been a very focused person who accomplishes what I really want to do ... though becoming a professional baseball player never quite worked out. I guess it helps to have some talent, because the passion can only go so far.

The rewards of my passion come from the process. I never want to be results-focused in my photography. That would ruin the fun. That being said, now that I have run out of wall space to hang my images in my home, I am planning on putting myself out there a bit more. I have been pursuing a new challenge to make a piece of fine art photography that holds up to being printed huge. This is a costly thought, but I can't help myself. I have always appreciated large prints with fine detail. Right now it's what I'm drawn to and that draw is affecting my priorities.

Take a look at how the 9 SCG Planning Values Activities manifest within my passion of photography:

I have **Learned** how to use a large-format film camera, with all the tilts and shifts, while looking through the ground glass at an upside-down image.

I **Mentored** my son Michael through that learning process. He now is a successful professional commercial photographer who is teaching me a thing or two. Together we **Served** our high school and university alumni by producing a book called Collegeville. It is sold on the campuses of St. John's University in Collegeville and at St. Benedict's in St. Joseph, both in Minnesota.

Now I have moved into the digital world and bought a medium-format camera with the most pixels imaginable (80 MPs) I am **Learning** about new capabilities while having **Contributed** usage of it to Michael's studio and **Transferred** ownership to his company so he can claim the depreciation for the business usage in his commercial practice.

Michael and I are **Relating** with the camera. We **learn** and grow together; him more than me at this point. He lets me use the medium format camera once in a while in exchange for my personal 35mm system. It all balances out while **Relating** and **Playing** together. And, by insuring the equipment, we are **Protecting** ourselves from the risk of loss.

I have also had the privilege of **Exploring** while photographing Italy, Austria, Germany, France, England, Ireland, Nova Scotia, Costa Rica and a number of places in the United States. **Exploring** is a high priority for me now and I take every chance I get to photograph Lake Champlain and surrounding areas, including the Adirondack Mountains, the Green Mountains and the Champlain Valley.

I have nearly 5,000 images of Lake Champlain, with a couple hundred that I feel are worthy of sharing (**Serving**). I have a priority of producing images that I can share through viewing in a book and in exhibits. I plan to present a few of my Lake Champlain images (and a smattering of others) to local and big

city galleries to get venues, more walls and possibly some representation. Call this what you will – **exploring, learning, serving, relating, playing** or asking for rejection – but, I am going to take the risk it will eventually give me the walls to justify making the huge prints I so desire to produce.

I could go on and on about my photography passion, but will resist that temptation for now. There are points to be made about using the Planning Values Activities to focus your priorities and actions. You can get detailed or stay in the big picture – whatever works for you. The big question you need to answer is: how do you best prioritize your actions to live a passion-driven life and how do you communicate it to the advocates who are going to help you do it?

As you can see, really doing your passions entails quite a bit and what to do is not always obvious. I think running your passion-driven life is very similar to running a business, and just as important. You wouldn't think of running a business without a plan. The same is true for your passions. Why not have a personal priorities plan to live your SCG values and do your Planning Values Activities? Your passion-driven life depends on it.

Just this morning on Meet the Press I heard a politician say, "If we fail to plan, we plan to fail." It's a phrase we've often heard but rarely live. It sounds so serious. I think it's spot-on and that good planning leads to enriched lives. After all, Planning has been my profession and it still stands as one of my three passions. So plan to succeed and try planning, in one way or another, 27 times (the number of times to make it a routine) and feel the difference for yourself!

The Activities of SCG and the Present Priorities Wheel: Understanding Inclusiveness, Interdependency and Balance

If you look at life and planning through my prioritization prism, you will get done what needs to be done to live a passion-driven life. That means

you will order your priorities to do your passions. With this perspective, you can use the 9 Planning Values Activities and your 3 Resources to clearly see your SCG Planning Values, passions and priorities. Once they are clear and aligned you will be best positioned to do your priorities sooner rather than later.

You and your advocates want to be in-the-know at all times about the best, most important priorities to focus on. This might mean developing 3 to 6 priorities that drive you to action. When these are accomplished, you can move on to the next 3 to 6 priorities. Accomplishing priorities and setting new ones should occur every few months or so.

You will likely have a long-term priority or two that will require small step actions. An example might be to work your way up to a 15% 401(k) contribution. This priority will ensure that you will have sufficient money put away for retirement by a reasonable time to support a projected lifestyle. This will stay as a priority until you get to the target contribution, rather than retirement age. Once you reach your priority contribution level, it goes into maintenance mode and is taken off the priorities list.

The most important planning activity you and your advocate will do is to prioritize actions, do them and move on to the next set of priority actions. The best way of doing this is to make sure you cover the total territory in an orderly way.

Take a look at the Present Priorities Wheel at the beginning of the chapter. This form is designed to trigger discussion between you and your advocates. It covers all the SCG Planning Values, the 9 Planning Values Activities and 3 Resources. It will help you summarize conclusions about top priorities. Forms like this, especially when done repeatedly and collected over time, provide a great overview of the Planning Values Activities into which your priorities have fallen, as well as activities that may be neglected. If you want to take it to the n^{th} degree, this history of forms can be electronically maintained and graphed to enhance your under-

standing of concentrations and avoidances.

Here's an example from the Present Priorities Wheel: you decide that at this moment you want to acquire long-term care (LTC) insurance to manage the risk of long-term care costs for you, your spouse, and the preservation of assets for family loved ones. This is an act of **Protecting** your loved ones. Since you are **Protecting** loved ones with the purchase of LTC insurance, you might identify it the most important priority **now** by circling the number 5 (highest priority).

You might have 3 to 6 top priorities at this moment. The Present Priorities Form shown at the end of this chapter is not intended to cover all the details. Just like the Present Priorities Wheel, it is a summary form that acts as a platform for discussion and summarizing your highest priorities *now*. The forms that I have developed are meant to assure inclusiveness, show interdependence and indicate the degree of balance in your activities over time.

Balance is an important concept to constantly think about and evaluate. I spoke to balance in Chapter 4. The forms help you to think about balance when you see that your focus and actions leave important SCG Planning Values Activities out sometimes. When you look at your inclusiveness (or how often you are doing the various Planning Values Activities), using the forms will help you understand how all the activities contribute to doing what you love to do. After some experience with discussing all the SCG Planning Values Activities you will soon see how they interconnect. You can hardly Self-Realize without Connecting and Giving. You can hardly Give without Self-Realizing and Connecting. And, you Connect best by Self-Realizing and Giving. As you read through the rest of Part One, particularly *Chapter 7. The Process of Prioritizing Your Activities: An Example and an Explanation*, you will see how focusing on passion priorities prompts actions in all the SCG Planning Values Activities and how they interconnect.

A great exercise that reveals the extent of your balance, inclusiveness and interdependency is what I call the "Future Feel" exercise. I demonstrate the exercise in the final chapter of the book, using myself as an example by writing a short paragraph or two on how I feel about how I will spend the rest of my life as related to each of the 9 SCG Planning Values Activities. It is an exploration of the question *How do I feel about what's important about LSM, ERP and PCT to me as I live out the rest of my life?* If you focus on your passions as you do this exercise, you will glean insight about your balance, your inclusiveness, and see how the activities enhance each other.

Though your priorities should change every few months, your passions list, like your history, does not have to be updated as frequently. That is, unless life is moving extremely fast for you. After establishing a great foundation, you may find that your history, dreams and passions only need to be revisited and/or updated with your advocates every few years. As you go through your Present Priorities Process every quarter, you will know and your advocates will know if one of those areas needs to be addressed.

Meeting with your advocate planner once, twice, three times a year is simply not enough to fully grasp your SCG Planning Values Activities, Resources and resulting priorities. Remember this, especially when you start to determine a reasonable expectation for your advocate planner. You will always have enough to talk about on a quarterly basis. Anything less than quarterly meetings leaves too much time between updating priorities and will not provide enough time to build the necessary relationship with your advocate planner.

In Chapter 7, I will talk you through my Present Priorities Wheel, Priorities List and Passions List, through a real-life example to help you wrap your arms around before trying it yourself. At this point, I am sure the entire process sounds like a lot of work, but once the foundation of your history, dreams, values, passions and plans is clear, the process will flow

as smoothly as the water of a Vermont stream in early May. The forms in this book are here for your benefit. Try them out. Review the results with your advocates. Start the discussion and keep it going. With a little effort you will be surprised with some truly amazing discovery and a great action plan.

Passions and priorities work two ways for your benefit. You can move from your passions and SCG Planning Values Activities to your priorities, or you can move from your priorities to the SCG Planning Values Activities and passions. What is important is that the SCG Planning Values, passions and priorities are congruent and known by you and your advocates. If you get bogged down in the details during your planning, ask yourself why you're drawn to do a specific priority ... and when you get the answer, ask yourself why again ... and then why that why ... eventually you'll get to the Planning Values Activity that supports your priority.

Sorting passions and priorities by SCG Planning Values Activities and Resources (as you see on the forms) is invaluable in demonstrating and understanding the completeness, interdependence and balance between your values, passions and priorities. You will also notice that thoughts and ideas about SCG will rise to the top of mind when you review your history and talk about your dreams. Keeping SCG Planning Values Activities in all your thoughts and discussions about passions and priorities will get you where you want to go: a passion-driven, enriched life. The SCG Planning Values Activities are positive. They are interdependent. They are active.

Think about interdependency as it relates to the 9 SCG Planning Values Activities. It is hard to do one without experiencing another. You **Learn** something in order to **Serve, Relate, Contribute** and **Play**. You **Serve** to make money so you can **Play, Protect, Contribute** and **Transfer**. You **Play** and **Relate**, often at the same time. And so on. They are all interdependent. By consistently using the Present Priorities Wheel, you will

realize the value of nurturing all related SCG Planning Values Activities as you do your passions.

If I am going to produce photographs that have any impact on someone else (**Relating, Contributing, Serving**), I will need to do it (**Learn**) and **Explore**, while doing something I love to do (**Play**).

It's human nature to grow to our potential (**Self-Realize**). It is most fulfilling to share (**Connect** and **Give**). And, we were intended to love it (**Play**), love ourselves (**Self-Realize**) and love others (**Connect** and **Give**). Doing it – living out our passions – results in the realization of our unique good. You will know success as you approach it because of the way you feel, not the stuff you have.

Shifting Planning Focus from Financial Independence to SCG

I hate the word *retire*. When I hear *retire*, I hear *stop doing*. My whole career has focused on helping people manage their financial resources so they can *stop working* (i.e., *stop doing*). Wow, I don't like the sound of that. It has taken a long time to get my focus in the right place: doing what you love to do, not stopping work. I am now sixty-seven and, having spent far too much time wearing retirement goggles, I find myself driven to this passion of writing about doing your passions through SCG Planning Values Activities.

I have avoided the word *retirement* by planning *financial independence*. Financial independence is always desirable, whether working or not working, loving your work or not loving your work. Financial independence planning has been the core competency of my practice and is incredibly important – so important I go into it in great depth on the subject in a later chapter.

Why is financial independence important? So you can have the financial resources to do your passions sooner rather than later; to not have to

depend on work you are not passionate about; to live in a happy Third Period when you have time to do what you love to do.

You do not have to be financially independent to be Protired. Being Protired means you are doing your passions and producing and playing as you please. Protirement can be lived at any age by doing what you love to do right now. To be in Protirement at an early age requires that you love your income-producing work while simultaneously building to your financial independence.

The amount of time you will most likely work is probably half your waking hours after all. My advice about your job, career, or whatever you want to call it, is: *love it or leave it*. If you are living your passion-driven, active life of doing what you love to do, you will never have to stop doing or retire from anything. You will actively take yourself to a better, balanced life where you have time to do all your passions, including (maybe especially) **Play**. Ideally, this is not age-based. But, let's be real, you have to make a living, plus save a bunch for those years when you are not earning any money.

Normally, when you are financially independent and a bit worn with age, you slow down a bit, smell the roses, mix it up or focus your passions differently. You don't need to retire or stop doing what you love to do. You may wish to do it in another way though; like teach, mentor, write, consult, project work or whatever gives you the flexibility to have enough time to do all your passions.

You don't want to wait a lifetime to do all your passions. When you are financially independent and in your sixties, it is time to forget about deferring gratification and start doing SCG Planning Values Activities with your passions ... that is, if you are not doing them already.

PROTIREMENT
ADVOCATE PLANNING MODEL

PRIORITIES EXAMPLES

HEALTH

- Exercise
- Relaxation
- Yoga
- Reflection/Meditation
- Mood Enhancement
- Stress Reduction
- Balance
- Executive Physical, integrated health exam
- Work out issues with relationships and/or self
- Eating better

WEALTH

- Home improvements
- Debt reduction
- Financial independence
- Start a business
- Retirement savings
- Minimization of income and estate taxes
- 529 plan(s)
- Cabin, boat, trip(s), vehicles
- Asset management
- Insure assets, income, health

TIME

- Relaxation
- Leisure time
- Balance
- Time management
- Time to read
- Time to write
- Time for family
- Reduce time pressures
- Time to play
- Time to do something new

SELF REALIZING (Learning, Serving, Mentoring)

- Adult education
- Self development
- Self study, practice, research
- Teach, coach, mentor
- Doing passions
- Volunteering talents
- Degree, retool, career advancement
- Personal development, character building
- Go to more plays, concerts, movies, museums
- Read more history

CONNECTING (Exploring, Relating, Playing)

- Trips, traveling
- Club memberships
- Doing hobbies
- Doing passions
- Transferring values to kids
- Time with family, friends, associates
- Doing things with grandkids
- Exploring internet, ideas, gaming
- Involvement in community, church, charities

GIVING (Protecting, Contributing, Transferring)

- Life story
- 529 plans
- Wills/Trusts
- Business succession
- Transferring assets to kids
- Transferring values to kids
- Community involvement, government service
- Insure property, income, health
- Contribution of time and/or money
- Asset management and risk reduction

PROTIREMENT
ADVOCATE PLANNING MODEL

PRIORITIES

What is most important for you to do now?

HEALTH

1. _____
2. _____
3. _____

WEALTH

1. _____
2. _____
3. _____

TIME

1. _____
2. _____
3. _____

SELF REALIZING (Learning, Serving, Mentoring)

1. _____
2. _____
3. _____

CONNECTING (Exploring, Relating, Playing)

1. _____
2. _____
3. _____

GIVING (Protecting, Contributing, Transferring)

1. _____
2. _____
3. _____

Rate each area as it relates to your ideal.

(5 = Optimal and 1 = needs a whole lot of attention)

TIME	1	2	3	4	5		SELF REALIZATION	1	2	3	4	5
HEALTH	1	2	3	4	5		CONNECTING	1	2	3	4	5
WEALTH	1	2	3	4	5		GIVING	1	2	3	4	5

FOUNDATION QUESTION

Values

How would you include your present day, most important values in an action statement, purpose statement, personal mission, or mantra?



Chapter 6

The Process of Aligning Your Priorities with Your History, Dreams, Values, Passions and Plans

Discussing Values and Histories Brings Passion to the Surface

According to The Foundation for a Better Life, the top 10 inspirational values are love, friendship, listening, optimism, respect, vision, devotion, belief in yourself, inspiration and achievement. Their website lists nearly 100 values as part of their “Pass It On” campaign. Yes, *passion* is one of them. It’s a wonderful website and mission. Try to watch their TV commercials without a tear, or a laugh, or a smile. They make you feel good and make you want to do good.

Practicing what they preach, the Foundation identified 27 values from the list as their core organizational values. They are ambition, dedication, determination, friendship, gratitude, learning, optimism, perseverance, trust, hope, strength, unity, vision, teaching by example, devotion, generosity, ingenuity, making a difference, peace, preparation, achieve-

ment, drive, kindness, compliments, innovation, compromise, and fitness. Wow, that's a lot to keep in mind even if passing values on is your mission.

Visit their website (values.com) and take a moment to browse the values and definitions. I suspect when you read this the site may appear different – I have no control over that. Websites change, update and grow. The Foundation for a Better Life is substantial and their site is only likely to get better. Put up your reticular activator and you will most likely see one of their billboards or commercials relatively soon.

The values listed on their site are appealing. You will likely want them all. They are *all* good. However, take another moment to consider which values are most important to you now, at this moment in life. We are all unique. Everyone would order these values differently, basing their choices not only on *who* they are but also *where* they are in life. So, what is driving you *now*? What is most important to you *now*? What are you most passionate about *now*? What are you doing *now*?

The values that stick in your mind are going to tell you a lot about what you are most passionate about *now* and what you are doing – or want to do – *now*. Discussing histories, values and passions will help you choose what from the myriad of possibilities to do next to live your passion-driven life *now* and into the future. However, connecting the dots is not easy without a good process to guide you.

It can be frustrating to go through a list of 100 good principles and values and select the handful that are most important *now*. And once you do it, it's not always clear how to connect the values to action steps in a specific plan. The tendency in these conversations runs the risk of getting off track: *“Okay, that was a good exercise. Now, let's change the subject and talk about my money, retirement, returns, or whatever else comes to mind in planning mode.”*

The likely frustration of being overwhelmed with a myriad of appeal-

ing values and the difficulty of connecting them to your priorities was a major factor in my determination of boiling down values to the SCG Planning Values for Priorities Planning purposes. By focusing on how you Self-Realize, Connect and Give, I arrived at the Planning Value Activities of LSM, ERP and PCT. Even though it takes a bit of practice to keep in mind – learning, serving, mentoring, exploring, relating, playing, protecting, contributing and transferring – it is a whole lot easier than connecting the dots between a hundred more specific values. And your planning actions will fit into one of the 9 Planning Values Activities or they will relate to managing one of your 3 Resources.

Understanding your values and how they relate to your priorities is also discovered during the planning foundation building sessions while discussing your background. Talking about histories is a natural way to understand strong, deeply embedded values; lifelong values that affect your passion choices. This happens whether you realize it or not.

As I've said in previous chapters, stories about the past, growing up and family members will bring out values and passions. My family's strong work ethic instilled in me the desire to be productive and an inherent sense of responsibility. The TV show *Love That Bob* sparked my interest in photography, and later, my budding passion was reinforced when my dad bought me a camera while I was stationed in Germany during my army tour of duty. These stories were easy to tell, and in the telling, my passions and values popped to the surface. When I spend more time talking about history, I find the conversations to be interesting, telling and beneficial in guiding current activities. Making time for a personal history lesson is productive in the planning process.

A discussion of the past frequently reveals imbedded “scripts” that impact your passions and priorities. I've heard countless examples over the years:

“My parents grew up in the depression era and taught us to

avoid debt and save for a rainy day.”

“The stock market is too risky.”

“The only way they will learn the value of a dollar is if they earn it themselves.”

“If they are given money, they won’t work.”

“He is worth so much because he was as tight as the bark on a tree.”

“He worked all the time and died young. I refuse to do that.”

“I remember the family going through bankruptcy. I am deathly afraid of bankruptcy. You’ll never know when we’ll need that extra \$5,000,000 cash reserve.”

“My mother was always sick – I am going to take care of my health.”

“My parents always made time for family vacations.”

Understanding the past, how it relates to present priorities and passing on your story is a neglected area in the financial planning world. It’s so important, I decided to dedicate an entire chapter of this book to the subject.

Think2Perform Value Exercise: Comparing Your Real Behaviors with Your Ideal Values

Think2Perform recently caught my attention with their deck of value cards. Modeled after a standard deck of playing cards, each of the 52 cards presents a value and the definition of that value. “*Service – placing importance on serving others with quality and value*” is one example, and the other 51 are equally good. They employ these cards in the first step in

what they call *The Alignment Model*. They work with leaders and athletes to help them be the best they can be. This is similar to my definition of success for you, that is *the realization of your unique good*.

Think2Perform says, “Living in alignment is about aligning one’s real behaviors with one’s ideal values.” This makes sense and is what I want to promote for you in a way that fits into a financial planning process. I went through their values exercise at one of their seminars. I also used the deck of cards with a number of clients to gain insight about them and the process.

Here is how Think2Perform explains the value card exercise:

Quickly sort the cards into two piles – one with the values that fit you well and one with the values that don’t fit you well.

From the pile that fits you well, select the 15 cards that are ideally important to you.

Next, reduce the stack to the 10 most important to you.

Finally, review your selections and narrow the stack to the 5 values that are ideally most important to you.

Following this, you etch the 5 values in your mind and use them to make a personal statement that includes all of them.

After I was done with their value exercise, I compared the personal statement to my mantra, which at that time was on Version 65. The values from the exercise were pretty well covered in my mantra, but some of the words were different. These different words gave me some new insight and points of possible revision to my mantra.

My statement has 10 or so ideal values I affirm. It doesn’t feel like too many for me. I adjust the statement over time. Refinements usually come

to mind while reflecting on the words as I steam shower each morning. I'll repeat my mantra (you may call such a statement an affirmation, or personal mission), so you can pick out the values:

I love in the moment and the energy spreads beyond my imagination. I love in the moment by living the present, not fixating on the past, worrying needlessly about the future or fantasizing wildly about possibilities, but rather enjoying and loving people, the process, the positive, the pristine, and my passions.

I love while listening to my inner wisdom, balancing my life, caring about others, being healthy, and contributing my uniqueness. I accept the uniqueness in myself, as well as that of others, without judgment, with respect and with a sense of humor.

You could say I have just one value: *to affirm love in the moment*. You could also count the ways I love in the moment: *living in the present, loving people, the process, the positive, the pristine, my passions, listening to my inner wisdom, caring, being healthy, contributing uniqueness, accepting uniqueness in self and others, no judgment, respect, and humor*.

I can't tell you how much I benefit from meditating daily on my mantra – it is a huge positive factor in my attitude and my focus. I hope you have one for yourself. If not, I suggest you start simple. Each day's meditation will bring refinement. I am now on Version 68 and holding.

The Origin of the Advocate Planning Model: SCG Values and Connecting Values to Priorities

Values like *love* are BIG values. BIG values are key players in my Advocate Planning Model, an approach that starts with *love of self and love of others* and leads to the SCG Planning Values Activities. I include the 3

Resources of Money, Time and Health in the model because they are the resources available to you to do your Planning Values Activities.

The values presumptions I have adapted to the financial planning process culminate in an effective way to identify and do priorities that are congruent with your values. It is an advocacy model. It is a way to communicate and relate priorities to values. It presumes that everything good boils down to *love of self and love of others*. It further presumes that love of self and love of others, when seen through the eye of financial planning, are best accomplished by Self-Realizing, Connecting and Giving.

I examined many of the planning priorities people generally do in the financial planning process. I have listed some of the more common examples of priorities in the Appendix. I found that each of these examples sort neatly into one of the Planning Values or Resources. The Advocate Planning Model process forces you to think about your values while planning your priorities. You discuss your priorities in the positive light of LSM, ERP and PCT. You have a platform for advocacy. What more would you want from a communication starting block in this world of imperfect communication?

Value-Based Planning According to Bill Bachrach

Twenty or so years ago, Bill Bachrach of Bachrach & Associates introduced me to a concept he called *Value-Based Planning*. I liked him so much I have made a point to hear him speak half a dozen times since. This concept took root with the planning community.

Value-Based Planning is based on a simple series of probing questions that get to the bottom of your values from the outside in. I'll give you an example:

The first question is, "What is important about money to you?"

Let's say the answer is, "It gives me the ability to feed and clothe

my family and do a few other things.” This answer prompts a follow-up question: “What’s important about feeding and clothing your family and having a few other things to you?”

Let’s say the next answer is, “I am responsible for providing for my family,” followed by the question, “What’s important about being responsible for providing for your family to you?”

And on and on and on. Every answer going a little deeper, every question leading the way.

Maybe the last question would be, “What’s important about loving your family to you?” The answer might be, “I am filled with joy and satisfaction when I show my love for my family.”

The point is to *ask deep to uncover the values*. Love, or security, or independence, or freedom, or a sense of fulfillment turn up about 5 questions in, which is usually a good stopping point. The *question/answer/follow-up question* approach is good for a person to ask of him or herself. It’s also good to use with your advocates to help them get a deeper understanding of any subject.

Try it. The process will likely uncover values that are top of mind to you.

Questioning with the Present Priorities Wheel

There are 12 leading question options on the Present Priorities Wheel of the Advocate Planning Model. You could ask, *What’s important about time to you now?* And, *What’s important about health to you now?* *What’s important about protecting to you now?* You get the point. All 12 areas are going to be important to people in different ways and degrees at different times.

To get to your priorities and your specific actions while assessing your Planning Values Activities and Resources, refer to your passions that you

can list out on a blank Passion form like you see at the end of this chapter (and the Appendix). The Passion form is laid out by the SCG Planning Values and 3 Resources. You and your advocates want to have your passions in mind while determining or refining your present priorities.

Your final determination of your present priorities is summarized on the Priorities List form to assist in documenting what is most important for you to do now. This form is also laid out by Planning Values and 3 Resources, as you saw at the end of Chapter 5 (and Appendix). Detailed notes to list out specific actions will likely accompany your summary of your priorities by Planning Values and Resources. This sounds like more work than it really is. Look at the Present Priorities Wheel, Passion List form and Present Priorities List form and you see how straightforward the approach is. My example in the next chapter will show the effectiveness and ease of the process.

There is no reason why you can’t be processing your values, your passions and your priorities at the same time to get to your priority action steps. Having a good understanding of which Planning Values Activities are important now – and to what degree – is essential groundwork to paving the way to choosing priorities and the specific actions to do them right now. This process is effective if followed regularly; meaning quarterly.

Once your foundation is laid, complete with documentation of the results and the present passions and present priorities set, you are off and running, set for future accountability.

All of the Planning Values Activities are important. Determining yours is a matter of what is rising to the top *now*. If nothing rises to the top, you may need to revisit your passions. If everything is elbowing for highest priority, you will either have to hire additional help to get things done now or slow down a bit, smell the roses and make some tough choices about what is really most important *now*. You can do the rest later.

A few months down the road, revisit this information. Check off what you've done and focus on your next three to six priorities. At each review, update the Present Priorities Wheel to correspond with what is new and important *now*, keeping in mind alignment with your ideal, the big picture and doing your passions.

The Values List Sorted by SCG and the 3 Resources

In the Appendix, there are 150 values placed under the 3 Resources and SCG Planning Values where they had a clear connection. Even though anything that prompts relevant discussion leading to understanding is worthwhile, I do not suggest you spend too much time working with this list. It has value (no pun intended) as part of the foundation sessions, but it is not intended to be used on an ongoing basis. The SCG Planning Values Activities are part of the Advocate Planning Model to promote alignment of your values with your priorities. The Present Priorities Wheel, Passion List and Priorities List will aid you with focus, balance and alignment.

Planning is Emotional: Get to the Feelings, Feel the Success

Planning is *emotional*. It is all about your feelings. The results of using the Present Priorities Wheel, Passion List and Priorities List and processing an understanding of your history, dreams, values, passions and plans are only as good as your ability to reach your feelings. To get to whatever step is next, you have to feel like taking it. The feeling motivates you to expend the energy. You feel your drive and you feel your success.

Motivation for change comes easiest when you are not comfortable with the present. That's why salespeople "look for the pain" – something that is not working for you and you want to change. Inspiration to realize your unique good is a motivator that goes well beyond discomfort or reducing pain. It is a natural drive toward success, fueled by what you

love to do and whom you love to be with.

You have the potential to realize your unique good. Only you will feel your success. It is through your passion that you will find the good feeling of giving 100% to what you love to do and whom you love to be with. With love comes passion. With passion comes energy. With energy you do and do and do, until you can't do any more. All the while, you are filled with good feeling. I see this as love of self in action.

Advocate Planning Versus Piecemeal Planning

Asking yourself: *What do I want to do now and what do I want to do later* are good questions. However, you are flying blind asking these questions without understanding the context of history, learning and confirming the relative importance of your Resources, Planning Values Activities and passions.

What you are going to do now? That is the ultimate question. The answer determines your priorities. Those first priorities and all the actions required to do them give way to a following set of priorities and actions, and so on. A plan of ever-changing priorities and related actions helps you live a passion-driven, fulfilling life when put in a total context.

When you don't look at the whole picture, you end up with piecemeal planning: sporadic actions, spraying like a shotgun with no clear target in mind. In piecemeal planning, you make the obvious decisions, like:

- Putting money in your 401(k) to take advantage of the company matching program to supplement Social Security at a distant date down the road
- Putting a little money away for emergencies because something always comes up that requires a little extra money
- Creating a short-term reserve for those once-a-year

expenditures

- Spreading out long-term investments (more than 5 years) outside your retirement plan, with reasonable allocations for when you are going to spend the money
- Buying some insurance because you know if you die there are debts and spending that you would like taken care of
- Considering a tax-deferred annuity because you don't like taxes and, now that you are making more money, it seems like it is all going for taxes
- Putting some money away in a 529 plan because you know you can't absorb the college cost in your annual spending and you don't want your kids to have too much debt after college

Using a broker, insurance agent, money manager or doing it yourself works just fine for these more obvious decisions. Use a professional advocate planner only when you are ready to **get personal** and talk about ordering priorities to do better what you most love to do. When the time comes, allow your planner to advocate for your unique self-realization and assist you in realizing fulfillment that fits your situation. Take the personal responsibility to reveal your history, dreams, values, passion, and plans to your CFP® – get personal! Expect advocacy for what is most important to you!

You may be the type of person who is able to do the comprehensive planning without a planner, but a real good advocate planner is worth their weight in gold, especially if they add momentum to living the life you most desire. If you are only making the obvious piecemeal decisions, you shouldn't be paying a planning fee. Instead, pay a transaction charge or, if the dollars invested are large enough, pay an investment management fee to the party actually making the securities selections.

Passions: The Essence of the Planning Process

You and your passions are at the core of planning. You are dealing with what you love to do and whom you love to be with, and it's hard to refute that it's essentially a process driven by the heart more than the head. Planning requires making heartfelt decisions *now* by understanding your world and your ideal in that world.

Once you accept the premise that your true self and what is most important to you are essential to proper ordering of your priorities, it's easy to see why the SCG Planning Values Activities were selected for you to consider and your planner to advocate.

I'm sure there are different words or concepts for priorities planning that suit some people better than the Planning Values Activities that I've chosen to focus on. If that is the case, then replace the ones I use with the ones that work for you. What is most important is the insight and appropriate priorities that result from the thinking, feeling and discussing that takes place within you and your advocate(s).

I have heard people say, "I don't have any passions." I have heard planners say, "A lot of people don't have passions." Those situations call for more probing questions, deeper understanding and maybe some new discovery. The passions are there. They may be hidden, but they are part of human nature.

It may be a matter of finding the right word. Not everyone sees their passions as "passions." Asking, "What energizes you?" may uncover a person's spirit or passion. You could also try these questions:

What do you love to do with your time?

What activities feel really important to you?

What activities get you up in the morning and feeling excited?

What do you like to do least?

The list could go on and on. Trying different words in your questions may open doors to passions you didn't know existed.

Passions often though are things you are already doing; they are clear to you and others that know you. Advocate planning, in this case, becomes a process to do related planning value activities better and manage all the stuff in the way, like not enough money or time.

I live across the street from a beautiful country club. I think about joining. I like golf ... if only I had time to do it, even with my "retirement." At the moment, I prefer to be writing this book, shooting and processing photography and being with Patty and my family. I look at golf as a potential way to meet and spend time with a few new people in the community of Burlington, Vermont, which still feels *very* new to me. But when I'm honest with myself, golf is not a passion for me and may very likely divert time away from what I really love to do. I will work through this as I deal with its related emotions through my own planning process.

For four years I owned a 26-foot motorboat. I named it *Passion Project*. I kept it at a slip on the nearby Burlington Lake Champlain waterfront. My name sat on the wait list for 8 years before a slip was available. I waited patiently with great anticipation during the 8-year period. I bought the boat as soon as I heard that I had the slip.

I enjoyed the boat outings with Patty and the family. I like boating, but it is not a passion for me or my family. I originally bought the boat to get access to Lake Champlain to take photographs. This definitely served my passion for photography, but each boating outing cost me about \$1,000 due to their infrequency. I decided to sell the boat and buy my 80-mega-pixel medium-format camera. I now have even better ways to capture the beauty of Lake Champlain!

I've been thinking about a sailboat. However, Patty and I are going to wait for Michael and Jessica to buy one. I think sailing is a bigger passion for them. Besides, we would probably find a way to get ourselves killed if we took it out on our own. In the meantime, I've been hunting for sailboats to photograph against the backdrop of my favorite Adirondack range.

Whatever passions you identify will fall under one or more of the SCG Planning Values Activities. Use the Planning Values Activities to prompt ideas to advance your loves. Create a summary of the Planning Values Activities you do to help you recognize voids over time and think about future ideas for priorities that include those activities. By doing SCG related to your desires, your priorities will be like water moving over a dam, generating the energy to grow and optimize your unique self, your unique good and your purpose.

SCG as Derivative of Purpose

SCG facilitates purpose. These are powerful Planning Values. They are about self love and loving others. They are about giving to yourself and others.

Jim Tures was my dear friend and brother-in-law. Over the course of his life he had been a Jesuit priest, high-school teacher, attorney, father and husband. In 1997, just two weeks before he died of cancer at the young age of 52, he shared his mantra with me: *All is gift*. Those few words had a major impact on me. I pondered on his mantra every day for seven years before I understood what it meant to me. To understand the gift of all I receive is gratifying and I know that in giving comes my purpose. Thanks, Jim. Thanks for sharing your gift and the reflection and meaning it brought me.

It's Not About the Money

Measure time you spend on the resource of Money during financial planning. Now compare that to the time you spend on SCG, Time and Health. In my own practice and in planning for myself, I was often way out of balance, particularly in the early years of my practice. Most of the time my thoughts revolved around money. *How do you make more money, grow your investments, preserve and protect assets and income? How do you plan to have enough money for retirement? How do you plan to pay for your kids' college education? How do you reduce income taxes?*

These are all real questions that need to be answered and there are a number of other questions that will clarify the answers to these financial questions. Ask *Why? Why are you doing this? What's the point? Who are you? What actions do you take to get the most out of your life?*

You and your advocates can really only make good decisions when you know what drives you, the nature and names of your loves, and what priorities will be most effective for your success of realizing the most from them.

As long as it is personal financial planning (rather than personal priorities planning), money will be the main topic of discussion. But the profession has been expanding its scope to include what is referred to as *life planning*, which means understanding the connection between money decisions and life goals.

It seems the overlap is happening. The life planning movement is great and I have been on board from the beginning. But the more I think about life, success, purpose and enrichment, the more I understand that money, like time and health, is only a resource.

PROTIREMENT ADVOCATE PLANNING MODEL

PASSIONS

What do you love to do? What energizes you?

HEALTH

1. _____
2. _____
3. _____

WEALTH

1. _____
2. _____
3. _____

TIME

1. _____
2. _____
3. _____

SELF REALIZING (Learning, Serving, Mentoring)

1. _____
2. _____
3. _____

CONNECTING (Exploring, Relating, Playing)

1. _____
2. _____
3. _____

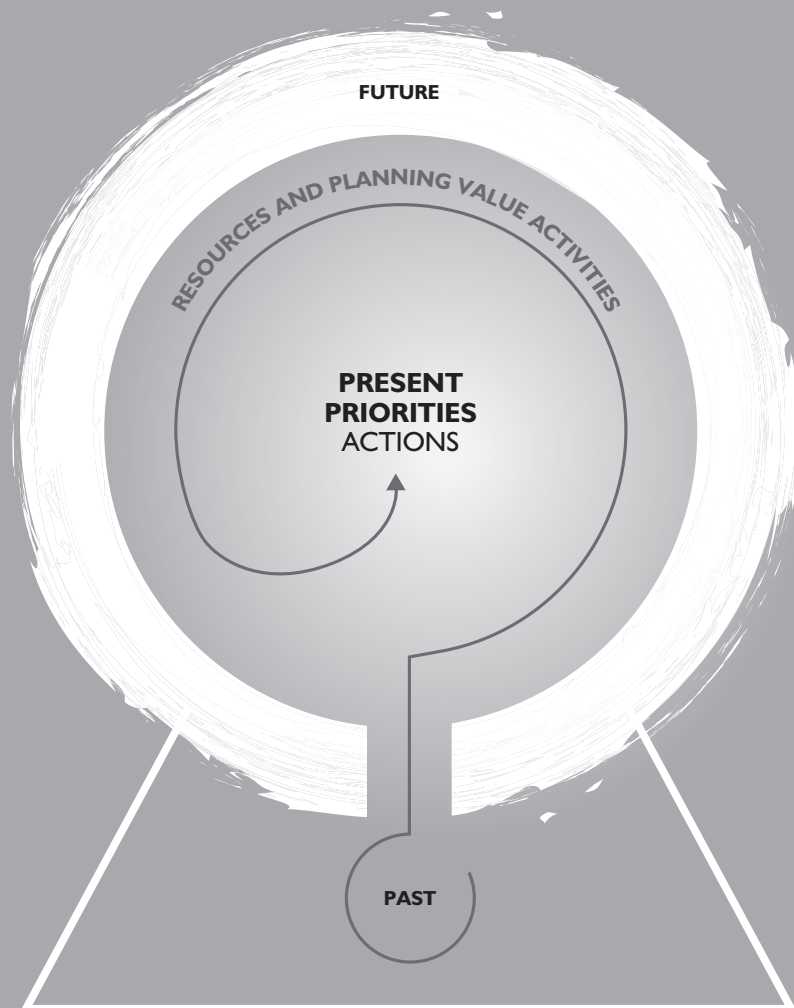
GIVING (Protecting, Contributing, Transferring)

1. _____
2. _____
3. _____

PROTIREMENT
ADVOCATE PLANNING MODEL

QUESTIONING WITH A FILTER

You and your advocate(s) filter your past, present and future with questions about **your** planning value activities and **your** resources to arrive at **your** present priorities: actions — to better do what you love to do.



Chapter 7

The Process of Prioritizing Your Activities:
 An Example and an Explanation

A Present Priorities Process Summary

This is the chapter where the rubber meets the road. You will see my Present Priorities Wheel, Passions List and Priorities List at the end of this chapter. It is a pretty aggressive plan and there are several important things to remember while reviewing the forms and getting comfortable with the process.

The forms include the important topics for you to think about and discuss with your advocates. They will help you determine your best priorities today. The words on the Present Priorities Wheel are your 3 Resources and 3 SCG Planning Values. Each Planning Value is supported by its Planning Value Activities. The Passions List and Priorities List forms are blank on purpose to help keep you thinking about and organizing your resources, values and activities, and align your priorities with the big picture.

Use the forms to summarize the major conclusions you make from your thoughts, feelings and discussions about the present. They should not include or reflect what you did a year ago or what you will be doing a year from now – they are solely meant to trigger thoughts, feelings and discussions and to summarize conclusions related to your priorities.

The forms help you take incremental steps and ask questions like:

What do you want to deal with now?

What is next?

How does this priority fit with your passions, if at all?

Your top priority may be unrelated to your passions, so you'll want to always keep an eye on your passions to make sure you're headed in the right direction. Ideally you are doing priorities related to your passions, but that is not always going to be the case.

You have responsibilities, some of which are indirectly related or totally unrelated to your desired outcome. If you find that this is the norm while going through the process, you may have to ask yourself, "What's the deal? I don't seem to be doing anything I really want to do! I am not getting to my passions and I seem to be doing activities that are not the most important to me now!" If this is the case, it may be time to re-evaluate.

My Present Priorities

I believe the best way to illustrate the process of personal priorities planning is to use myself as an example. I should warn you that this is personal stuff, so keep it confidential. You can share my story with people if they want to know, but if you do, recommend they also read this book to make sure they obtain the proper perspective and context. And make sure they look at the pictures!

I thought about the importance of the 3 Resources in my life *right now*, as they relate to potential new priorities. I am in pretty good shape with

my resources. They don't pop to the top of the list of importance, so I give them a 3 out of 5. This doesn't mean that adequate Wealth, sufficient Time and good Health are not important to me. They are crucial to do my passions and live happily, but when I look at new priorities to consider, nothing in the resource area is a high or top priority.

If you are like me, you don't like to rank things, especially if they all feel important. The Present Priorities Wheel provides a simple process of narrowing to arrive at your next best actions in light of the big picture. Consider all 12 areas, discuss them and arrive at the one, two or three areas that rise to the top. If there are multiple areas of importance to you now, rank those accordingly.

For instance, by doing this I conclude that Exploring is most important to me now. I want to Explore the effectiveness of the tenets I write about in this book. I want to Explore ways to get large photo images on walls of homes, offices and commercial establishments. I want to Explore new places to travel with Patty and, of course, find images I like to shoot and print large.

At this point my form may only identify my sole Activity as Exploring. I circle 5 to indicate that Exploring is a high priority. My priority list summarizes the Exploring I would like to do and I would list the actions to do the priority on a separate list as detailed as necessary for me to remember the specifics.

Even though I could have used the forms and the process effectively just zeroing in on the activity of Exploring while dealing with my present priorities today, I ranked all 9 of the activities and all 3 of the resources so I could express my thoughts more completely to you.

Let's start with Resources. I asked myself, "What's important to me NOW about Wealth, Health and Time?" These are essential Resources and easy to take for granted. Wealth, Health or Time are necessary to do what you want to do. The more limited they are, the more important it is to bring

Resource-related activities to the top of your priorities list. When these are balanced, it will be easier to do your Planning Values Activities.

Before you can ask, “What’s important about Wealth, Health and Time?” you need to first ask, “Are Wealth, Health and/or Time important to you?” When planning, I am interested in both questions and the values discussions they create about the present. It is in the present where we create and manage our present priorities.

I treasure my newfound Time in retirement and I don’t want to waste any of it. The extra 40 hours a week is a new Resource and I know myself well enough that I risk wasting it by doing one little thing after another without any real direction. That doesn’t mean I can’t relax and do nothing, but I don’t want *nothing* to be the only thing I do. There are so many things I want to do, the only way I will get them done is make a plan and then do the plan.

I am presently rich with Time and am enjoying the abundance of the Resource. I have a new canvas to do some new things. For a long time I have been saying, “When I get the time, I will always have a pleasure book around to get lost in for an hour or two each day.” If reading for pleasure were previously a high enough priority for me, I would have been already doing it. The abundance of Time now allows me to do it.

Wealth management remains very important to me. In my present priorities however, it ranks below my current Planning Values Activities because I feel we are in reasonably good shape to support our projected standard of living for the next 25 years.

We don’t have so much money that we can be reckless. Even if we did have an overabundance of Wealth, recklessness just isn’t our style. The more money you have, the more responsibility you have. Thank God for not having too much money!

My present priority related to Wealth is to manage cash flow so we don’t

have to take any IRA distributions before the required distributions at seventy and one-half years of age other than those which I elect to take to efficiently manage effective tax rates.

Wealth and affordability come into play with my more important Planning Values Activities. Patty and I agreed a number of years ago to give each of our two children \$24,000 a year while they are young and more likely to benefit from the gifts. Giving money to our children now fits our situation. We want to help them keep moving forward, but we do not want to enable anything that works against them. The amount is large enough to help a bit, but not so large that they can live off of it. They are in a lower tax bracket than we are. Transfers in the amounts that fit us are tax free. It reduces the potential of estate tax for us on the gifts. Family is a passion for us so it all aligns with our way of thinking.

Managing the family gifts is a high priority for me now. Due to some welcome expenses – additional school, a wedding and a bit of retooling – our financial gifts to our children will be well above our planned amount for the next year or so. However, it’s not sustainable for us to continue at the present rate. It is hard for me to turn down the financial faucet flow when I can still see how much it helps them. We do need to reduce our gifts back to the planned amount before the resource gets too low to continue giving at all. We need to adjust and I want to give them time to adjust.

A good planning point to mention here is that direct payments for health care and education will not be subject to gift tax, even if you have gifted above the allowable annual exclusion amount (presently at \$28,000 a year per recipient, from a willing, giving couple, one half that for an individual).

Health, like Wealth and Time, is very important to me. I have my health. I eat well. My weight is usually within a couple pounds of my ideal weight. I don’t smoke or drink to excess. Exercise is in my routine.

Four or five months out of the year I exercise in our home workout area, which is equipped almost as well as a public gym. I generally do one-hour workouts 5 or 6 days a week. When the weather gets too nice to exercise indoors I walk outside, often while looking for photographs.

I feel I am presently in a pretty good place with Health. I give it a present relative importance of 3 on the Present Priorities scale. However, I do have a present priority under Health: bumping up my exercise to 2 hours a day. I don't have any problem being outdoors for up to 4 hours while photographing on foot. It usually ranges between 5 and 8 miles of walking.

However, getting my indoor workouts up to 2 hours is a little more challenging for me. I rationalize away the aerobic value of walking and photographing as not as good as the constant pace on one of the machines. After all, I'm outdoors for much longer and constantly doing curls with my tripod while walking! I actually want to exercise outdoors as much as possible while photographing. It makes sense. It gets me to my passion of photographing in managed environments while managing my Health with reasonable exercise.

Spring, summer and fall are fine for outdoor exercise, provided I gear up for inclement weather. I love the idea of snowshoeing and photographing in the winter, which I have only done a few times. I tend to stay around the fireplace when it gets below 20 degrees. Besides, it's difficult to photograph when it gets below 20 degrees. It's clear to me that immersive winter photography isn't a priority just yet.

Patty and I are pretty well situated in our 3 Resources. Now we can travel a bit. Winter is a good time for us to take a few weeks and head for warmer weather, where I can be outside in a new environment to capture images and learn about different places, people and cultures.

I ranked Exploring, Relating, Learning and Mentoring as the highest priorities on the Present Priorities form. I hope I am always in a position

to rank the Planning Values Activities higher than Resources, allowing me to *do* my passions and other fulfilling activities.

Now is a very pivotal time for me. All three of my "F" passions – Financial Planning, Family and Fine Art Photography – are in process of change following my transition into retirement. Having nearly one half of my waking hours freed up will naturally cause change for me. I see it as an opportunity to live my passions in a new way.

Major life-changing events are always good opportunities to spend additional time planning for you and your advocates. Some of these events include finishing school, career selection, career change, promotions, address change, weddings, children, divorce, kids' college, empty nest, inheritance, retirement, death and bankruptcy. There is usually a major event for people every few years.

If some priority or passion is not functioning the way you would like, it's easy to see the importance of regular planning sessions. Dysfunctions creep in and we all have to deal with them. Some common dysfunctions include too much relative spending, excess cash, relatively poor returns, getting your arms around your data, and spousal disagreements. The key is first recognizing the dysfunction and then adjusting accordingly to get things running smoothly. And you will need Time to implement your planning decisions.

If you add *management requirements* and *planning to your passions* to major events, you can see the need for quarterly financial planning. I know this sounds like a lot, but if you get in the planning mode frequently enough and deal with just your top few priorities each quarter, you will get into a routine that really doesn't take much time or effort. My sister Elizabeth and brother-in-law John sit down to review *things* weekly, and they sure seem to be doing their priorities and getting *things* organized. They have a "*death file*" six inches thick that contains everything imaginable that the survivors would want to know when one or

both of them die, from burial instructions to who gets grandma's big pancake griddle. They're in good shape because they are engaged in a regular conversation about their present priorities and their future.

Management requirements of your financial planning include adjusting your asset allocation to fit expected cash distributions; monitoring and adjusting investments due to poor performance; manager changes and market activities; adjusting cash flow and investment amounts; tax estimates and legal tax maneuvers; updating insurance coverage; and more.

Planning to your passions may be more important to your success than dealing with dysfunctions, major events, and management requirements and is often the most neglected area of planning. When you have your priorities in alignment with your passions and do SCG Planning Values Activities, a lot of the "other" stuff falls into place.

My retirement from planning private practice is a major event that's playing out now. I love it. There is a lot of possibility, but it is still so new that I am not yet able to visualize how it will look in the future – even a year from now. That's why Exploring is so important for me now. I have to remind myself of my mantra: *love in the moment ... enjoy and love the process ... let my passions play out as they may ...*

Learning more about photography and Exploring how I can get more exposure for my work is important to me. But even more important than my photography is sharing my thoughts on planning to your passions through this book and whatever opportunities it leads to.

Making my family the highest priority has always been a mental constant for me. However, I have not always felt I had sufficient Resources of Time and Money to provide them the time and attention that I now wish I had – especially as the kids were growing up. I took a cue from my parents early and decided that I would be the "hard worker" and Patty would play the major role in raising the kids. From where I stand now, I would spin that a little differently by working smarter and spending a

little less time at the office.

I am now in the position to fully position my family as my top priority. My reticular activator is up and running, locked on my nuclear and my extended families. Caring about people is becoming more appealing to me in general. This may be due to my daily affirmation, or may be just because I am getting older, wiser and more grateful.

I struggled with the activity of *Mentoring* on the Present Priorities form. I originally indicated that it was least important to me. But then I revisited it and thought about it. I treasured any role that involved Mentoring my younger associates and I remembered the sentiments they shared with me at my retirement party about my Mentoring. Those sentiments really mean a lot to me and provide me a validation that I may have something worthwhile to offer through mentorship. I will Explore that.

I believe I am driven to do this writing because my thirst for Mentoring was not yet satisfied at the point of my early retirement from private practice. I know I will feel very satisfied if I connect with people through the major tenets of this book. Seven chapters in, it's clear that Mentoring is very important to me *now*.

This all comes from working with the Present Priorities Wheel, Passion List and Priorities List. There is a lot behind the few summary words I have placed on them. The purpose of the exercise is to get it all out, feel, think about it, talk about it and plan your priorities accordingly. Once the process is running it will be easy to update and hard to stop. You and your advocates need to talk about what needs to get done to get to where you want to go. Maybe the more obvious steps don't need to be discussed and documented, but major steps are good to discuss and document, especially by your planner advocate who can hold you accountable for the tasks.

The Foundation is Critical

Once your background is understood and a good planning foundation is established, the Present Priorities Wheel is the best way to start a planning meeting. After the foundation is set it will serve as a touchstone to revisit at each meeting for you to remember and evaluate what's important to you *now*.

At subsequent meetings, there will always be a tendency to jump to the priorities list to update, adjust and move to next obvious steps. If priorities are not complete – or they are systematically laid out for a number of months – the priorities list is the place to focus your attention, at least until you do what still needs to be done. The priorities aren't going to be of any value if you don't get around to completing the related actions to do your priorities. Reassess, yes, but finish what's on your plate before overloading it.

When starting from scratch during initial planning, you can establish your planning foundation through the following three foundation steps:

1. Contemplate, discuss and document your history, background and culture.
2. Contemplate, discuss and document your dreams, values and passions.
3. Contemplate, discuss and document your plans.

To establish a great foundation, a separate meeting should be dedicated to each of these three foundation steps. If you are working with an advocate planner, you should provide them all your financial data before the third meeting. This will promote integration with your plans.

Once the foundation is set and documented, you will only need to revisit it every couple years. Major life event changes like a divorce, death of a spouse, retirement, or winning the lottery may require an earlier revisit

to your core foundation.

Establishing your planning foundation is critical. Whether you are doing your planning on your own or using an advocate planner, take the time to do a good job of laying your future planning building blocks by thoroughly documenting the three foundation steps.

Considering our fast-moving society, there will be a tendency to want to shortcut the initial planning. I can't stop you from doing it, but if you insist on rushing this part, you should at least know the answers to the 50 Foundation Questions. If you are working with an advocate planner, demand that they know the answers too. Good discussions around these topics may very well lead to hundreds of questions and more than three meetings. Discussions may even roll into recurring meetings.

After the initial planning foundation-setting meetings, you will feel ready to roll with some actions, such as your priorities list. Resist the temptation. Take a little breather and then pick up the Present Priorities Wheel. Think about and discuss what is most important to you *now*.

By using the Present Priorities Wheel right from the initial planning, you will establish the routine for every meeting that will touch on what resources and activities are most important to you *now* to help you best order your priorities *now*. Also, keep your Passions list around for all meetings to confirm if you are doing or avoiding your passions.

Mind-Jogging Lists and Exercises

Mind-Jogging lists and exercises may help you in the prioritizing process. In the Appendix, I provide 10 examples of priorities for each of the 3 Resources and each of the SCG Planning Values. These can trigger your thoughts about what is most important to you *now*, especially when done in conjunction with the Present Priorities Wheel.

SEI Investments makes a handy "Goal Discovery Board" available

to their network of advisors. It starts with 20+ examples of priorities (see Appendix), each typed on a separate magnet. You then place your chosen priority magnet on a board in one of four quadrants: *Have to do Now (within a few years)*, *Want to do Now*, *Have to do Later*, and *Want to do Later*.

The four quadrants help in completing the prioritizing process by letting you easily sort out the things that don't have to (or need to) be done *now*. You should run the ones that are to be done now through the Present Priorities Wheel to determine their relevancy and the order of priority.

We all know by now that only high priorities get done. With the SEI exercise you can set the *want to dos* and *have to do later*s aside, that is, until they achieve *have to do now* status. The *want to dos* and *have to do later*s will eventually create agenda topics for Present Priorities discussions in future meetings. They present ideas to hold up against your passions list and priorities discussions.

Avoid the temptation to go directly to the board exercise and conclude that the results are what you need to do next. This will shortcut the planning process. It is not planning. It is order taking – *here is a menu of options, choose one and we'll order it up!* But they're not all bad. These shortcut types of exercises, when used in conjunction with comprehensive planning, can be very productive for you.

The Continual Planning Process: Taking the Next Step to Best Live Your Passion-Driven Life

The creation of a financial plan is not the same as personal financial planning or personal priorities planning. It is, at best, a view of you at one point in time with some good action steps to help you for a short period of time. At worst, it's an exercise that compiles a book of data on you that will sit on a bookshelf and become outdated in a few months.

Planning is an ongoing process in which you and your advocates really

get in touch with your ever-changing self and activities so you live an enriched, passion-driven life *now* and into the future. This means you and your advocates have a great understanding of your history, dreams, values, passions and plans as a foundation. This in turn helps you process what is most important to you *now*, while always keeping in mind your resources and potential SCG Planning Values Activities.

The Value of the Story

As a financial planner, it has only been in recent years that I have come to appreciate the value of the story in practice; the value of knowing how it was for you growing up in your home and your community or how it was for you starting your business, practice or family. The history and stories are interesting and telling ways to learn about another person and are crucial in setting the planning foundation.

I believe recorded histories should be part of the initial planning, foundation setting and updating every 5 years thereafter for all people serious about using an advocate planner. As I've said, this is personal stuff. If you are going to pay for an advocate planner, you might as well open up and do it right so the planner can be your best possible advocate.

Test the Water: Try the Process of Personal Priorities Planning (PPP)

Before going on to Part 2 of this book, answer the 50 Foundation Questions, discuss your answers with an advocate, list out your passions and priorities and see what rises to the top. Copy the blank forms in the Appendix and use them to assist you. Once you feel your way through the planning foundation questions, you will be surprised how easy it will be to list passions and priorities. And, don't be surprised if you end up reordering your priorities, or maybe getting some support on a new priority or two.

PROTIREMENT
PRESENT PRIORITIES

Indicate what is **MOST** important to you **NOW** by circling the corresponding rating.
1 (lowest) | **5** (highest)

TIME

WEALTH

HEALTH

RESOURCES
ACTIVITIES

CONNECTING exploring relating playing

GIVING contributing transferring protecting

SELF-REALIZING learning serving mentoring

NAME MIKE DATE 8/8/13

FOUNDATION QUESTION

HISTORY

While you were growing up, what was important to your family about Learning? What about Serving? Mentoring? Exploring? Relating? Playing? Protecting? Contributing? Transferring?



Chapter 8

The Value of Histories and Life Stories

Better Advocacy Through Hard-to-Tell Stories

Secrets. When I think of secrets and a productive personal priorities planning process, I think of the CFP® and CPA commitment to confidentiality. I think of my secret clearance in the army and the training to share information only with people who were authorized to know *and* had a need to know. I think about one of my favorite professional books, *Say it Straight or it will Come Out Sideways*. I think about my brother Richard who wrote his first book, *A Secret World*, about sexual abuse in the Catholic church in 1990. I think about my own family secrets and the healing that came from understanding and forgiving.

I also think about the movie *Philomena*, a powerful account of Philomena Lee's lifelong struggle with the loss of her son. Young, unwed and pregnant, her ashamed parents dropped her off at an Irish Catholic facil-

ity run by nuns who secretly placed her baby with a new family without her consent. The movie follows Philomena and investigative reporter Martin Sixsmith as they search the United States for her son, only to find out that at the same time, the son, dying from HIV, traveled to the Irish Catholic facility in search for his biological mother. The nuns would not break the secret, informing the dying son that his mother deserted him rather than disclosing their knowledge of her lifelong struggle and search.

What was so wonderful about the story – in addition to the Oscar-worthy performance by Judi Dench – was the healing and freeing power that came to Philomena through her forgiveness of the nuns' righteousness contrasted with the unforgiving bitterness of the nuns who would not forgive Philomena (and others like her) for having a child out of wedlock.

In one of the last scenes in the movie, Martin says to Philomena, "How can you forgive them? I know I couldn't." She tells him she didn't want the destructiveness of anger inside her as the way it was with the nuns. "I forgive them," she says. His admiration is obvious. Martin tells the still faithful Catholic Philomena, "I can keep your story as private as you wish," to which Philomena says, "No, the story needs to be told."

Thank God for people who can tell the hard stories. People who can tell their truth when it's clear that not everyone wants to hear it. We learn from histories; they are telling. Every president has historic accounts written on them eventually. They are still writing about the Kennedys 50 years later. Or, what about the book *Killing Jesus*? 2,000 years later! Everyone has histories that are meaningful and reach beyond themselves. To what extent are you willing to tell your story? Will your communities see your story as the gift that it truly is?

An example of a revealing story for me is the account of my history between 1983 and 1993. It was a time of major conflict and growth for

me. Spanning my mid-thirties to mid-forties, this period included marital strife, nuclear family concerns and confrontations with parents and business partners. It was the decade of my maturing. I was fortunate to work through the issues and have the decade end with closer, loving relationships with Patty, the kids, my parents and the world in general. I moved to a job in an environment that better suited my passions. I improved my balance between work, family and play. I began my journey of understanding the importance of real advocacy.

I am an open book to my personal and professional advocates. I expect confidentiality. I know the value of my advocates knowing me and I learn through the honest feedback I receive, particularly from Patty.

I am not opposed to an open, complete and honest history of my life as told by me. This book is very much part of that. However, it's important to remember that my story overlaps with the stories of others and I have a duty to protect their stories. I don't believe that my feeling about revealing it all differs a lot from other people. I'm not saying go shout your story from the rooftops unthinking of the consequences. Instead, reveal it all to your advocates. If you don't feel comfortable doing that, you probably don't have the right advocates.

Understanding the whole story is crucial to your advocates knowing you and acting in your best interests. The more you can share the story with your loved ones and advocates, the deeper the love will be.

Lost Family Stories: Fractions of My Father

Life stories are often lost between generations. What a shame. I spoke before about not knowing my father's family. No matter how much I or anyone else in the family would try, we could not get very deep. We knew dad was the youngest of 11 kids and some other odd bits of information, but not much more.

He left the farm homestead to live with an aunt in the city at age thirteen. His father, Ephraim, was a very strict Methodist preacher. He was so strict that my dad's siblings and mother had to sneak to mass at the local Catholic church. How that is possible with 11 kids, I have no idea.

I have an old, 700-page, hand-sized bible dated 1860. It is filled with handwritten notations by Grandpa Ephraim that are so small you need a strong magnifying glass to read them. He obviously spent a lot of time studying this bible and it would take an extensive study by someone more knowledgeable than myself to decipher his notes.

I treasure this keepsake. My brother Richard gave it to me. My dad intended Richard (the Priest) to have the bible. It must have meant something to dad to keep it all those years. Dad said nothing to me about the book or what it meant to him, nor did he have that conversation with Richard. I would have enjoyed that conversation. Although dad never signed the book (which was unlike dad – he had his name in everything he owned), Richard signed his name and the year when he received it from my dad's estate, 1990. When he gave it to me in 2008, I signed it and placed the year beside my name. The only other name in the old bible is the fading signature of Ephraim. It's barely legible, but it's definitely his. I thanked my elder brother for giving it to me, the youngest boy in the family. It is symbolic for me, representing the disconnect between me, my dad, and the grandfather I never knew.

Dad worked in a shoe store during high school. He worked with his brother in the oil company while he went to law school. He was oppressively passionate about hard work and obligation. He treated us kids like subjects and often came across like a bear. I found out through a little confrontation with him in my thirties that there was a lot of insecurity under all of his intensity. He used the "Fear of the Lord" to rule the household and mask his emotional frailty. From my little understanding of Ephraim, I wonder if the behavior and underlying insecurity was similar to Ephraim's.

Dad was continually concerned about the impression he – and by extension, his family – made on his communities. He pushed us kids to be good, productive subjects in his royal family. He was tough on us. I will never forget leaving mass one Sunday morning: he motioned for me to make the sign of the cross with holy water as we were leaving, but I was daydreaming about the pancakes we were about to eat and missed the fountain ... and his cue. His reaction could only be described as raising holy hell. I got a few-hour lecture about what seemed like *everything*, and it completely ruined my day! I can see now that he was embarrassed that I didn't follow his orders in front of the other parishioners. I never got pancakes that morning.

Dad may have had method in his madness. In the end, it seems to have been somewhat effective. All 10 of us kids have been productive, contributing members of society *and* all of us seem to be doing what we love to do, even if we are a bit driven by obligation.

My father never told me he loved me until he was on his deathbed. I asked him if he loved me and he started to cry, repeating five times that he loved me. That moment made up for all the past. I don't remember saying, "I love you" much to my father either, at least not outside of birthday cards. It was much easier with mother – it was a daily routine with her. Before going to bed, it was always, "Good night. I love you. Sweet dreams. I'll see you in the morning."

I can see now that dad needed love. Right in the middle of his tirades, we should have called for time out and said, "Time for a group hug, dad. We love you, dad." I have to laugh when I say that. It would have taken an act of God for one of his subjects to gain the floor when he was on a rant. That's why my confrontation with dad and mother in my thirties was such a big deal for me.

I was closer to my dad because of my search into our relationship. If he had allowed me more understanding by telling the truth of his history,

he could have made the arc of our relationship a little easier to travel. But I loved my dad more and I felt closer to him after I confronted him. I am glad I did it. It took me a long time to realize I needed to speak and understand our shared history. As it turned out, he was very human, complete with frailties, and was clearly affected by his history.

The *hard-to-talk-about history* is probably the most important for you and your heirs to talk about and understand. It is where hang-ups originate. It is where values are affected. Maybe it can only come out with confrontation, therapy, death or some other emotional process. I would like to think it could be aired with your advocates and maybe even with your family of origin. See the movie *August: Osage County* with Meryl Streep and Julia Roberts if you want to watch it all bust out with one family of origin. You have to laugh.

One value that was demonstrated by my father's actions was loyalty. I suspect it affected all of us in one form or fashion. Dad was loyal to his customers and employees. In turn, he received the loyalty of his customers and employees. His employees and customers were around forever. Leo, Eddie, Alvin, Joe, Mike, Dick and Shirley spent their lives as dad's loyal employees. Some even had ownership in the business, which was all purchased back somewhere along the way.

His employees were involved not only at work, but my dad's personal life. When Patty spent six weeks with me at my parents' house while I was interning at the CPA firm of Peat Marwick my senior year in college, she remembers Shirley having long lunches with my mother, laughing up a storm. One time, it was about Patty ironing my dad's Texaco uniforms in the unfinished basement while mother and Shirley were enjoying their chocolate cake and ice cream.

Dad's loyalty came at a cost to family. Dad put attention to customers and employees over being with the family and was often absent. I am sure dad had more evenings with Shirley at the office, working on their

baby – the business – than at home with family. I didn't feel any animosity about the loss of personal involvement with my dad when I was young. I wanted to emulate my father's work ethic and marry someone like my mother. I picked up the loyalty trait, and have worked to manage it a little better than my dad did. After I understood the reality of his behavior, I dealt with my personal anger about it and now have no animosity.

My understanding of this history and my advocates' understanding of me experiencing this history is helpful with my personal priorities planning and balancing my passions, no doubt.

Recorded Life Stories: Fond Memories and Meaningful Triumphs

Recorded life stories bring up fond memories and facilitate meaningful triumphs over adversity. In the process of recording your life story and sharing it with your family and friends, bad realities will sometimes come out directly, but more often than not they will sneak out in some sideways manner. Revealing the good, the bad and the ugly in your confidential advocate relationships improves your understanding of self and helps your advocate to better assist you in planning your priorities. Knowing you at a deeper level is what makes an advocate an advocate.

The life story you are willing to record for your valued communities may include adversities you had to overcome. These instances are very telling of your priorities and character. But I believe life stories are really for all those good memories, experiences, values and examples that you want to pass on. It is a legacy that is in many ways more valuable and desirable than money.

The best time to capture your life story is *now*. You may think you're too young. You're not. You may assume it's too early to tell your story; that you'll get to it later when you are less busy and more reflective. Just

remember, your memories of childhood don't get better with age and your future is uncertain.

I suggest you draft your first life story at 50 and add to it every 5 years thereafter. It will be easy to do if you work with an advocate planner who knows you and your history so well that the planner can almost write the story himself or herself. A good advocate planner will help you record your first draft as a 50th birthday present. And if they haven't brought it up, bring it up yourself. I assure you it will be beneficial to both of you.

Documenting your life story with your advocate is an act of celebration and communication. If presented properly, it will not be construed as an act of *I'm getting old and I better record it before I forget*. I think of it more like, *I have some wisdom that I want to package up for my loved ones*. The reflection process will bring solace and resolve to you; it will help you refine the order of your priorities.

Life Story Procrastination

According to my mentor on the subject of life stories, Jim Barkley, interest in completing a life story is almost always driven in part by regret; regret in not having captured the stories of loved ones who were gone too soon. Like the return on money invested, starting a life story project sooner rather than later can yield tremendous compounding dividends.

Jim provided me the following reflections about Betty and George as they relate to timing of life stories.

In the fall of 2013, I received a call from a woman that wanted to initiate a life story project as soon as possible. She and her sister realized that their mother's memories were quickly fading. They didn't want to lose her stories from childhood and as a physical therapist in WWII. The situation was becoming urgent, so within a month, the life

story interview was scheduled and completed.

What we realized shortly after the interviews began was that the early stages of dementia, which were easier to ignore in casual chatting, were much more obvious in a structured conversation. The stories became disjointed and details were transposed. In such a situation, the storyteller isn't able to perform well for the purposes of the project.

One of Betty's experiences was traveling with her family as a young woman to Sweden. They passed through Germany just before the start of the war, and while she recalled brown-suited young men saluting, she had no detailed stories about that trip. Editing, photographs and narration by her children ultimately created a compelling production. However, it could have, as her children lamented, been much better if it had been done a year earlier.

Contrast that experience with George's life story project.

As a man in his early sixties, George is still immersed in his business and active with travel and grandchildren. Although he was reluctant to get involved with the project at first, as the interview began and progressed into his childhood stories, his demeanor changed from a perfunctory get-it-done business tone to a more conversational and then reflective mood. He was clearly enjoying the moment.

George talked about growing up far from the big city on a farm in North Dakota, and how the work ethic he learned from his father was a central, guiding influence in his life. He talked about seeing his first stoplight at age seventeen, and not knowing how to go to a barber when he went

away to college because his mother always cut his hair.

The power of the story and lessons for future generations was evident when he described leaving for college in Fargo. His father simply told him that he was proud of him, but if college didn't work out, there was always a place for him on the farm. It was a valuable gift from his father; no expectations or pressure. Without an externally imposed fear of failure, George was able to discover his own path.

Now, with a very successful business and family, George is deeply appreciative of his simple upbringing and can marvel at his own journey.

For Betty and her family, the stories recorded are valuable as a keepsake and possibly helpful in better understanding learned values. For George, it may provide him an opportunity to explain his philosophies and create a nice forum for him to influence the possible direction of the business. George's message about the value of *hard work as a path to success* is a great gift for his heirs, especially when great wealth is inherited.

The Value of History in the Planning Process

Even if you don't have an advocate to educate, understanding the influence of the environment that you grew up in will help you better understand yourself. Understanding your parents and siblings will shed light on characteristics you share and differences between you. I see big differences between me and my family members regarding politics and passions. I see similarities regarding work and service ethics. We all seem to be a bit driven by obligation or a sense of duty.

When you are acting as your own advocate or as an advocate for someone else, I suggest you employ the Present Priorities Wheel. Question deeply and listen intently to understand history, and leverage that

understanding into determining the next priorities. The more you get into the practice of using the Wheel in your process of understanding and prioritizing, the more effective you will be in your planning. Much is revealed when you ask open-ended questions about the 3 SCG Planning Values and the 3 Resources.

Using the 3 SCG Planning Values and the 3 Resources, you can drill down to what is/was important to you about: What you Learn. How you Serve, provide and work. What you pass down through Mentoring. How and what you Explore. Who you Relate to. How you Play. Who and how you Protect. What you Contribute and to whom you Contribute. What you Transfer and to whom you Transfer.

Much is learned when you talk about the values and priorities surrounding your or a family member's resources of Wealth, Health and Time. When you are talking about the past, just use the past tense, e.g., What **was** important about so-and-so? The Present Priorities Wheel will help you make sure the territory is covered and help you summarize conclusions. If you cover the territory thoroughly, the important stories will come out.

What important planning information can come out of a history lesson? The possibilities are limitless. Even if nothing new is learned, confirming and gaining a deeper understanding of your existing knowledge is an important step in decision-making.

Here is a list of some of the good-to-know items to assist you in the personal priorities planning process. The following items are often revealed while talking about history and working through the Present Priorities Wheel. Consider:

1. If you tend to be a spendthrift, a miser, or somewhere in between.
2. If you are risk-averse, a risk taker, or somewhere in between.

3. If you struggled for money or if it was readily available.
4. If, when you were a child, you worked for money; received an allowance; had chores; or had to ask for money each time you needed it.
5. If money was a point of argument in the family.
6. If there were money lessons and what they were.
7. If time for work and play were in balance or out of balance.
8. If there were any family characteristics that you may be driven to oppose or want to emulate, and what they were.
9. If there was order or chaos while growing up.
10. If there were any dysfunctions in the family that may or may not have impacted you.
11. If there was family illness or disability that influenced thinking and how that is manifested.
12. If exercise and/or active sport activity was part of growing up.
13. If competition was part of your culture, and how.
14. If you ate healthy growing up.
15. If school included extracurricular activities and what they were.
16. If you learned about nutrition, and how it was taught.
17. If you grew up blue collar or white collar; how family members' occupations affected your career choice.
18. If and what you learned from parents and siblings; what

- you want to avoid and what you want to emulate.
19. If you grew up with an open or closed environment when it came to time to pursue your passions.
 20. If there was a lot or little "home learning."
 21. If you picked up a lot or a little from siblings; in what ways are you like or different from your siblings.
 22. If you grew up in an environment of self-teaching, learning, reading, playing together or independently.
 23. If there were lessons or examples of sharing, caring, giving, needing.
 24. If and how you traveled, vacationed, spent time together.
 25. If there were hobbies learned from other family members while growing up. If they still linger today or have become passions.
 26. If there were cousins, grandparents or family friends that had a major influence on you.
 27. If you received gifts from parents or others while they were alive or as part of an inheritance.
 28. If charitable contributing was exemplified; to what extent; in what areas, if any.
 29. If there were meaningful, non-financial legacies or values that you received from parents and/or grandparents.
 30. If you were influenced by parents, grandparents or other family members, and how.

As I said, the possibilities for personal histories are almost limitless. I

provided this list to make the point that when you start thinking about you and your family in each of the areas of Resources and SCG Planning Values Activities, a lot of influences and events pop up. The list above could easily have been three times longer. Mind-joggers concerned with the activities and resources necessary to living a passion-driven life help us cover the territory necessary to contemplate, evaluate, discuss and decide about our priorities.

Have You Tried the Two-Step Process of Personal Priorities Planning (PPP) Yet?

At the end of the last chapter where I reviewed my Present Priorities Wheel, Passion List and Priorities List with you, I suggested that you try the process for yourself after first going through the first step – answering the 50 Foundation Questions. How did it go?

The tough part of the process is dedicating the time to answer the 50 Foundation Questions and discussing the answers with an advocate. Aligning your history, dreams, values, passions and plans that come with the foundation building is instrumental in the second step – deriving and doing your best set of priorities. Once a good foundation is set, it is easier to do ongoing Present Priorities Planning because you know better all the relevant parts of the big picture. You will know the priority of your passions, and you will have all the data to determine and do your next best action.

I figured it might take a little prompting to get some of you to complete step 1, so I threw out the idea of trying the process at the end of the last chapter, knowing that I would bring it up again here. This chapter emphasized the importance of story and history, and now, if you haven't already done the process, I am sure you are motivated to answer the 50 Foundation Questions. Take the time. Include an advocate. Consider making a game out of it – see how many of your answers are the same!



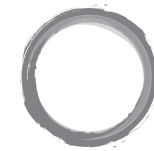
PART 2

Managing Your Resources
to Implement Your Priorities

FOUNDATION QUESTION

DREAMS

What dreams did you have as a child?
Teenager? Young adult? Now?



Chapter 9

Managing Your Resources
While You are Young and Under the Influence

So Many Options and Consequences: A Good Time to Get into a Planning Routine

You will fall short of your goals if you don't have the necessary resources to deal with your priorities and live your passions. This chapter will address evaluating, acquiring and managing your resources effectively in order to do your priorities and live your passion-driven life while you are young.

Time, Health and Money: these are your resources. When you are young, you tend to take Time and Health for granted while focusing on Money and your lack of it. All 3 Resources can get screwed up pretty fast if you don't pay attention to how they're being used and to what ends.

Unfortunately, most people don't start planning until they have some discretionary money to invest or need help with a financial problem.

People usually start feeling age creep up around forty-five, at which time they think planning for retirement may be helpful. Sometimes a good employer may help start the process by connecting the employee with a planner to help with 401(k) options. This often leads to the more complete process of overall planning.

It is understandable why people wait to plan. In the early years, they are more concerned about self-preservation than self-realization. At eighteen, young people are often thrown to the lions of the workforce or off to college with little or no money saved. They start their first job out of college with thousands of dollars in debt and a negative net worth. They do what they can to pay off student loans, looking for as much leverage as they can to buy the biggest home they can qualify for. They look for the highest paying jobs so they can make ends meet. They can't wait too long to have kids, so they jump into having children before they think about how they are going to come up with the \$500,000 to \$750,000 or so to raise each child from birth through college (and sometimes beyond).

I love the blind faith of the young and exuberant. I suspect if more people thought more about the cost of rearing children, there would be fewer births. Maybe a bit of that is in place right now; big families like mine (10 kids) or even Patty's (7 kids) are now the exception, not the rule.

At thirty, I was a young partner in the CPA firm. One of the older founding partners once said to me, "I am glad you are building that 4,500+ square foot house. It will make you hungrier to work harder and make more money." He was right. When we built our house in the late '70s, we were thinking of having four children. In fact, when we married, barely old enough to drink legally, I wanted 10 kids and Patty wanted 7. We had Bridget at twenty-two and Michael just 16 months later. We both had a few things to learn about ourselves that took us well into our thirties. We've often said we grew up with our kids. I think we're still learning about ourselves. A lifelong deal, I guess.

The Power of Parental Influence: Passion by Example

Parents are key in establishing their children's planning habits. Our early life – between a quarter and a third of our entire life – is heavily influenced by the values and the comments we pick up at home and school. Even our friends influence us with what they hear from their parents.

Even if we were turned off by parental habits and repeated comments, the experience can equally influence us to move in the opposite direction. Take, for instance, a child whose father left his stay-at-home wife and kids destitute. Seeing his mother struggle to retool and provide for the family may drive a child to earn and save like crazy while assuring his family members that he will always provide for them.

As parents, you have great influence on your children. You have a responsibility to show your children by example and with instruction what good planning looks like. But you can't just tell them. You have to show them. They will pay the most attention to your actions, particularly if your actions and words aren't aligned.

If your actions exemplify everything we've covered in this book so far, you are sending a powerful, enormous message to your children. Living your life to the fullest is the most positive message you can give them. Nurturing your children to do the same for themselves is part of that gift.

If you want to see an example of passion and parental influence, watch *The Dead Poets Society*. Robin Williams plays the passionate English teacher John Keating, who inspires his young students at the aristocratic Welton Prep School to "Carpe Diem!" (Seize the day). Keating encourages the students, when they feel daring, to refer to him as "O Captain, My Captain" (a reference to a Walt Whitman poem). He manages to unlock the daring in seven students who take it upon themselves to revive the Dead Poets Society and take clandestine outings to read poetry and express the feelings that are stirred up.

You can see the unique passions of the seven develop during the course of the movie. Neil, one of the students most taken with inspiration, could not hold back his passion for acting after playing the lead role of Puck in *A Midsummer Night's Dream*. He takes the stage bravely, knowing his father, who was set on Neil going to med school, would disapprove. Keating encourages Neil to tell his father how he feels; that he wants to be an actor and not a doctor. Neil could not talk to his rigid father, who would not accept deviation from the med school plan. Neil saw no way out, so he killed himself and Keating was the scapegoat. Todd, a self-conscious young man who was inspired by Keating, led the class by daring to stand on his desk and recite “O Captain, My Captain” over and over in defiance of the headmaster’s threats of expulsion and to show respect and appreciation to Keating. Keating leaves the classroom for the final time knowing he made a positive difference in a number of young men’s lives.

You are unique and how you specifically manage your Resources is unique. It is impossible for me to address all the potential ways to manage time, health and money to fit every situation. I will take three chapters to cover what I think is the most important territory. I will address first what I think children should learn from parents. In the following chapter I will talk to the middle years of life – from about 30 to 60. After that I will address what I will call the Third Period – my stage – from 60 to end of life.

Work Ethic

I am fortunate to have learned the value of hard work when I was young. In earlier chapters I made light of my family’s ultimate catchphrase “... but he/she is a hard worker,” but really, it shows our family’s deepest values. No matter what we think about someone, if they’re a hard worker they can’t be all bad. Besides, a work ethic is really handy when you want to make money, not to mention the satisfaction of doing *a good day’s work*.

And as I’ve pointed out, it can go too far. My dad, myself and some of my siblings have all suffered from workaholism. Unfortunately, it affects the people around us too. I grew to understand the value of life-work balance during the later years of my second stage of life.

I strongly believe that children need to be taught that work is good; that it should not be avoided, but embraced with passion. Too often money is tied to work, but the real value is learning how to contribute your efforts to getting the job done. Money will be a consequence, not the lead factor. Learning the feeling of contentment about doing your best work is more reward than the money. Ironically, the money always follows a job well done. Workaholics are a dying breed. The bigger issue seems to be loving your work and working with passion, and the lack thereof.

Along the way, I was also fortunate to somehow develop a passion for the work I do. I wasn’t told to love what I do. I guess I saw my dad love his work, despite his griping about all the work he had to do to put us all through school. Dad used that commentary to get appreciation. He would have worked as hard if he had no children. He had a work ethic.

I remember a story about my oldest brother Jim going through med school and being married. My dad probably told it a hundred times. Jim was struggling with school – not the academic part, the *being a doctor* part. My dad fervently said to him, “If you don’t want to be a doctor, take all your books and throw them in the Mississippi and come to work at the station.” I think it was the last part that motivated him to finish school. Jim became a doctor and co-founded a clinic where he nurtured hundreds of employees.

About Education

The importance of an education was big in our family. All 10 of us had our post high school education paid by our parents or granted by an institution. To this day, I believe that the best investment you will ever

make is an investment in yourself. Encourage your children to be inquisitive and soak up as much education as they can get, be it formal or otherwise.

At the national CPA firm, I learned more in my first year as a fresh employee than I did in four years of college. That is not to say I didn't learn much during college. I most certainly did. But I think it says a lot about how much you can learn in a profession that requires continuing education with a steep learning curve.

So much can be learned independently today with the power of the Internet. It's a wonderful tool for the inquisitive. Now if only Siri would just understand my questions the first time I ask them. Maybe she's on a learning curve of her own.

Starting and funding a 529 education plan for each of your children will not only spread out the cost of education over many years, it will send a message to your children that you expect them to have some formal post high school education. All income earned in the 529 will be tax free if the money is used by the designated beneficiary for qualifying post high school education.

My parents paid for all my education. I don't believe there was ever a consideration that I would pay for any of it. I'm so grateful for that opportunity; that I didn't have to pay off loans over the course of my first number of years of work, Army, marriage, child rearing and saving for a down payment on a house. By the way, I obtained a VA loan with nothing down for my first house, which cost \$27,500 in 1971.

Admittedly, I am an easy mark when it comes to paying for education for our children to get started on something they love to do. Patty and I agreed to pay 75% of our children's education. We told them our plan as they entered college and we helped them get loans for the balance. We paid off their loans as a graduation present.

Michael majored in Sociology and German. Having been born in Heidelberg while I was in the Army in 1970, I'm not surprised by Michael's choices. While sitting at the kitchen table in 1993 – after more trips to Germany and Austria than I could count – he announced that he was going to be a professional photographer. He probably had been thinking about it for a long time. Michael never said much; he just went about his way.

Michael made his way to New York to pursue what we thought was going to be his post-graduate study in photography at the Rochester Institute of Technology, but he thought that was too expensive. Instead, he found a good photographer to apprentice under. A couple years later, he followed his girlfriend to Burlington and started his own studio. He is now a successful commercial photographer. He learns by self study and trial and error and is incredibly talented. I can learn much from him.

Bridget has gotten a lot of mileage out of our willingness to underwrite education. She loves a wide range of things and is driven to learn as much as possible about all of them.

Following her bachelor's degree in liberal arts from St. Ben's in Minnesota, Bridget has enjoyed the following post-graduate training: a year in film school; two years in Japan teaching English as a second language; a half-year program in London; macrobiotic training out east; three years of sciences at UVM in Vermont as part of a pre-med preparation program; yoga training in Bali; coaching training in California; health coaching training at Duke; and, most recently, a Masters in Integrative Health Studies in San Francisco. I'm sure this list is incomplete; it's hard to keep up with her.

Both Bridget and Michael would have a hard time being in a career that they were not passionate about. This is good. It is also good to see people who find ways to be passionate about the job they are in. Either way, being engaged in your job is desirable. Oftentimes it is the right

employer that brings out the best in employees by showing the importance of every job and how you can grow and learn on the job.

Education by the Numbers

Funding your children's and grandchildren's post high school education with a 529 plan is one way to help get your children started in the workforce with little or no debt. However, if you have sufficient assets, there are better ways to leverage your use of your unified gift exclusion while managing your potential estate tax costs.

Under current law you can fund a 529 plan in a lump sum with up to 5 years of your annual gift exclusion (presently \$28,000 per couple) for each person. This is a nice provision if you have an extra \$140,000 lying around. When you have sufficient wealth to contemplate such transfers, you might want to consider establishing a family entity into which you transfer real estate and/or other income-producing property, then gift ownership to the kids and grandkids while retaining management control. Because you will be transferring non-controlling and non-marketable interests to your children, the value of your gifts will be at a major discount to the property as a whole. In such situations, you will want to seek planning, tax and legal advice from your professional advisors.

Wealth transfer to manage estate taxes before the Third Period of life (60+) is not very common. I will address a bit of that during the discussion of managing your resources to do your priorities for that stage. However, I will leave much of the detail to your advisors in that the estate tax exclusion is sufficiently high enough (more than \$5,000,000 per person) to exclude many of the readers of this book.

Monetary gifts from parents and grandparents to pay for part or all of education during the first stage of life is important in helping the young manage their resources well and do their priorities. More important is the drive, interest and curiosity within your children to learn and

achieve. These values are not dependent on how much money you have. Again, it is important to learn and demonstrate early on that the best investment you will ever make is an investment in yourself.

Confidence and Optimism

How do you teach confidence and optimism? Maybe we are born confident and optimistic beings. I think many of us lose a little of each every time we have bad experiences and spend too much time in the wrong environment. I also think that we gain it back through good experiences and spending time in the right environments.

I believe that mixing confidence and optimism with passion is a formula for overcoming obstacles at any age. Learn it young so you don't have to fight for it later. Parents help set this foundation with their words and actions, as do our schools, our friends and our other communities of faith and charitable involvement.

We may be born with some natural tendencies that help or hinder our development of Health, Wealth and Time. You deal with what is in your environment. Some things are controllable and some are not. It makes no sense to complain or worry about what we can't control. Instead, we need to focus on what we can control.

Spend Less Than You Make

Habitually spending a little less than you make or a little more than you make becomes dramatic over time. It can mean the difference between bankruptcy and early financial independence. A basic habit to learn early – ideally at home or through your first job – is to spend less than you make.

This sounds obvious, but with easy credit, it's sometimes not followed.

After all, it's very alluring in theory: *You make good money that you expect will only get better, so you borrow from the future. You're optimistic, confident and passionate to move forward fast, so you use the credit cards for the lifestyle you envision, not the one you have.* Unfortunately, too many people never catch up with their debt.

As with photography, being able to visualize your bigger picture and anticipate what is heading your way are good attributes. However, the sound advice is *instead of committing to debt, work with what you have and build a portfolio to draw from when you are ready to use your resources.* A little deferred gratification while you are young goes a long way to living a better lifestyle later – and not too much later, at that.

The most common examples of my financially solid middle-aged clients (big and small earners alike) put 10% to 15% of their earned income in a qualified retirement plan and put 5% to 10% of their earnings in short-term investments that might be later used for a business or personal and investment real estate. This sounds like a lot to set aside when you are young and have so much to buy: a house, a car, baby stuff, a 529 plan and so on. It is very difficult to save and invest without having already learned good saving habits at home, at school or from a bad experience. If you teach your kids the time value of money and when it makes sense to use leverage, they'll start on the right foot, far ahead of their indebted peers.

Lethal Leverage

I recall an example of a franchisee businessman who experienced a great deal of success with his stores. With great optimism, he leveraged 110% of the cost of each additional store, only to come face to face with bankruptcy when the economy dipped a little. A good example of what can happen when you borrow from the future.

I can also think of numerous examples of people who retained healthy

amounts of their business income, weathering all kinds of storms and taking advantage of buying opportunities when competitors could not because the competitors did not retain sufficient income over the years.

The point is this: *manage debt very carefully, allowing for contingencies.* Life happens. If you get too far in debt, the interest will kill you, not to mention the potential of not being able to make the payments and risking the loss of property and your credit. Like a lot of things in life, it is a matter of balance. For instance, we may have avoided the housing crisis of 2007 to 2010 if home down payments were maintained at 20% to 30%, rather than the “nothing down” purchases that far too many unqualified buyers received.

Wise Spending: A Roth IRA

I am not a big believer in the term *deferred gratification*. After all, my mantra is *Love in the Moment*. Instead of deferred gratification, let's call it *wise spending*. Deferred gratification sounds like something the nuns and priests would preach at us in grade school. Deferred gratification has a negative connotation. If you are practicing wise spending, accumulating a small, reasonable amount of wealth and are passionate about what you are doing, life is good.

A good example of wise spending and the power of the time value of money (compounding over time) is encouraging your child to open a Roth IRA with their earned income from their first job – a paper route, lemonade stand, janitorial job, whatever. Their income tax on their early earnings is minimal, they pay no income tax on the Roth accumulated income, and they pay no income tax when they spend the money.

Let's say that over their early years they can save \$20,000 in a Roth and keep it there for 60 years. The \$20,000 will grow at 8% to over \$2,000,000. They still may have 20 years to spend the money. If they don't spend it, their heirs will have the luxury of the tax-free account.

But this is an ideal situation. In most cases, you will have inflation chipping away at the account and there is no guarantee of an 8% return. That is why you hedge inflation with investing in equities or real estate for the long run. Look at the long-term returns of equity investments in companies and different types of real estate – you will be impressed (they're much higher than 8%).

Always remember that past performance is no guarantee of future results. For the long haul, it makes sense that equities and real estate – which generally rise with inflation and share operational growth with the owners thereof – will perform better than debt instruments (or obligations to repay under certain terms and conditions). Sixty years is a long haul, no doubt, but the value of money compounding over time is powerful!

We will cover my thoughts on investments in some detail later. Jump ahead if you must, but be sure to come back because this is one of the most powerful chapters in the book if you are young and/or you have kids you will influence.

Time is Precious, Youngster

The resource of time is underplayed when you are young. Yet, your youth is the time to explore potential directions to take in life. You can easily get committed in the middle years and time can become scarce. It is when you are young that foundations are being set and habits are being formed. Time will soon enough become precious; don't waste it just because you have a bunch of it.

Take Time to Explore Passions

One of the biggest gifts parents can give to their children is the encouragement to explore their passions and the open-mindedness to allow

individual uniqueness. This is not easy. It entails asking questions – sometimes five levels deep – and listening intently for the emerging passions to encourage.

Kids today are busy with school, chores, soccer, dance, swimming, and any number of other activities. It's hard for them to take time to dream, be bored, talk from their hearts and let their unique passions bubble up. Passions are innate, often overlooked or underplayed, waiting to flourish with the help of nurturing from one's guardians or even oneself. Time is needed to listen for, connect with, and explore these budding passions. I believe this is true throughout life, but it's especially important when you are young and setting foundations.

I grew up with expectations put on me. They were either implied and understood or explicitly laid down. I endured numerous lectures. I do not remember being listened to or being asked probing questions about who I am or what I loved. Mind you, I was not forced to be one thing or another, but the expectations were powerful and did their job to motivate me. For better or worse, that's just the way it was.

When I was a young parent, I did not take enough time to nurture my children's passions. I was too busy with building my professional practice. They would probably say the same thing about me that I did about my parents ... but I suspect in their version there would be a little less intensity coming from me than I received from my father.

Passion is so important. It motivates. It energizes. It excites. It leads to more and more – it breeds on itself. It feels good and rewards. Passions may be a way of doing. You may be passionate about learning, leading, loving, reading, researching, remodeling. Thank God so many wonderful people are passionate about helping others. Do what you are passionate about and nurture your kids to do the same.

All is Gift: Implications for Mind, Body and Spirit

I learned to understand my brother-in-law Jim's mantra, *All is Gift*, in my fifties. Better late than never, right? I apply this mantra to managing my Health resource – mind, body and spirit. Integrating the understanding that everything we receive is a gift and everything we can give has purpose impacts the mind, body and spirit.

Gratitude and exhilaration come from the understanding that *All is Gift*. These feelings take the place of feeling like you're being taken for granted or feeling a false sense of entitlement. Gratitude and exhilaration are Big "F" Feelings. They are not fleeting like excitement, which is a Little "f" Feeling. Little "f" Feelings often bounce us between boredom and excitement while upping the ante for the next round of excitement.

I was introduced to the Big "F" Feelings and Little "f" Feelings idea by George Pransky, a psychologist practicing Psychology of Mind (POM). In the early '90s, I bought the entire library of POM books. Learning the tenets of POM was one of the best moves I ever made to better understand my emotions and learn how thinking too much sometimes gets in the way of managing feelings. Patty has the same feeling about POM.

It wasn't until 1997 that Jim introduced me to the idea that *All is Gift*. It took me a number of years to understand that accepting the uniqueness in myself and of others without judgment and with respect was an important element of the *All is Gift* idea for me. It is also the act of giving all that I have. It is contributing my uniqueness. It is living my passions. It is purpose. It is understanding the gift of giving.

Gifts are signs of love that we treasure. It feels good to receive love and it feels good to give love. If we understand that we are a gift and our purpose is to serve in our unique way, we will not abuse our minds and bodies. Instead, we will nurture our understanding of faith in spirit (our inner wisdom and our God).

I believe we know when we are doing something abusive to ourselves, and we know if we are willing to listen to ourselves and respect the wisdom of others. This means we will not eat or drink bad stuff that will be detrimental to our bodies or our minds. If it is illegal, it is a sign it might not be good for you. If you eat too much of something, you may throw up or you might put on so much weight that you will eventually have a hard time getting up from the couch. That might not be a good thing to continue to do either.

There is so much talk nowadays about the benefits of eating fruits and vegetables, having a balanced diet and getting exercise, that one would have to try awfully hard to not understand the benefits. If we listen to our health advocates, we will hear the truth we may be ignoring within ourselves. I am fortunate – my body rebels against bad stuff pretty quickly and feels good when I exercise and eat right.

I smoked in my twenties and thirties, but not very successfully. Back then I was anxious to finish eating so I could have that fine cigarette, pipe or occasional cigar. Sometimes I would smoke while eating. Smoking spoiled my meals and succumbing to the urge just made me feel terrible physically. Still, out of habit I would grab for more nicotine, coughing all the way. It was never hard for me to quit though. I quit a number of times and never lost a bet. That may say more about my competitiveness than my willpower. Eventually, I quit for good; I can't imagine inhaling that crap now.

In my forties, my body rebelled against all fried food and too much fat, sugar or creamy stuff. It only took a few times of barely making it to the bathroom before I understood that maybe I should change my diet.

I really look forward to a glass of wine with dinner. Sometimes I drink two. Any more than that and I get bloated.

I remember having a little too much to drink a few times while I was in the army. I was stationed in Germany, living on the Rhine River and near

the Mosel River (both good wine regions). I remember sitting on a train for two hours once, sick as hell, coming back from a fireworks boat ride celebration on the Mosel River. It was the longest, most miserable ride I ever had. I don't understand why someone would abuse their body like that, at least not the second, or third time.

Mind and body abuse happens at all ages, but seems to afflict the immortal-minded youth the most. Influencing your children with love of self, self-respect and a little common sense goes a long way towards minimizing the self-abuse while still allowing outlets for a "good time."

Habitual self-abuse in any form is a cry for *why*? Listening for the underlying reason that you beat yourself up is a start. If the *why* is heard and answered, it can be corrected with a simple self-remedy. If the *why* is more elusive and the consequences more severe, you should probably go to one of those great professional caregivers out there who are ready to serve you.

The Ultimate Gift

Once a year at AIS Planning we would send our clients books that we thought were relevant to planning. A number of years ago we sent out *The Ultimate Gift*, by Jim Stovall. This is a wonderful book for young people, parents and grandparents to read. I highly recommend it. It relates to much of what I cover in this book.

The story is about Jason Stevens "earning" the right to manage his grandfather's billions of dollars in his testamentary charitable trust by learning a dozen life lessons via videos left by his good old grandpa. His grandpa did wonderful things during his life, but admittedly spoiled the kids and grandkids. His lessons included great wisdom that he intends to impart to Jason – the one family member he believed could be pulled from the ranks of the spoiled.

I just finished reading the sequel, *The Ultimate Life*, which continues the story as Jason goes to court to prove that he has learned the lessons and is able to teach others the same lessons. In *Life*, Jason's family sues for control of the assets. Grandpa Rex anticipated problems and indicated in his Will that his heirs would disinherit the millions that they were to get if they contested the provisions of the Will related to the challenge given to Jason. So it was a winner-take-all court battle. Jason had to prove he learned all the lessons. The family only had to prove that there was at least one lesson Jason did not learn.

The books are written in a novel format and it's easy to pick up on the attractiveness of the lessons. The lessons are examples of attributes necessary to obtain the resources to do the SCG Planning Values Activities and the rewards and benefits of doing them.

Let me quote from a page or two from the end of *The Ultimate Life*. This is the testimony of Jason about the gift of love and how it integrates with all the gifts:

My grandfather taught me that you can't have love in one area of your life without having love in all areas of your life. So, for The Gift of Love, I was asked to consider for the month each of the gifts I had been given and how love played an integral part in each of them ... In The Gift of Work, I learned that Gus Caldwell and my grandfather had true respect and love for one another, and I learned how important it is to love your work. In The Gift of Money, I learned that to love money is a dead-end path; but if you love people and use money, you can truly make a difference. In The Gift of Friends, I learned that in order to have a friend you've got to be a friend. You must be willing to give love before you demand to receive it. In the Gift of Learning, I found out the love of learning is a lifelong pursuit. In The Gift of Problems, I learned that

*– while the circumstances may be difficult or even seem impossible – when you love yourself and those around you and focus on the things you have been given, a problem viewed through love is an opportunity. In *The Gift of Family*, I discovered the difference between what we like and what we love. We don't always like our family, but we can always love them through every problem and circumstance.*

*In *The Gift of Laughter*, I learned that hatred disappears when you laugh, and then love can find its way into every situation. In *The Gift of Dreams*, I discovered that we each have passions and destinies inside of us. Love can unlock the potential that we have inside. In *The Gift of Giving*, I found out that we should always love enough to be a giver, and love is the one thing that the more you give, the more you have. It is an inexhaustible fountain. In *The Gift of Gratitude*, I learned that we have received many blessings in our lives, and the only way we can show true love is to be grateful for what we've been given. In *The Gift of Day*, I learned that it is impossible to love life unless you love today. If we fill each day with love, we will always have enough of everything.*

To find out what Jason had to do to learn each lesson and what he did to demonstrate how he could teach others the same lesson, you will have to read the books for yourself. As you do, ask yourself: *Were the lessons important? Did he demonstrate that he can teach the gifts to others? What in my life do these stories reflect?*

FOUNDATION QUESTION

PASSIONS

What energizes you?

What gets you out of bed in the morning?



Chapter 10

Managing Your Resources During the Middle Years

Parenting is Magical: The Power of Passion Demonstrated

If you start off on the right foot when you are young, the middle years are a real cakewalk. If you are living your passions, spending less than you make, investing 15% of your earnings for the days of financial independence, diversifying your investments, continually learning new stuff, staying out of student debt, exercising regularly, eating right and nurturing your mind, body and spirit, it's safe to say you are in good shape. In fact, you are in a prime position to pass it on to the next generation! For most people, that means your kids.

Parenting is a non-negotiable passion for people with children. If not, they should seriously consider making it one. Children have a tremendous pull on the resources of Time, Wealth and Health. The responsibility of being a parent is equally great. Why would you take that on with-

out a passion for raising a family? Remember, the cost for raising a child through college can be as much or even more than \$500,000 to \$750,000 (not to mention the time and worry that comes along with it).

Across generations, the average number of children being born into U.S. families seems to be in decline. We are not replacing ourselves. In an increasingly complex world filled with information about the responsibilities of parenting, most parents are waiting longer to have children. It doesn't help that the norm is that both spouses also work outside the home. It is understandable why families are smaller.

The desire to have a child – like all passions – comes from the heart. It may be illogical. It is magical and God-given. Birth is certainly a miracle. Before giving full-in to this passion, it doesn't hurt to plan a little.

Patty's and my shared desire to have children was a given, and we didn't need to talk much about it – we were Catholics, after all! We wanted many children and were blessed with two, which was perfect for us. Raising our kids has been our common passion since they arrived, and for the most part we have been in sync as to how best to go about it.

We never talked about the cost of having children. We were both in our early twenties when Bridget and Michael were born and the only thing we really knew was that I would work outside the home while Patty stayed at home as the primary caregiver. My mother always said that raising children is the noblest of professions because all the while you are building character. Patty was living proof of that. I have always felt that Patty's role was the most important. Of course, the money helped at times.

I was a young CPA and a lieutenant in the army when the kids were born. The fact that we were barely making enough money to support ourselves didn't make much difference to us. We made ends meet somehow. The passion was strong and our family was the highest of priority for us. That's what it's all about; knowing your priorities and understand-

ing that you will always take care of your highest priorities.

After so many years as a financial planner, it's now clear that there were some things I would have done differently. We would have talked more, understood more, but we, like many young people, still would have jumped in and had children before we were completely financially prepared. As with many passions, working out all the details doesn't get done before you start. With a passion, you know you have to have it or you know you have to do it. You also know you will do what is necessary to do the passion.

There is power in the parenting passion. Parenting is a huge responsibility and a wonderful privilege. It works best when both parents share a passion for raising a family. If parenting is one of the highest of priorities, it will always get taken care of.

Money may be scarce when you are young parents. Time may be even more scarce, especially for yourself and your other passions. Your health can suffer too due to eating fast food on the run or lack of time to exercise. Many parents put a ton of parenting stuff on their family's plates under the assumption that the more they are able to get done, the more successful they are. I think loading on the parenting plate runs the risk of sacrificing your time for other passions and does not give the time to the kids to be bored, to ignite their imaginations, to develop their own passions.

When Time Becomes Precious: A Time to Manage Time

You don't have to have kids to be in the time pressure cooker. Two active working spouses – each working 60 hours a week to get ahead in their careers while being involved in a few community activities – can easily find themselves passing in the night with precious little time and energy for each other and even less for themselves.

Managing your resources and aligning your priorities is important at all stages of life, but they are most critical during the middle years. Remember how I've said the highest priorities always get done? Well, the reverse is also true: *the lowest priorities never get done*. There is a lot to get done during the middle years and a whole lot more that could be done. Taking the time to plan which priorities get preference is the most effective way to fulfillment. I always hear people that have planned well express gratitude for doing so. I never hear, "I wish we hadn't taken the time to do that planning."

Follow the Passion, Do Great Work

I read a great quote on values.com the other day:

The only way to be truly satisfied is to do what you believe is great work, and the only way to do great work is to love what you do. If you haven't found it yet, keep looking, and don't settle. As with all matters of the heart, you'll know when you find it. And like any great relationship, it just gets better and better as the years roll on. So keep looking, don't settle.

Steve Jobs said this. He was a great example of loving what he did and doing great work. He had passion. And I am sure he struggled to balance all his priorities over the years. He took time to plan every little detail not only at Apple, but many other elements of his life. He expected a lot from himself and he expected a lot from the people who worked for him. The proof is in the iPhone.

Asset Accumulation Projections

The middle years are a time that you get into routines that set your path to retirement. It is an important time for asset accumulation in prepara-

tion for the Third Period – your time to live the balance of your life on that which you have accumulated.

You may feel some pressure. Most people feel they have limited time to accumulate enough money for themselves and their partner to live on for possibly 30 to 40 years in retirement. Add kids into the equation for a little extra pressure.

Unfortunately, people often don't look at the accumulation responsibility until they start thinking about their own mortality. This often happens in their mid-forties. Thank God for automatic enrollment in 401(k) plans. These plans get people saving the small amount needed if you start early, versus the undoable amount needed if you start late (45 to 50).

The thought of the accumulation responsibility sounds onerous. Moreover, it's difficult to envision it at the beginning of your middle years, especially without a projection. But it's imperative that you know what track you are on, even if the track looks like a train wreck waiting to happen. Just the simple knowledge of your current path will help you mentally process dealing with any needed adjustments.

A Healthy Pursuit: Being Passionate About Your Work

Planning for the next stage is not so important if you don't love the work you are doing now. We only live in the present. Yesterday is gone and tomorrow may never come. The present is a gift. Plan to love your paying job, which probably accounts for half your waking hours!

Loving your work has a way of handling the accumulation issue. If you love your work, you'll want to continue working. If you love your work, you will get good at it and you'll find more opportunities for advancement than in a position you have to pump yourself up to get out of bed for each day. Having enough money accumulated by a certain age may not be an issue – if you love your work, you will want to work longer.

Your passion will make you more of an expert. When you gain expertise, you will make more money in your later years while still doing your passion.

I am not professing that you shouldn't plan for your financial independence. I am saying finding work that you are passionate about is paramount to your health and happiness *now*. It is by far the best way to manage your Time, Health and Wealth. Get in your element and you will thrive. The earlier the better, sure, but really, it is never too late. Investing in yourself is the best investment you will ever make at any stage of life.

Change: An Emotional – and Valuable – Personal Experience

What do you do if you find yourself wanting a change and not knowing where to turn? I found myself wanting to leave my CPA firm and wondering how I could possibly do that. I wrote a bit about it in Chapter 2 when I talked about my experience with Protirement. I'll revisit it here, only this time from a process and emotional standpoint.

I was a partner in the CPA firm and I felt trapped with no way out. I wanted to do life-wealth planning the way I envisioned, but it wasn't possible at the firm. I was locked into firm commitments and chained by a feeling of responsibility to help move the firm to a healthier position.

In 1986, the Tax Reform Act kicked the foundation out from under the leveraged real estate tax shelter industry and our firm suffered from a big client bankruptcy. One partner invested in a number of shelters created by the bankrupt client which ended up draining cash from the firm. Emotions were running high, the firm had too many partners and not enough business, and the unfunded partnership value to be paid out to departing partners was in question.

It was five years after my first desire for change that I went to the planning position at the national broker dealer, and another five years before

I was in the right position to start my own planning firm. Even though it seemed impossible at times, I followed my passion for 10 years to finally get to my desired destination. I was fifty-three then and it was the best thing I ever did for my health and happiness.

The most important step in my process of change was my decision to actually make a change. At the time, I did not know what kind of change I would make or when I would make it, I just knew I would make it happen. I was open to possibilities. My reticular activator was up and working overtime. My subconscious was in gear. I was honing my financial planning skills and practicing the skills wherever I had the opportunity.

My first step was listening to my heart. Passions are driven more by the heart than the head. But the head does have to work out the details eventually: *How did it feel in the situation I was in at the CPA firm? How did I feel envisioning the possibility of my own planning practice?* If I had tried to think everything out at the beginning, I would have given up before I even started. It would have been too overwhelming. I felt my passion in my heart was strong enough to keep the fire burning long enough for the opportunity to present itself.

It's like capturing a great image – you get the right equipment, you put yourself in the position of the greatest opportunity and you wait for the right light on the subject. Patience.

Four Ways to Discover Your Passion

I was fortunate. I not only knew I wanted a change, I knew what I wanted to change to. In his book *The Passion Plan*, Richard Chang addresses the situation in which you know you want a change and do not know what to change to. He covers four ways that people discover latent passions, which I will summarize for you here.

The first way is by *epiphany*. Chang tells the story of a woman whose parents wanted her to be a nurse. She was in the thick of nursing school when she decided to tell her folks she wanted to drop out and do something else.

One day, she happened to be volunteering at the hospital when she overheard a couple of attending nurses griping loudly about having to clean the soiled sheets of a patient.

[They were] callously disparaging the man, right in front of him, without any regard for his feelings. Her throat tightened and tears welled in her eyes. Calmly and quietly she took the man's hand and said, "Please don't listen to them. They have no right to talk to you this way."

With tears in his eyes, the man spoke the two words that changed the young student's life forever. "Thank you," he said. At that moment, she had her epiphany. She realized that nursing was not about medications and measurements – it was about people. She went on to have a great career as a nurse, understanding her role as a privilege and not a duty.

A second way is *with change*. In this context a change can mean a birth, a death, a marriage, a divorce, a loss of a job, a bankruptcy, an illness, and so on. As you react to the change, you learn about yourself and a passion may surface.

Chang tells the story about an active athlete who, while recovering from an injury, discovered the student council and fell in love with politics. He made a lifelong career of politics. As it happened, he was quite good at it.

The third way is *with intuition*. We all have intuition. Some people live by it, while others choose to not listen. It may be a passion to create, a passion to lead, a passion to serve, or a passion for whatever. The signs will be there if you let it flow from your gut (where intuition lives) and are willing to follow it wherever it may take you.

Following a feeling can be a little scary, but it makes good sense when you realize a number of decisions you already make are based on feelings. The decision to marry and the decision to have children are just a couple of examples. Most passions we do are because of the feeling we get going into them or desire from them.

The fourth way, which Chang suggests is the most frequent, is *discovery through experience*. Following a hunch may be the start of it, but it is the feeling you get from the experience that solidifies knowing that "this is it." I can relate to that.

My Change: Learning from Experience

Financial Planning as we know it today didn't exist for me while I was in school. In fact, it didn't exist at all. I had to experience public accounting before I knew I wanted something else. Always looking backwards with audits and tax returns was not doing it for me. This experience taught me that I preferred looking into the future, projecting real estate tax shelters, financial independence and investment scenarios.

I am so grateful that I let the feeling of my experiences lead me. Following what felt best is what led me to my private planning practice. Having gone through this at fifty-three, I feel comfortable saying, once again, *it is never too late to follow your passions*. The experience evolved, one discipline building on the one before it, eventually leading me from the experience of my private practice to this new direction of sharing the process of prioritizing activities in the pursuit of professing passions.

Dealing with Resistance

Listening to your heart is not without its challenges. While attempting to follow my heart out of the accounting firm to pursue my financial planning passion, I had to deal with a lot of resistance. It would have been

easy to give in to any one of the many resistances – the unknown, self-doubt, money, leaving long-time friends and colleagues behind, starting from what felt like scratch. I found that these resistances are a natural part of the process.

I just finished reading Steven Pressfield's *The War of Art*. Despite my experience with it, I had no idea how much potential resistance there is to doing what you love to do. In the book, Pressfield is largely addressing creative folks – people like writers, musicians, actors and, I suppose, photographers. He spends nearly half the book talking about resistance, which he defines as *the enemy*. He says resistance is invisible. Resistance is internal. Resistance is insidious. He also says resistance is implacable, impersonal, infallible, universal, never sleeps, plays for keeps, is fueled by fear and recruits allies.

Pressfield addresses a wide range of distractors: procrastination, sex, trouble, self-dramatization, self-medication, victimhood, the choice of a mate, unhappiness, fundamentalism, criticism, self-doubt, fear, love, being a star, isolation, healing, support, rationalization and more. He addresses them from almost every angle imaginable. He surely makes his point – there are a lot of possible excuses for not taking the higher road to what we really strive for. However, he believes resistance can be beaten through a professional attitude and listening to our guiding forces – muses and angels.

Being professional means being serious about doing what is necessary to live your top priority passions. It is what you *want* to do, not *have* to do; what you *love* to do, not what you are *required* to do.

Some of the elements Pressfield mentions are: being patient, having order, mastering the craft, facing the fear knowing you will never eliminate it, accepting no excuses, playing it as it lies, being prepared, not showing off, asking for help, not taking failure personally, enduring adversity, self-validating, recognizing limitations, reinventing oneself,

being recognized by other professionals. These elements are what make you professional. They will get you over the resistance hurdles to successfully change and do something new that turns you on.

What resonated most with me in *The War of Art* was Pressfield's conclusion: that when you take a professional approach to your calling, your craft or your passion, the answers, solutions, ideas and inspiration come as gifts from a higher power (angels, the muse, however you wish to explain it). He says the professional humbly knows and accepts this in gratitude for the gifts received and the ability to contribute with them.

I believe in this. I have experienced a revelation that presented itself out of the blue numerous times through my three “F” passions (family, financial planning and fine art photography). Being open, patient, and listening to the inner wisdom seem to be the keys. As Dewitt Jones said, “*Believing is Seeing*,” after all.

You may have your own explanation for the many fruits of your labor. Talent and hard work are certainly part of the explanation. Gifts from a higher power for following our calling, our passions, can't be ruled out.

I believe *All is Gift*. I sure feel it when I am out by myself in nature at sunrise with my camera and lenses on my back and my tripod in hand, watching for that magical light to cast its rays on natural beauty.

Life is Good, So What's Next? Taxes!

Now let's say you are doing your passions, you are spending less than you make, you are investing 15% in your qualified retirement plan, your children are being educated, you have a couple nice vacations a year, you have the house you want and the other essentials you need. You are in excellent health, exercising frequently and eating well. Life is good. Even better, you have some discretionary dollars to invest for the long run. It's time for a little money resource management by way of ... taxes!

Taxes, at this point, are your largest budget-eater – income taxes, payroll taxes, property taxes, and, if you think about it, even sales taxes. They can total 50% or more of your income. Wow!

What can you do about taxes? Well, you can make less income and pay less tax – not a very good solution considering taxes don't take all your earnings. The more you earn, the more you net. If you don't love your work and you are not willing to change your job, you may consider giving up some net income for some additional free time to do your non-income-producing passions.

You could also live more simply, spending less on property taxes and sales taxes. People sometimes focus only on the debt service when buying a house and don't consider that property taxes can approach your interest and principal payment. Obviously, if you spend less you will pay less sales tax, not to mention a lower debt payment.

With a simpler lifestyle you will not only spend less in taxes, you may feel less stress. This is due in part to the fact that you are accumulating more cash for your financial independence. You will also have more money available to make contributions to your favorite charities, which will, in turn, make you feel good about contributing (and provide a tax deduction to boot). You will have more of a cushion to emotionally handle market crashes.

You may even find that the simpler things in life are more satisfying than all the material stuff. You can get lost in some of these big houses I see couples buying. A big house is fine and good, but I believe real satisfaction comes down to Self-Realizing, Connecting and Giving. Yeah, material desires realized can be enriching, but think about how satisfying the Planning Values Activities can be. The simpler life can be most satisfying.

Deferring Taxes

Deferring taxes to a time way down the road will lead to your having more money after tax to spend in your Third Period. This is why you take advantage of qualified retirement plans like IRAs and 401(k)s. If you defer tax when your tax bracket is high and pay tax when your bracket is low you will benefit more. It is like an interest-free loan for you to do what you want. Remember though, you will have to pay the piper for those taxes that you are deferring. It is best to invest the amount saved in taxes to capitalize on the interest-free loan while reserving for the taxes you are deferring. Is that what is generally done? No, even though it makes the most sense.

Let me give you an example:

Let's say you contribute \$20,000 to your 401(k) and that your effective income tax rate is 30%. Let's say that you do this for 30 years. When you retire at sixty-five, you take the deferred income over the following 30 years. I'll assume your tax rate during retirement is effectively 20%.

Your annual tax savings is 30% of \$20,000 – or \$6,000 – a year. Over 30 years this totals \$180,000. If you invested \$6,000 a year before tax at 8%, you would have \$679,699 at the end of the first 30 years. After tax (70% of 8%, or 5.6%) you would have \$442,247 at sixty-five.

It's safe to assume that since we used an after-tax rate on your tax savings investment, the \$442,247 can provide you nearly \$29,000 a year for 30 years of retirement at a more conservative after-tax rate of 5%. Most people just suck up this tax savings in their spending plan. A powerful way to look at it is as an interest-free loan on money that would otherwise have gone to taxes, while investing it for your own benefit during retirement.

The amount of \$20,000 a year deferred in your retirement plan at 8% will project to \$2,265,664 at age 65. This will all be taxed as ordinary income. If you take the money on a level basis you would receive about \$165,000 a year at a more conservative rate of 6%. We assume a 20% tax rate during retirement so the after-tax amount is \$132,000 a year.

If you paid tax immediately on the \$20,000 – rather than put it in your retirement plan – you would not have the \$6,000 to use each year. Furthermore, investing the remaining \$14,000 would likely have tax consequences each year. Projecting an annual investment of \$14,000 at an after-tax rate of 6.5% (higher because of capital gains rather than ordinary income) for 30 years totals \$1,209,248. If you continued to make 6.5% after tax, you could receive about \$92,500 after tax each year to spend during retirement, versus \$161,000 with the retirement plan, assuming you invest the tax savings each year rather than suck them up in your spending plan.

Actual results will vary from what I illustrated. Projections never are right on. But the point is steadfast – take advantage of the tax deferral of qualified retirement plans and invest the current tax savings rather than spending it.

Be Careful with Tax-Deferred Annuities

Long-term income recognition deferral for tax reporting purposes can save you a lot of taxes. But watch out, not all tax deferral programs are necessarily good for you. I was always reluctant to put high tax rate clients in tax-deferred annuities since the earnings therefrom come out as ordinary income, rather than long-term capital gain. And, unlike any taxable investment, the income cannot avoid taxation to the recipient at the end of life. What's more, annuities are long-term commitments with

penalties for early withdrawals and cost more money than many other investments because of their many features and benefits. You want to make sure that the intended features and benefits make sense for your situation.

An alternative for the high tax rate client with life insurance needs is a Variable Universal Life program. Variable Universal Life takes advantage of the tax-free build-up of value that can be partially accessed later as a loan to supplement retirement, pay for education or be given as a gift to the kids.

I never thought about an annuity in an IRA until we experienced two horrendous market crashes over the course of a single decade. After the terrible downturn, people were looking for guaranteed income ... and the insurance industry delivered.

Essentially, the quarantined income products that insurance companies created serve as a replacement for pension guarantees that are almost nonexistent today because of the income guarantee liability that employers no longer want to assume. Pensions have been replaced by defined contribution plans where people have their own accounts and are subject to the variability of the markets.

Qualified retirement plans like 401(k)s and IRAs are tax-deferred vehicles. The logic is you generally do not use a tax-deferred vehicle like a tax-deferred annuity inside another tax-deferred vehicle like an IRA. It is an unnecessary expense. Due to the need and desire of income guarantees only available through insurance products, tax-deferred annuities in an IRA are more common today.

Insurance products vary, so study all the fine print. I found a product that guaranteed doubling in 10 years with a guaranteed distribution of 5% a year for the balance of life, with a daily look at your account value to give you a step up if greater than the guarantee. Even with all my reluctance about annuities for my clients, I felt there was a sweet spot for

this income guarantee product for people between forty-five and sixty who did not have a lot of pension-like products, who were uncomfortable with market volatility and could live with the inflexibility of the guarantee distribution limitations.

All that being said about the limitations of annuities, the tax deferral that comes with annuities is worth looking into if you are tax sensitive and you need additional savings to supplement your retirement plan.

Sometimes It's Just a Matter of Motivation

Annuities can be a way for you to force saving for retirement. Early withdrawals are subject to an IRS 10% penalty tax and there are surrender charges often the first 7 to 10 years of owning the annuity. On the positive side, they can get you into the routine of putting a set amount into the annuity each month. Before you know it, you have a bunch of money accumulated and you'll sure be glad to have that extra money when you are ready to start taking distributions.

Tax-deferred annuities are sometimes good incentives for people to save. The routine of putting money away and not having easy access to taking the money out to spend is motivation that accumulates wealth. All the fancy tax techniques in the world aren't any good if you don't get around to implementing them. Otherwise you just take your money out at the first sign of a desire for the funds. Tax-deferred annuities are too restrictive to take distributions during the accumulation phase, at the first sign of wanting to take the money and spend it.

The middle years go by quickly; before you know it, you're sixty-six and moving into the Third Period. It can come earlier or later for you, but for me it was sixty-six. I pray I have a full, healthy, happy Third left.

FOUNDATION QUESTION

PLANS

What do you do to optimize your Health?
(Mind, Body, Spirit)



Chapter 11

Managing Your Resources: The Third Period

Remaining in the Middle Years May Be the Best Thing for You

Some people never get to the Third Period. Some of them don't live long enough, others like it the way it is in the middle years, and still others just can't afford to make the change. In these cases the middle years subtly elongate into "the rest of the story." It was this way for my dad. He went into the office until he died at eighty-six.

Family businesses often keep the owner involved for life. And why not stay involved with the next generation or two now doing the heavy lifting, leaving you to do rewarding SCG Planning Values Activities like Mentoring, Relating, Contributing, Transferring and maybe even what you consider Playing in the business, at a more leisurely pace?

If you love what you do, chances are you'll want to keep doing it into your Third Period. Continuing a passion-based career makes saving

money for retirement less of an issue since you won't be retiring. As you age into your seventies and eighties, Health becomes the focus. However, continuing to "work" may be healthy for you – I know it was for my dad. I know it was for some of my clients.

Continuing your passion from your Middle Years – or creating a new career you love during your Third Period – is Protirement, provided that you are free to produce and play as you please yourself and others. There is nothing wrong with that. In fact, it may be the best of all worlds.

Situations to Avoid: Getting Stuck Stinks

One of the toughest situations you want to avoid is hitting your retirement age fully prepared to stop working and not being able to retire. It's a tough pill to swallow. You'll want to avoid being in the position of not liking what you currently do for work and not knowing what you would do if you didn't have to work. Also, you'll want to avoid being financially or emotionally unprepared for a mandatory retirement.

If you are on track while you are young or during your middle years, you are probably going to be okay. If you aren't on track, start today. Your alternatives to financial independence and doing your passion work are: keep working, retire and obtain a part-time job, live on less than you would like, or live with/get help from family. All of these solutions are played out every day for many people in the Third Period. You decide what is okay with you.

Social Security

A little over 75 years ago we didn't have the help of Social Security. Social Security is an important contribution to most people during the Third Period, often representing a third or more of people's retirement income. It is not uncommon for a couple to receive \$40,000+ a year in Social

Security. To give you some perspective of how important Social Security is, consider this: With today's low interest rates, how much money would you need in bank CDs to safely provide you \$40,000 a year for 25 years? Answer: About \$700,000.

Unfortunately, the Social Security Administration didn't plan on making payments for everyone's final 25 years. With the current projections, the SSA will likely be broke before 2033. Social Security was designed for the mortality data of 1935 and has never been indexed to changing population data. In 1935, only about 50% of people who survived to twenty-one lived to age sixty-five. Now 75% of that age group is likely to survive to sixty-five.

A bigger issue may be that we are not mentally adjusting to longer lives. The general retirement age is still sixty-five even though people are living longer and longer. There was a picture of a baby on the cover of the May 2013 issue of National Geographic with the headline: *This Baby Will Live to 120*. Wow, if that's the case, without a change in retirement age mentality that baby will spend potentially half her life in retirement!

My dad expected to live to eighty-six because all but one of his brothers died at eighty-six. Howard, who was three years older than dad, lived to one hundred and three. My sense of it is every generation gets about 5 more years. I expect to live to ninety-one. If that's the case, I'll be in retirement for 25 years. That's probably why I feel so strongly about Protirement – I want it to be a long positive period when I do my passions and produce and play as I please.

Advocate Planning: Extra Support Going into the Third Period

The Third Period is usually a period with fewer obligations, more free time, more financial stability and many opportunities. There's no wonder why people are anxious to get there, even when they don't know what they'll do when they arrive. There are also those who are afraid to stop

working in jobs they are not passionate about, usually because they don't know what they'll do with their time. Another problematic group are those that want to retire but feel they aren't financially prepared to do so (even though they are).

Ongoing priorities planning with an advocate will help keep you on track, keep you doing your passions and keep you out of these undesirable situations. When you live your passion-driven life and have a routine of processing your present priorities to keep you balanced and aligned with your values, you will flow easily from the Middle Years to the Third Period.

Think about it: If you and your advocates know what is important to you about each of your 3 Resources and your SCG Planning Values Activities, and also know how your specific activities relate to your values and passions, you are definitely on the right track. You and your advocates know when you are in your element and when you are not. Your advocates know when to ask for a check-in to question, encourage, comfort, empathize with, challenge and congratulate you. This is a much bigger deal than even keeping you in a reasonable asset allocation for your situation.

Using the Present Priorities Wheel: Zeroing in on Your Next Best Action

As you and your advocates explore the specifics of your interest in the Planning Values Activities, you'll find that they give way to your unique priorities. By having an open mind as you talk specifically about how you Self-Realize, Connect and Give, you discover new ways that you can do even more SCG Planning Values Activities. You talk about your specific priorities knowing you are talking about your SCG Planning Values Activities and your available Resources. As you work through your priorities to decide what you do next, you should always have in mind the

Activities and the Resources as reflected on the Present Priorities Wheel. The Wheel helps you keep them in mind and summarizes which ones are most important *now* by indicating on the form the present importance as a number between 1, a low priority, and 5, the most important activity or resource to you at this time.

For example, I have two priorities that I rank as 5 that are related to Connecting and Self-Realizing: 1. To Explore the distribution of this book to promote the acceptance of its tenets, and 2. To Explore representation of my large photograph images. I don't know where this exploration will take me. I am confident, but both efforts are new endeavors. I am open and willing to take the risk for the benefit of Self-Realizing experiences by pursuing potential Learning, Serving and Mentoring activities in these two areas. Patty and I will talk about the specifics to accomplish these priorities. We won't use the terms *Self-Realizing* or *Connecting*, but that's what we're talking about. She knows my passion in these two areas and continually gives me encouragement and input. When she says she likes one of my images, I know she does. And when she doesn't, I usually take in the constructive criticism. I know she is speaking honestly. I don't always take her advice though, just like you won't with your advocates. But I always listen to it and try to understand it.

Cathy Gets It: An Example of Advocacy for Our SCG Planning Values Activities

My former associate Cathy is our formal advocate planner. She is aware of our passions and our Activities. When we talk with her about what is going on in our lives, our conversations usually touch on all of the SCG Planning Values Activities, even if we don't use those specific terms. She knows the cash flow it takes to support our SCG Planning Values Activities. And, she knows the appropriate asset mix that we need from our investments to support the cash flow we require. She knows because we take the responsibility to keep her informed about our priorities. You

have the responsibility to keep your advocates informed about what is most important to you so they can make informed recommendations to you.

Cathy understands our Connecting activity desires. She knows we want to Explore New England. She knows Patty likes history and I like to photograph at sunrise. She knows we like to be with family and that our children are our top priority. She understands my frustration with losing contact with former clients and my hope to re-establish contact with them in a new way. She knows some of our relatives and that we like to travel to Italy to spend time with my sister Elizabeth and brother-in-law John. She knows that Patty loves to read and do puzzles and that I like to be around water and golf every once in a while.

You get the point. She doesn't have to ask us how we Explore, Relate and Play because we're already talking about it as we tell her about our lives. We talk about our present Connecting activities. These kinds of conversations can lead to new, deeper Connecting activity questions like: *What are you doing to create some new communities in Burlington? Have you found a new church to replace Saint Joan of Arc – the Minneapolis church community that we loved so much?*

Cathy knows that enrichment and fulfillment come with SCG Planning Values Activities. Her knowledge of us and her advocacy for us secures our relationship. It also gives her the information she needs to advise us on all our personal financial planning needs. *Getting personal* is the most important element of the process. Advocacy is getting personal *and* nudging your priorities and actions to align with your strongest desires and ambitions.

It is our responsibility to keep Cathy informed, just as it is your responsibility to keep your advocates informed. That is one reason this book is addressed to you; the person being advocated for. You are responsible for your passion-driven life, regardless if you have advocates or self-

advocate. I want you to have the tools to inform your advisors so they can be your advocates. Tell them what you expect.

Cathy also understands the role that the Giving activities of Protecting, Contributing and Transferring play in our lives. Cathy knows that a high priority for Patty and me is to give each of our children \$24,000 a year. She also knows that with the unexpected costs of continuing school, a wedding, and funding-up a 529 plan, we have drifted well off course. Cathy also knows we put a course correction in place. We should be back on track in a year or so. She would not have known this without us taking the responsibility of keeping her informed. How can she help without being well informed about our Present Priorities?

Cathy can advocate for us to get our total spending in line so we don't outlive our assets while meeting our gifting priorities. We informed her of our present priority to put our own financial independence as a higher priority than giving financial gifts to our children. We also told her that we want to have assets remaining at the end of our lives to continue providing the equivalent of \$24,000 a year to Bridget and Michael for the rest of their lives. If we don't take the responsibility of informing Cathy about our changing Present Priorities, how can she make meaningful recommendation to us?

A question we need to consider relatively soon is *Should we change our Wills and Trusts to reduce or eliminate the 10% going to charity at the end of our lives to accommodate our higher priority of the gifts to our children?* We may not be able to do both. We figure this priority can change when they become financially independent or when they have more assets than we have. In the meantime, Patty and I want to keep an eye on it and Cathy knows that.

Unanticipated events happen. It is this exact reason that you need to stay on top of this stuff. Working a year or two less than planned can dramatically change your plans.

A year ago my plan was to work until seventy. For reasons already discussed, I retired from private practice at sixty-six. Our plans will necessarily have to change – especially since we are drawing on assets before we anticipated and are currently considerably above our spending plan. The impact is compounded when you consider we are discontinuing retirement contributions four years earlier than planned. Cathy knows this and will help us work through any related decisions.

When I was in private practice working with clients in their late fifties and sixties, I frequently illustrated the impact of retiring earlier than planned and later than planned. I was always amazed at the effect of working in your sixties. Those extra years make a huge difference. It makes sense when you consider that the planned end date (death assumption) remains fixed while you have the compounding effect of stopping your retirement contributions earlier and starting your draw on your saved assets earlier.

I am not complaining about the events that prompted my early retirement. Retiring early was a blessing in disguise, which is especially apparent in the greater amount of time I now enjoy with family, fine art photography and writing this book. We all live with some threat of change and a basic level of uncertainty about the future; that is what makes life so interesting. It's also what makes a good advocate and good planning so valuable.

The Healthcare Cost Concern: The Need to Plan for Contingencies

I have watched my clients' health care costs increase dramatically over the last fifteen years. It is troublesome. I know the Affordable Care Act is still early, but I can't make sense of how young, healthy, not-so-high-income working families can afford \$15,000 to \$20,000 a year for total healthcare costs. Now, I think it's great that low-income people will

receive subsidy for insurance coverage, I just don't know how middle-income people can afford the cost of the required coverage.

Some think that their employer can easily absorb extra healthcare costs, but the result will eventually be higher prices. Employers pass on costs to customers and/or employees. I have watched employer health costs increase over the last number of years, and the result is watered-down coverage and increased co-pays to employees.

The cost will always end up with the individual no matter who pays, be it the government, the insurance company or the employer. Required government redistribution of wealth provisions will make it less expensive for some and more expensive for others.

No one has solved the health cost creep problem and, accordingly, it makes sense to factor that contingency into your planning. A way to do that is plan for your present healthcare costs rising at a rate above general inflation, say at about 6% a year, which is probably close to what we have been experiencing for a very long time (actually 5.48% according to one source).

Finding Your Passion: There's No Better Time than the Present

Finding passions is not limited to the youth. It may very well be that before the Third Period you didn't have the time or money to pursue things that you would love to do. The Third Period may provide you an opportunity to do a few new or additional things on your list before the end of the game.

At my retirement party, my clients and associates threw out a few hobby ideas for me to try out:

Writing romance novels, skydiving, writing about financial advice (*which is like a romance novel to me*), go-kart racing, ice fishing, horseback riding, deep sea

diving, gardening, knitting, balloon animal sculpting (*that does look like fun*), rock collecting, walking in the woods, biking across the country, golfing, cruising the seas, strip teasing (*at least for Patty*), marathon running, babysitting, juggling, cost accounting, business mentoring, running, drinking, chasing Patty (*nothing new*), movies, bird-watching, photography (*it had to come up with all those pictures on the wall*), playing guitar and singing '60s and '70s music, wine tasting expert (*I can try*), Zumba (*is that a dance?*), dancing (*I always wanted to be Fred Astaire*), visiting friends, big game hunting, hot air ballooning, milking cows, Frisbee and a few others.

I could usually connect the suggestion to the contributor; it was their passion ... or their sense of absurdity. Skydiving was mentioned a half dozen times. Sorry folks, not even in my nightmares. It was a fun exercise and I am glad they did it. You never know when an idea will hit home. A lot of the ideas were actually not that far-fetched. The other day, *learning how to paint with watercolors* came to mind while watching my granddaughter Avi do a watercolor of a photo. I can see taking a photograph I like and painting it in watercolors. I am sure the process would teach me more about color and design. It sounds like fun ... if only I had time right now. Maybe after the book. It is all about priorities, you know.

The Big Fear: Outliving Your Money

If you have been priority planning with a good advocate planner all along and you are living your passions, you will likely minimize the biggest fear all retirees face: outliving your assets, or, more simply put, running out of money. I think most people fear this more than death itself.

If you run out of money late in the game, what do you do? Honestly, your

options are limited. You probably can't go back to your former job. Your age and health are going to limit the opportunities as well. Besides, you'll have likely gotten used to retirement by this point.

You don't want to depend on relatives either, though it is surprising how many people are assisting a surviving parent or planning for it somewhere along the way. It's reassuring that children are willing to return the favors their parents bestowed on them earlier in life. It is wonderful that family members can be there for each other in times of need. The display of love through family caring is a life lesson not just for the immediate family, but the broader society, to witness and understand. We are all part of one big extended family.

You will reduce the chance of running out to money – or at least reduce the chance of being surprised when it happens – by monitoring your financial independence situation frequently. While in private practice, I looked at financial independence projections at every meeting, which meant quarterly.

Health: Your Most Important Resource in the Third Period

The reality is we do age. Our biggest challenge during the Third Period is mitigating the negative aspects of the natural process of aging. There are a zillion books on how to stay young and none that I have read refute the benefits of doing what you love to do, having financial independence, getting plenty of exercise and having a balanced diet. Outside of this, what more *can* you do?

Don't stress it, man. As Patty says, "Stress kills." But if you are stressed, how do you reduce it? A certain amount of stress is productive at work. Too much stress is clearly harmful. It takes a concerted effort to reduce stress. It may take a job change or a downsize on your home or a more rigorous exercise regimen. It might mean one less vacation or one more vacation. It could even take a doctor visit and a prescription.

Knowing we have too much stress is half the battle in solving the issue. Not liking what you do will likely cause some stress. Doing your passions is likely to reduce stress. A good advocate is particularly helpful in the stress management department.

If you retire at sixty-five, the mortality tables say that you will live for another 20 years if you are female and a few years less if you are male. When you think about it, that's not so many years. Living these years in the best possible health is important if you want to do your passions – and doing your passions in these years will help you achieve it. My brother and sister-in-law want to instruct snow skiers in the Rockies in their eighties and nineties. They need to stay in shape to be able to do that. I want to photograph in nature in my eighties and nineties, but I need to be in shape to do it.

So the government mortality tables say I won't get to my nineties – maybe eighty-five if I'm lucky. But if you are like me, you're pretty sure you will beat the odds. The Third Period is no time to let grass grow under your feet. When it comes to doing your passions, deferral is never the best option.

I read *The Blue Zones* by Dan Buettner and believe that I too can live to 100+, even though I don't live in one of the regions that Buettner concluded experienced unusual longevity. According to Buettner, these hundred-plus-year-olds practice the following:

1. Keep moving – get exercise *your* natural way
2. Hara Hachi Bu – eat until you are 80% full and stop
3. Limit meat intake and no processed foods; eat plenty of fruits and vegetables
4. Drink a glass of red wine with dinner
5. Have a strong sense of your purpose (this is like you Self-

Realizing, Connecting and Giving)

6. Take time to relieve stress
7. Participate in a spiritual community
8. Make family a top priority
9. Surround yourself with others that share the same values

The Blue Zones is a good read and I highly recommend it. It will help you hone your Health and Time resources!

Understanding Your Financial Independence Picture

I'm sure you've heard *spend your last dollar as you take your last breath* before. That's good planning – all the more reason to really understand your financial independence picture.

Some people have additional priorities, like the desire to leave money for their children and for charity. Over my years of practice, I found that people are less likely to give to their children and charity while they were alive if they did not feel completely comfortable with their own financial independence. The list of priorities was: comfort with cushion in financial independence first, then children to extent of the annual exclusion (currently \$28,000 per person), then charity.

A safe withdrawal rate from assets during retirement is frequently expressed as 4% of investable assets. If you are eighty-five, does this mean you can't take more than 4% of investable assets and feel safe? No. At eighty-five you may only have a few more years to fund!

Most frequently, safe rate illustrations are expressed as 4% at the beginning of retirement and adjusted each year for inflation. For example, if you had \$1,000,000 of investable assets at retirement, the first year you would withdraw \$40,000. The second year you would adjust your with-

drawal for inflation. Let's say inflation is 3%. Accordingly, your second year withdrawal would be 4% times 1.03, or 4.12%. If your investable assets grew to \$1,100,000, my interpretation is you would be safe taking \$45,320 (4.12% of \$1,100,000).

I prefer to stay involved with all the details of a unique financial independence projection rather than focus on a withdrawal rate. If I had to generalize, I would express the rate as 4% at age sixty and adjust the percentage rate with age. In other words, at seventy, the safe withdrawal rate would be 5.4% (4% compounded by 3% inflation each year for 10 years). At eighty, the rate would be 7.2%. These sample results illustrate that as you age, there are fewer years left to spread your remaining assets.

Yes, it's always risky to use the general rule. In the example above, what relevance does the safe rate percentage at age eighty have when you find yourself nearing the end of life and you have either \$100,000 of investable assets or you have \$10,000,000 of investable assets? The amount at this juncture is more important than the percentage.

I have seen people purchase their biggest and most expensive house (or second house) when they retire – it may be the dream place they have always wanted, or the weekend gathering place for the family, or a winter retreat. Some folks feel that once obligations are gone and funds are ample, they are free to splurge on themselves. Some like to nest and be around family and some like to get away and travel the world. The priority is to do what *you* love to do.

A rule I created for personal assets versus total assets during the Third Period is 20% on the low side to 40% on the high side. I didn't talk about it much. I used it when I reviewed balance sheets while checking financial independence. If a client had, say, 15% in personal assets, I would question if they were holding back on personal expenditures. Or, if the client had over 40% in personal assets, I addressed the potential need for accessing those assets down the road. The rule helped me question situ-

ations and probe needs.

Asset Allocation: A Little More Tricky in the Third Period

It is during the Third Period that assets that seem to have been accumulating forever are now going to finally be accessed. Since you will now be taking cash from your assets, the asset allocation during the Third Period gets a little trickier. It's tricky because you need more stability since you will be withdrawing money to support your lifestyle.

If you don't need to take distributions until required (at least with your qualified retirement money) at age 70 and a half, great. However, 70 and a half may not be very deep into your Third Period. Income taxes and planning for estate taxes will complicate the situation further. To minimize your income taxes, you want to balance your distributions between taxable distributions (like 401(k)s and IRAs) and less taxable capital gains with non-taxable return of principal assets. You do not want to find yourself in a real low rate one year and a real high rate the next year – you would likely be better off leveling your tax rate across the years.

I had a number of clients with multiple homes and good lifestyles dealing largely with the 15% federal tax rate. They may also have saved on state taxes by changing their permanent residence to a tax-free state; spending their winters in Florida or Texas and less than six months a year in their highly taxed previous home state. But it is generally unwise to change your residency just to save taxes!

The potential of estate taxes and the desire to gift “extra” assets to your children and favorite charities beyond your financial independence needs while you are living may also require special asset allocation thinking.

It's easy to justify putting your money in stocks and real estate when you are 20 years away from accessing your investments. For many logi-

cal reasons, they will have likely outperformed during long periods. It is much more likely to get reasonable stock returns over any 20-year period than any 1-year period because of short-term volatility.

I will address *Investing Without Emotion* in more detail in a later chapter, but it is important to take a minute now to talk a bit about appropriate asset allocation while addressing managing resources during the Third Period. It is important.

Here you are in the Third Period and you are now using the money you worked so hard to put away during your working years. You do not want to sell assets when they are low only to see them much higher shortly after you sold them. It will tick you off even though you know you have no control over the short-term variability of markets.

When you are going to take money from your investments in the near term, you want stability of asset values. If you are financially independent and assuming a low rate of return on your investments (say 5% or 6% including dividends and before tax), you will likely be more interested in preservation of your assets anyway, which will give you more stability and predictability.

If you have much more money than you need for financial independence, your objectives can go anywhere: preservation, growth, spending, gifts, you name it. I call it *free to do what you want*. If you fall short of your financial independence priority while in the Third Period, you may find yourself in a Catch 22: the fear of loss says you can't afford to take too much risk with growth investments, but if you want to meet your priority, you can't afford to not take the risk. You should do everything you can to avoid this Catch 22. When faced with this bind, I always lean toward preservation while looking for the solution with something like leveling spending rather than increasing spending with inflation.

Asset allocation decisions are always important and never so important as while you are taking distributions. If your professional advocate really

knows you and your situation, they will be invaluable in assisting you in asset allocation decisions during the Third Period.

One of my asset allocation “rules” is *money that is needed from investments over the next 5 years should be in stable assets*. This would include cash and cash equivalents, short-term managed bond funds, bonds maturing within 5 years and quality loans accessible from your own business or other known parties. You would include in the calculation expected dividends, but not the assets that the dividends are derived from. Don't tie up your money in volatile assets if you are going to need that money in 5 years or less.

The allocation for assets that will be used between 5 and 15 years from now will depend on you and your situation. That is not a long time. There are a lot of possibilities in such a short time. Look at what happened to stocks between 2000 through 2003 and again in 2008 and the beginning of 2009. They lost over half their value, twice. These were treacherous times, hopefully not to be repeated soon. Even though we don't get the big drops we saw in the '00s without an accompanying crisis, 10% corrections happen frequently. Also look at the late '90s, when people expected a 20% return every year since that's what they experienced for a number of consecutive years throughout the decade.

This middle period of 5 to 15 years before you need the assets varies for how you mix the assets from one client to the next, more than the need for the very short stable period of less than 5 years and the very long, more predictable period that extends beyond 15 years.

In the 5-to-15-year time frame, I look to your need first and then to your risk tolerance for this potentially volatile short period. I look at the situation opposite of what you might think: high need for cash during this period means harder-to-take risk and low need means easier-to-take risk. If your tolerance is such that you are going to sell (*eh-hem, panic*) when the market corrects 10% to 15% or you have to sell soon because

you need the money and can't stomach the thought of such a loss, then you want more stable assets for this intermediate period.

I define long term for investing as *not accessing any part of the investment (other than interest and dividends) for 15 years or more*. I may extend this to 20 years for low-risk-tolerant clients. With a *sky-is-falling* type of person, nothing is long term. These folks just deal with another set of risks – inflation, interest rate and low return expectations.

Let's say you need \$50,000 a year from your investments, which is over and above interest and dividends. Furthermore, let's assume you have \$1,000,000 of investable assets. A simple view says 5 very stable years equals \$250,000, the next 10 years vary, depending on you as explained above (let's say you decide half stable, which is \$250,000), and everything over 15 years in a diversified portfolio of stocks, real estate and a bit of commodities. Simple math results in 50% in stocks, real estate and commodities and 50% in stable assets.

In this example, if you include anything other than very short term bonds or cash equivalents in your stable element, you may want to further reduce your allocation of stocks while including such things as high yield bonds and intermediate term bonds.

Bonds have volatility, although generally much less than stocks. I have always believed that bonds are more complicated to manage than stocks. If you are investing in anything beyond cash for the stable element, I suggest you invest in managed bond funds with a well-defined objective that you can live with that also gives the manager the ability to respond to market conditions.

Is the example above reasonable and typical? I think it is for the most part – although a 5% withdrawal rate after interest and dividends may be a little high (unless you are seventy or older). Your actual allocation during your distribution period will not be so simple. The cash distributions make the Third Period the most difficult time for determining

an appropriate allocation, especially due to the additional risk resulting from no longer accumulating investments from earnings.

It is impossible to determine what the results of the hypothetical portfolio mentioned above will be. I can tell you that since 1926, a portfolio of 50% S&P Index, 49% U.S. Intermediate Term government bonds and 1% U.S. 30-day Treasury bills averaged 8.64% per year. Pretty darn healthy. Considering the present market sentiment and low interest rates, it is hard for me to project using such high averages for the 50/50 allocation, even with the 80+ year history.

Projections: Never Accurate, But Indicative and Valuable for Planning

I will leave any deeper analysis of your asset allocation to you and your professional advocate. Asset allocation is both a science and an art. In the example in the previous section each asset class would be used, including large stocks and small stocks, domestic, international and emerging market stocks, growth stocks and value stocks, a bunch of different types of bonds, and even alternative investments. The actual asset allocation information would be input into computer software using available historical results to project a reasonable expected return to assist in the planning.

The results will not be accurate. Therefore, what is called "Monte Carlo" simulations is applied to project probability of success. The process typically draws on 1,000 random possibilities. In other words, you don't know the order of returns, meaning when you will have a loss year or when you will have a gain year, and to what extent. The order of returns does make a difference. It is much better to have a bunch of great years early in retirement versus having them much later with early losses!

The art in the professional recommendation comes into play when the advocate planner knows you well, has sophisticated software to interpret

the situation and has good monitoring of both you and the elements of your portfolio so refinements can be made to match your lifestyle. A good professional advocate and the asset allocation they fit to you will be more valuable to you than the investment manager who chooses which stocks to buy or sell. The appropriate asset allocation is paramount. The security selection is secondary. Yes, projections will never be accurate and that is the reason you want to have a continuing monitoring and projecting process while working with the ever-changing variables.

FOUNDATION QUESTION

PLANS

Do you have a Planning Policy?



Chapter 12

Advocate Planner,
Investment Advisor or Do it Yourself?

Words Are Just Words: Look for Matching Actions

The personal financial planning world has evolved quite a bit since I became a certified financial planner in 1982. Although many still shy away from the word *comprehensive* for semantic and liability reasons, financial planning is becoming more and more comprehensive every day.

I understand the problem: How can you be *more* comprehensive? Either you are comprehensive or you are not. Rather than comprehensive, think of an advocate planner relationship as *holistic*. Well, we can talk about what that means, too. This book, when taken in its entirety, should paint you a clear picture.

You will get your first sense of *holistic* planning services from your engagement letter. Like all good service arrangements, you should expect

an engagement letter from your advocate planner that spells out the extent of the service, meaning what's included and what's not. It should also include a glossary of terms so you don't get misled by promotional language. An advocate will try to protect your every interest from the get-go. Watch for investment advisors who talk about investments and performance but little else, especially if they are still charging the same fees as an advocate planner.

Know Thyself: Getting Personal or Personally Getting it Done

Take a moment to think about what you really want from your financial advisors and advocates. If investment access and performance are your only concerns, go directly to a money management firm or investment company. These are generally companies that are in the product sales and investment management business. They will help you save money while getting what you want. However, you will not get much help with determining an appropriate asset mix. The company may also have many products to choose from, making deciding which product to buy difficult. Some examples of money managers include Vanguard, Fidelity, E-Trade and individual money managers (minimums will apply).

There are also investment advisors who will help you with your investment decisions, only charging you for investment advice. These investment advisors may also assist you with determining an asset allocation. Generally, their fees should be about half that of an advocate planner. They may also charge a fee for security selection, which is akin to the management fee in an actively managed mutual fund. In these situations, make sure you don't double up on fees if the advisor is using mutual funds.

Advisors who pick individual securities have a tough job and earn additional management fees for their efforts. They also tend to live and die by performance. This is really an entirely different industry than financial

planning, but unfortunately, the lines between them are often blurred. Buyers beware. Know what you are getting for the cost you are paying.

Personally, I wouldn't give asset allocation advice without confirming your situation. When the advisor is only involved in investment advice, they really have to rely on you for the crucial information of what you need in cash flow, your risk tolerance and your life situation. The planner, on the other hand, understands you and advocates for you, confirming the facts while affirming your emotions. It's like the difference between ordering off a menu at a restaurant and consulting a nutritional specialist to determine what is best for you to eat.

My Approach: Advocate Professional Planning while Understanding Unique Needs

I've learned that deeper discussions lead to deeper understanding, and deeper understanding pushes better solutions to the surface. I've also learned that investments are only one part of one Resource. This knowledge has led me to ask a whole slew of questions:

- What about the propriety of the amount you are investing?
- Why are you investing?
- How does your investing project to meet your priorities?
- Are you reassessing the order of your priorities as you go?
- Would it help to have a sounding board to work out your investment decisions as they relate to your present priorities and future plans?
- When you look at your current spending plan (and future plans), does your investment program make sense?
- Does your spending match up with your passions and

priorities?

- Do your investments support your Planning Values Activities today and in the future?

Take another look at the 50 Questions. Know the answers before investing.

The difference between an investment advisor and an advocate planner is that the advocate planner goes much deeper than money. Your history, dreams, values, passions, plans and priorities are not really the concerns of investment advisors. Advisors are unlikely to address risk management, tax planning or financial independence and they'll have little or no involvement with your family transfers, business succession plan or family struggles.

As you know, Patty and I use Cathy at AIS Planning as our advocate CFP®. I have included our Planning Policy Statement, at the end of this chapter, as an example to illustrate my personal long-form answer to this chapter's lead-in question, *“Do you have a Planning Policy?”*

Experience, Expertise, Attention

How you handle your investing and planning is a matter of meeting your needs and desires. An advocate planner, a broker or investment advisor, or going direct to an investment company are all worthwhile options depending on what you want out of the process. If you don't want to get too personal, use an investment advisor. If you don't need any asset allocation help, go direct to an investment company.

Financial and investment planning value comes from one or more of the following: experience, expertise and attention. You may not need a planner if you have the experience and expertise – and time and interest. If that's the case, you can do the investing and planning on your own. However, it's more likely that a Certified Financial Planner (CFP®) will

have more of at least one of the three value adders than you do.

You still may feel the cost of a CFP® will not lead to equal or greater value to you in the end. In that case, do it yourself. Before you do though, I strongly recommend that you identify a CFP® firm that could truly become your advocate – just in case you need them down the road.

I can understand wanting to do your own investing – it's fun and some people manage just fine on their own. Unfortunately, doing your financial planning on your own is often like giving yourself a haircut. You can do it, but it is not going to be as good as having a professional involved. It might be downright disastrous. Most of us simply don't have the experience, expertise and attention to do it better than the professionals.

Experience is having been there. Experience is knowing that a solution will work because it has worked in similar situations. Experience is drawing on past failures to know what won't work and how to prevent future failures. Experience is having been around the block a time or two to have answers to your questions on the spot.

Expertise is having the tools to do the research to guide smart decisions and calculations to support your decisions. Expertise comes with credentials. The CFP® certification is testimony to having obtained a level of expertise to do financial planning. The CFP® standards require ongoing continuing education to maintain necessary expertise. I have always felt that continuing professional education is not only great, it's necessary. Self-study and self-research, with the myriad of professional guidance easily accessible, makes the difference that brings the professional to be the “most expert.” This results from an attitude, a curiosity or a passion for professional knowledge to better Serve, Mentor, Relate and Contribute.

You can obtain expertise to plan on your own if you like. You may have the time and ability to do your own research. I know there are decent projection tools readily available to the public that will be helpful in

achieving a better understanding of the track you are currently on. Proceed with caution where these are concerned – know the impact and importance of each variable involved. It is easy to be misled while interpreting results. A slight change in some variables can make a big difference over the long term. Knowing all the variables and their range of impact is part of understanding your financial independence. Periodically monitoring results is imperative.

If you are going to project your own financial independence, please read Chapter 13 (Your Financial Independence Number) before you decide. It will be helpful in determining where your interests, needs and desires are after you see all that is involved in understanding your path to financial independence.

It is possible that projecting your financial independence won't make any difference in your planning. You may say, *I am clearly financially independent, so why calculate it? I am not going to do anything with the excess now anyway.* Or maybe you are clearly not on track and need to deal with some basics – like school loans, a better job, a marriage, a house, childcare – before you get down to projecting. In other words, your priority is so low you don't have any interest *now*. Don't pay for something you don't need or you are not ready to pay attention to in the *present*.

When doing your planning, it is valuable to assess your assets, liabilities and net worth as they are today and as they project to different time periods in the future while keeping in mind the course you are currently on with savings, investing and spending. This is necessary to making adjustments with good knowledge, rather than by the seat of your pants.

If you are living paycheck to paycheck and your assets and liabilities are not budging much, the financial data gained from a projection will not be of much value to you. But this doesn't mean you can't get some help in creating some net worth, aligning your priorities or making whatever changes are best for you in the present. In that case, taking a look at your

current balances may help prompt some positive action.

Experience is helpful in the application of expertise. *What tools (expertise) have we used in the past in this situation or that situation? What analytical tools are available? What data on such and such subject matter is available?*

Considering all the areas involved with financial planning, a CFP® needs a vast amount of knowledge: investments, cash flow, accounting, risk management, taxes, wills and trusts, behavior science, retirement plan provisions, communications, industry standards and ethics and more. The financial planner is a generalist in these areas and an expert in one area –you.

That brings me to the third value proposition: Attention. Attention means you have the time and interest to do your own investing, planning, or whatever it is that you are relating to when talking about getting help from someone else or doing it yourself. You may have a passion for investing and planning and you have the time to do it. The priority may be so high that you are a professional with one client: your family. I know people like this.

Discovering your passions and sorting your priorities is a process that necessarily requires time and attention. You may very well be able to do this for yourself and do it even better with the help of a personal advocate. Alternately, you may prefer a professional advocate that can connect the dots between your priorities and solutions to best implement your decisions. You may prefer, though, to use the applicable “implementer” (agent, banker, broker, investment advisor, lawyer, accountant) to help you implement your ideas.

Choosing your course of action is a matter of how you perceive the value of the attention given, the importance of experience and the expertise that comes from knowledge and the tools and techniques that the provider uses to assist you.

Advocacy: A Basic Human Need

The need for advocacy is similar to the need to belong, or the need to be loved. It is basic, productive, and feels good. A major objective of this book is to encourage you to select advocates that will help you live a passion-driven life. I use the plural *advocates* because I know both professional planning advocates and significant others make wonderful advocates. I know I have experienced that with Patty. Children can be your advocates. All your professionals – CFP®, CPA, attorney, banker, insurance agent – are potential professional advocates.

Of your professionals, your CFP® is positioned to be your best advocate because they will have the greatest need to know you, they will see you most frequently and they will ask the most personal questions. The CFP® is the natural leader of your professional advocates – the quarterback. Each professional will want to run with the ball. It is up to you to coach the professionals and designate your quarterback.

You may not need the full slate of professionals and you may not need to coach your chosen group, but you will need to know what to expect from an advocate planner when it comes time to hire one. Demand that your planner be an advocate for you first and above all; not themselves, nor any biased products, or any conflicting ideals they may uphold. It is your responsibility and right to tell your planner what it is they should “push” for you.

The other night I heard Bill O’Reilly talk about an advocate preacher. He seemed to use the word *advocate* to mean *push their own agenda*. That is not the advocacy I am talking about. I am talking about a person who pushes *your* agenda. In order to do that, they need to know you almost as well as you know yourself; as well as your spouse knows you and/or your children know you.

If you have a planner, demand that they know you like you know yourself so you can really talk about solutions. Better yet, expect your planner

to help you know yourself better. This is the best way to ensure that your efforts allow you to do more of what you love to do and that you prioritize your SCG Planning Values Activities to ensure your success through the realization of *your* unique good.

Even if you don’t address all the areas specifically right out of the gate, you and your advocate planner will cover them all in time with an overt, deliberate process. Meeting frequently in itself is not enough. A process is necessary, like The Advocate Planning Model process that applies a system addressing all areas and angles as described in this book. You would think that meeting frequently and having open conversations that you allow to drift to any topic would be enough. Not so, Mr. Well-intentioned! What important areas have you never talked about? What important areas have your advocates never talked about? There is too much to cover without a guide, without a system and without an advocate to help you get the most out of your life.

What’s Missing from this Planning Scenario?

I believe a lot of professional planning relationships go like this:

Hi! What do you expect to get from this relationship? Tell me a little about yourself and any previous professional planning relationships. Why did you leave your previous advisor(s)? What are your plans and objectives? What do you want to do now and what do you want to do later? What is pressing on your mind right now?

Let me tell you about our firm and how we operate. Here is some information about us, which will be a good summary of this meeting. It addresses how we operate and how we get paid. The packet includes our form ADV, which is a description of our company and our services as registered with the Securities Exchange Commission

(SEC) and a list of information we'll need from you before we make any recommendations. Our engagement letter is included in the packet. Be sure to review it (again) before our next meeting. I will answer any questions that you have. We will need to have the engagement letter signed before we invest more time.

Basically, you will provide me with all your financial and demographic data so I can make some projections for you. Provide me all your investment statements so I can analyze your current asset allocation. We will also need copies of your tax returns for the last three years, all your insurance policies, and your wills and trusts. Oh, and make sure you give me an in-the-ballpark idea of your current spending and what you think you'll spend during retirement. Don't worry about inflation. We'll take care of that in our projections.

At the next meeting we will answer all your questions. If you get us the signed engagement letter and all the data on the list before the next meeting, we can use the next meeting to review your projections and current asset allocation. We will discuss alternatives to your present asset allocation, which will take into consideration your risk tolerance and your objectives. We will make observations and recommendations on your risk management situation and anything else that we see while reviewing your tax returns, wills and trusts, and insurance policies.

Don't worry, we won't try to tackle everything at one meeting. Once we get your assets under management, we will meet periodically and have plenty of time to implement everything that we feel will get you on a course you feel good about. You will get quarterly updates on your in-

vestments, including performance reports and our market commentary. You can call us anytime and we will have client events periodically to keep you informed about new ideas and what's going on in the market.

Our fees will be extracted from your investments. That way it is convenient for everyone. Please understand though, part of the fee is for planning. Your fee, as a percentage, will be indicated on the monthly statement, the month before it is taken out. How much will you pay on an annual basis? Based on our arrangement, about \$10,000. Of course, the higher the balance of your assets, the higher the fee. But that's a good thing, right?

So, are you good with going forward? Sure, as long as you get me 20% a year on investments? Ha! Ha! Just kidding.

While this example is oversimplified, I am sure many clients and planners can relate to it. And though a valuable service can come from such a relationship, an advocacy relationship probably won't.

Why is the example most likely not the beginning of an advocacy relationship? Here one would suspect a lot of exchange of information, but mostly of the financial kind. We assume that the planner has the client's best interest in mind, the process seems reasonable and seems to meet CFP® standards. The big red flags are that the planner is asking what the client wants rather than understanding and verifying who the client is. Also, it is focusing a bit too much on investments and speeding the process as much as possible. If the person in this example was trying to be an advocate planner, they missed the point.

The Missing Ingredient: Advocacy

Now I'm going to show you how an advocate conversation would differ

from the previous example. Remember what the last example was lacking.

It was nice to be introduced to you today. When you understand our process and very personal advocacy approach, and sign our arrangement letter, we will get started. We'll begin by getting to know you and your family. This may take a while. We don't expect to really know you with just a couple meetings, but it will be a start.

We want to understand you and your history. Is it okay if we record these first few meetings? We would like to focus on listening to you rather than scribbling notes the whole time. It is likely we won't revisit the topics discussed in these first meetings very frequently – maybe every few years, or when you go through some life changes – but it's good to have a record in case we want to revisit them.

We would like to have the discussions recorded for your and your family's benefit, and also for us to listen to in order to strengthen our understanding of you and your family.

During these meetings we will talk about how it was for you growing up. We'd like to hear about your parents, grandparents, brothers and sisters. We'd like to understand the values you grew up with. We expect to understand why you think the way you do about money, savings, investing, debt and spending. We'd like to hear about what you were passionate about when you were young. We would also like to hear about your dreams and stresses while you were growing up.

In addition to talking about your history, we will talk about your values that we didn't pick up on during the

discussion about your history. We want to hear about your values, passions and priorities as they stand today.

We will then go through an exercise to check the alignment of your values, passions and priorities. Similar to the alignment with your car, we are concerned about unusual wear and tear. The goal of the exercise – and arguably the biggest benefit of planning – is aligning your priorities with your passions and what is most important to you today. Of course, priorities are no good unless you act on them. My belief is that top priorities always get done and low priorities rarely get done.

Once we know your priorities and have an understanding of your present resources of Time, Health and Wealth, we will discuss solutions to refine your course of action so you can live the life you want presently and feel comfortable that you will be where you want to be in the future. The present and the future are connected. The more comfortable you are about your course for the future, the more free you will feel about the present.

Priorities change constantly – especially if you are getting things done and growing in your passions. We will visit your present priorities quarterly. You may just want to touch base on your planning activities because your course is clear and you are in the middle doing plenty already; or you may want to dig deep into new planning value activities and realign your priorities. I'll describe what I mean with planning value activities in a moment. But first, an analogy:

You are driving the bus. It's best if we both know where you want to go. My job is to be your GPS.

If you don't ever use a GPS, our service might not be the best fit for you. I can tell you though, if you are open to look at some new adventures in new and exciting places, a GPS will come in handy.

I don't want to steer you wrong. Being your GPS is not a perfect analogy. As an advocate planner, I will make sure we stop at places you might not have considered or even want to go, because I know it is important to cover the territory. We might not stay there long, but I'll need to bring it to your attention to ensure we get to where we need to go.

For instance, I will strongly encourage you to meet with us quarterly, even if you think there is nothing to talk about. I will create a routine of assessing your present priorities at each meeting to talk about the status of established priorities and take your temperature regarding adjusting priorities going forward.

Our guiding purpose is Questioning, Listening and Acting to Enrich your Life. We act as your advocate – we will ask powerful questions and listen to you intently, through a filter of Planning Values. These Planning Values are Self-Realizing, Connecting and Giving, or SCG for short. SCG are values that lead to living a passion-driven life. Each of these values has three respective Planning Values Activities:

For S there's Learning, Serving and Mentoring (LSM)

For C there's Exploring, Relating and Playing (ERP)

For G there's Protecting, Contributing and Transferring (PCT)

These – along with your 3 Resources of Health, Wealth and Time, which are needed to do your activities – will be top of mind as we talk about your priorities and suggest actions for you to consider and apply toward your priorities. You don't have to memorize the Planning Values Activities, they will eventually become second nature to you as we talk about your present priorities at each meeting.

Most everything you do – or will want to do – will be covered by those activities. Our purpose in using this process is to advocate for you to live the life you desire by suggesting activities – and more specifically, priorities – that are congruent with your values and passions on a timely and balanced basis. The process helps us account for alignment of your priorities with your values; that we have covered everything and that you consider the balance in your life. It provides us the details of what we advocate for in your specific situation.

At every meeting (though there may be an exception now and then) we will update your financial data and review your projections to see if you are on course or need a little rerouting. Our objective is to have daily updates on as much as possible using our excellent planning software – ideally all your assets and liabilities so you don't have to take your time and energy updating us. We will not only have the information in hand when you come to the meeting, you and I have access to the information 24/7. The beauty of technology! Can you believe it?

Are you ready to move forward? Sure – how should we prepare for the history discussion? I'll give you an outline of questions that we will ask. Don't worry though; we'll just go with the flow. Everybody is unique. The questions

are meant just to get the conversation going.

You can see the difference, can't you? A real advocate wants to see the whole picture so they can work in your best interest in every way. Unfortunately, there is no directory of CFP®s who operate as advocate planners. There are many CFP®s that are great advocates for their clients. This book is intended to arm you with sufficient information to first advocate for yourself, and secondly, know what to expect from your other advocates.

It is your responsibility to reveal enough information to your potential advocate so they can go to bat for you. After perusing the advocate line of thinking, you will quickly know if you have a right fit for you. They do not necessarily have to be using my methodology, but they should understand why it is important to know your history, dreams, values, passions and plans to better get you to your best next actions. They also should be interested in getting “personal” with you and care about you doing what you love to do.

I think they should have a deliberate system to bring out the best in you. I suggest using the 3 Planning Values and 9 Planning Values Activities to bring out the best in you. Other advocates will use different approaches. Look for a deliberate process that makes it easy and effective; a process that becomes second nature to you and feels right.

Your Personal Advocate May be Your Best Advocate

I am so fortunate I have Patty in my life. I've said it once and I'll say it again, she has been a great advocate for me. Looking back on it, her insight and support for me is unbelievable. I wouldn't have been able to make some of the positive moves I did without her help.

Your best advocate may be your spouse, your significant other, or even your brother, sister, mother, father or another close relative or friend.

They may not have the technical answers of a professional, but they can be invaluable in helping you with your priorities. Having a good personal advocate may lessen the need for you to have a professional advocate planner and, consequently, you may decide to do your own planning and use a broker or investment advisor for your investments. Having a good personal advocate heightens your awareness of the importance of having your professionals leveraging their expertise and making recommendations with *your* priorities in mind.

Many People Will Never Have a Professional Advocate Planner ... and That's Okay

Many people will never have a professional advocate planner. The reasons are as diverse as the people out there. Some don't see the need, some don't have the need. But I strongly believe that a personal advocate is someone we all should have the good fortune to experience.

I believe the minimum time for a CFP® to do planning with an advocacy perspective is about 20 hours a year plus an additional 10 hours the first year to establish a reasonable foundation. An involved relationship may quadruple the time. It is not unreasonable to expect the advocate CFP® to require a \$5,000 minimum fee. Advocate CFP®s that only work with involved situations may have a \$10,000, or even a \$15,000 annual minimum fee. Fees of this size are prohibitive to many people. The alternative is to do it yourself or use a more limited service from an investment advisor or a planner who does not take an advocacy approach.

For those who cannot afford an advocate CFP®, there are still good planners and advisors out there who will do a good job of finding suitable solutions for you based on what you tell them. They may meet with you once or twice a year. They may have no stated minimums, but often expect a couple thousand dollars of revenue from you a year for projecting your financial data and acting as your investment advisor. Sometimes expect-

tations are stated as a minimum amount of assets under management (often \$250,000 or more). With a lesser amount to invest they will likely recommend a brokered commission product like a mutual fund and will provide little – if any – follow-up planning and investment advice. They may even direct you to an investment company like Vanguard or Fidelity or refer you to a broker.

As a practicing CPA, I recognized early on that many people only save for their retirement in their retirement plans while using any other excess funds for shorter term priorities, such as an emergency fund, Christmas fund, down payments for houses, cars and boats, the next vacation, to start a business, hunting land and other hobby expenses.

Planning your priorities and living with passion applies to everyone. Having personal advocates is valuable to everyone. But having a professional advocate planner is often not necessary, as in the case in which all your long-term assets are in your company retirement plan.

Company retirement plans – often with employer matches – are now commonplace. Company pensions have gone away and are replaced with direct employee participation in company retirement plans and individual retirement plans (IRAs).

On average, your Social Security is likely to cover 20% to 40% of your retirement costs, unless you have your house paid off and you live very simply. Your company retirement plans can very well cover the rest if you have made investing in the qualified plans a habit during your working years. This means investing, on average, 10% to 15% of your earnings during all of your working years.

With steady contributions, you will have a lot of money in your retirement plan(s). Take advantage of your company retirement plan provider. If you don't have an advocate professional planner, your company retirement plan investment provider will help you (sometimes only by phone or computer) with appropriate diversified investment selection, plan

projections at your retirement and distribution options.

Qualified retirement plans are now quite portable. You can move the funds from one employer plan to your next employer plan. You can roll former company plan dollars from an IRA into your new employer plan so all your work retirement funds are in one place. You can even keep your money in the plan after you retire.

Some good retirement plan providers (usually smaller plans) will even give you limited planning advice, putting your situation in context by looking at all your family assets and liabilities. Don't pass up the advice; it is included in the cost of the employer plan and can prove to be invaluable to you.

In the rare case where your employer does not have a retirement plan, use IRAs to put money away on a pretax basis. The amount in your IRA will likely not be enough to retire on and will require you to do some after-tax investing.

In the next chapter we will talk about your financial independence number and look at what track you are on in reaching the lifestyle you desire during your Third Period.

Planning Policy Statement

Mike and Patty Sipe

The following is a summary of our strategy for doing our financial planning:

Understand our history, dreams, values, passions and plans using the 50 Foundation Questions as expressed in *ADVOCATE PLANNING: To Do What You Love To Do*. Once a year, or upon any life change, revisit the questions. Have a weekend getaway, maybe along the ocean or other body of water, to informally talk and feel about the 50 questions and conduct a **Future Feel** exercise using the Planning Values Activities (**LSM, ERP and PCT**) as a guide. In light of the wonderful weekend experience, update our personal passions lists.

As a follow up to the annual planning getaway as well as a quarterly routine, summarize our present priorities on the **Present Priorities Wheel** and **Present Priorities Form** and list out any specific actions we identify as important.

Meet quarterly with Cathy, our CFP® advocate planner at AIS Planning. Update Cathy on the results of the annual planning event and quarterly updating of our present priorities as summarized on the **Present Priorities Wheel** and the **Present Priorities Form**. Use Cathy as a sounding board for our present priorities and for refining and implementing actions.

Include Jason, Cathy's CFP® partner, at least once a year in a meeting with Cathy to get his read on our investment choices. Consider our asset allocation as it relates to our situation described to him by Cathy and confirmed to him by us.

At each quarterly meeting with Cathy, review the following and take action where appropriate:

1. Status of prior quarter's priorities
2. Determine present priorities
3. Review net worth and cash flow
4. Compare investment results to benchmarks and related indexes
5. Project financial independence based on any assumption adjustments, such as spending, returns, investment amounts, asset allocation changes, etc.

Annually review the planning arrangement with AIS Planning to determine if the services are meeting our desires.

FOUNDATION QUESTION

PASSION

Do you have sufficient Resources to do all that you love to do? If not, what is lacking?



Chapter 13

Your Financial Independence Number

What's Your Number?

I love the ING (now Voya) commercial where people carry around a larger-than-life number representing how much money they need to support their retirement. One might be \$1,245,618 while another is \$2,567,896 and another is \$732,649. Each person carries a different number to drive home the major point that everyone is unique and needs individual planning. An exact number is impossible to know in advance, but we can figure out a rough, estimated number that feels pretty comfortable. What is that number for you?

One version of the commercial shows a seemingly carefree individual holding a large number. He leans over to his neighbor who is laboring with his hedge and asks, "What's your number?" The edgy hedge-trimmer responds, "A zillion." "Oh," the first man replies, "I guess you don't

have a plan!”

The commercial takes a pretty light approach to the heaviest question (and the biggest fear) that people have when entering the Third Period: *Am I going to outlive my money?* Well, are you? What’s your number? What’s your plan?

No matter how many assets people have, if they don’t feel comfortable when answering the “outliving my money” question, they tend to hold on to their money tighter. Holding on too tightly to your money may work against living the life you desire for yourself and, by extension, may hinder your contribution to the passion-driven lifestyles of your family.

Projecting Financial Independence: For What?

While I was in private practice, I felt my biggest responsibility to my clients was to help them feel comfortable with their financial independence track. This necessarily required a lot of talking and listening. With so many variables factoring into financial independence – investments, performance, markets, insurance, risk, taxes, spending, timeframe, inflation – there was always plenty to talk about.

In my earlier planning years I believed the more money the merrier. *Not so fast, wannabe financial independence expert!* Sure, the more money you have, the more comfortable you will feel. This is safe planning, but not necessarily good planning. Good planning focuses on the purpose for the money. The money is the Resource. Your SCG Planning Values Activities are the reason for the money.

I learned that money saved might come at the greater costs of not living your passion-driven life and not contributing to your family’s passion-driven lifestyles. Think about it: What is your money really for? How you want to spend your money and how you actually do spend your money deserves as much (or more) planning attention as investments, markets,

insurance, risks, and many of the other money-focused things that you and your planners spend so much time contemplating.

When you focus on nurturing your passions and contributing your unique best to the world by doing SCG Planning Values Activities, you will find your priorities will fit with what needs to be done to do your passions. Drive is a byproduct of passion – and vice versa. If you identify your passions, you will naturally develop the drive and purpose to accumulate the resources you need to do your passions. The stronger the passion, the more likely you will find the means to do it.

How you spend your time may even be more important in your planning than how you spend or invest your money. If you are not taking time to be healthy, maybe all the planning is for naught anyway ... you might not be healthy (or around long) enough to enjoy it.

I always knew that there were 20+ variables involved in your financial independence. What I eventually learned is that living a passion-driven life overrides mere numbers. This greater meaning gives greater purpose to financial independence projections ... and makes the analysis a little more complex.

FI Adjustments Now Mean Less Pain Later

In 2005, I developed a “What’s your number?” process for participants of all our retirement plan clients. I will walk you through this later in the chapter. Knowing your financial independence track is not just for those nearing retirement – the little adjustment that may be necessary in your twenties and thirties compounds adversely if you wait to your forties and fifties to adjust. If you spend more than you make in your twenties and thirties with compounding interest on growing debt, before you know it you will find yourself having trouble just paying the interest.

I recommend that you know your retirement path – better yet, your Pro-

tirement path – as early as possible and make your adjustments with the idea of living a passion-driven life in mind. Continually assess your priorities, give top priority to what you love to do, and do everything possible to do your passion-driven life, all while balancing your resources to get to financial independence as soon as reasonably possible.

Arriving at financial independence is good for you, important and comforting, but it is secondary to living out your passions. Good planning will advocate for the best of both worlds: living your passions *and* enjoying your financial independence. That's Protirement: A positive period when you perform your passions and produce and play as you please!

So, what's your number? Think about how *on track* you are. Pick a number between 1 and 5, with 1 being *not on track at all* and 5 being something like *financially independent with an expected healthy cushion*.

Different Needs and Interests Call for Different Approaches to Projecting

You can be very detailed in determining your track or you can eyeball it. I made a career out of working with all the financial independence variables and projecting results. Needless to say, I tend to be far more aligned with the former than the latter.

I believe in getting the best handle on all the variables and refining frequently rather than doing damage control along the way, hoping to eventually get it right. Successful planning requires continual monitoring and adjusting for life's changes and variables – controllable and uncontrollable, foreseen and unexpected. The frequent visits lead to deeper understanding, which leads to better decisions and peace of mind.

A Meaningful Amount of Social Security

Social Security is clearly an important element for most people. If your Social Security is reduced, you will need some time to make up for the lost benefit. However, I expect any change will be phased in over a long time to help you adjust ... unless they wait too long to fix the problem. If this occurs, I suspect disaster for those who do not have sufficient other assets! And, if you have sufficient other assets, think about one likely fix being means testing – the more your “means” the less you'll get!

What I'm getting at here is that if you have the means, you don't need as much Social Security, regardless of how much you paid in. Means testing will possibly be combined with higher and higher levels of income being subject to the tax – a potential double whammy for those who have sizable income and assets. The obvious fix here is indexing mortality to eligibility to receive benefits with some adjustment for disability.

If you are young, you may want to temper the value you put on Social Security. If you are forty, maybe you give it credit for half of what the tables say you'll get. If you are twenty, maybe a quarter. You can't wait on Congress to figure out the problem, you need to be prepared to take care of yourself.

Spending Plan: The Big Driver for What You Need

Another fairly popular assumption that I really don't like is *your after-retirement spending will be equal to 85% of your pre-retirement spending*. This is dangerous thinking that overlooks multiple variables. You're better off taking some time to think through how you want to live during retirement, then determining a reasonable cost for that quality of life. Remember inflation! You need to at least be aware that a postage stamp may be \$5 by the time you retire ... if they still exist.

Another assumption you should throw out the window is *Social Security will equal about a third of your retirement income spending*. Just forget this one. Instead, rely on what you think you will spend (in today's dol-

lars – it's impossible to think in future dollars) for the laundry list of likely spending during retirement, like costs of housing, transportation, gifts, groceries, dining out, personal stuff, hobby supplies and so on.

Let's say you and your spouse are both fifty-five, make \$100,000 together, save about \$15,000 in your retirement plans and spend everything left after taxes. Let's also say that in retirement you would like to have about the same net after taxes as you do now. All right, factor in your Social Security estimate, let's say about \$30,000 (in today's dollars). That means \$55,000 has to come from other resources like supplemental work, investments and gifts.

Let's say the balance will come from investments. In this example you should think about having at least \$1,100,000 (\$55,000 divided by 5%). Some would say \$1,375,000 (\$55,000 divided by 4%). In any case, it is a lot of money. Starting early is the only way to build that balance at \$15,000 a year. In fact, at 8% average, it would take 26 years.

Working Through Your Sixties Makes a Big Difference

Working through your sixties has a huge impact on your wealth and your financial independence. The age you retire is a big factor in the quality of your Third Period. With each year you continue to work, you have one more year of investing *and* one less year of drawing on your assets to support yourself. You will also be one year closer to the end game.

The example in the previous section assumes that you retire at normal Social Security retirement age, which is presently sixty-six. It also assumes you would increase your spending each year by inflation, which approximates 3% of the 8% average return used in the simplified calculation of the example. Ideally, the age you retire will depend on your desire to move into a rewarding Third Period and not on other factors like the normal Social Security age, having enough money, or a company

expectation.

Perhaps you love the work you are doing. If you love what you are doing, why would you stop doing it? Well, maybe because you love something else more. That is a good situation to be in. So is loving your work and continuing to do it well into your seventies – maybe even your eighties – especially if you have the balance you desire in all the parts of your life. Assessing your passion priorities with your advocates on an ongoing basis is powerful in helping you make these rewarding lifestyle choices.

Working with Discretionary *and* Fixed Spending: Controllable *and* Uncontrollable Expenses

I have always understood spending to be the driving force in determining financial independence. If you don't spend much, you won't need much. If you spend a lot, you will need a lot. Figuring out what you need is pretty easy: tell me how much you'll spend and I'll tell you how much money you'll need to put away.

When you lay out your spending by what is fixed and what is discretionary, you might be surprised. You may find that the discretionary totals more than the fixed. If so, you may have a lot of latitude to adjust your course, both during the accumulation years and the distribution years.

Following is a list of variables that come into play when planning your financial independence. I have broken them into two categories: uncontrollable and controllable. You might debate the categorization of some of the factors. Regardless, there are some things you just can't do anything about. Then there are things you *can* do something about. There are also some things you feel you can't do anything about – but in reality, with a little time and effort you'll find that you actually can. You'll find examples of every kind in the columns below. In fact, some appear in both columns. Take a look.

Uncontrollable

Inflation Rate
 Income Tax Rates
 Life Expectancy
 Investment Returns
 Employer's Retirement
 Contributions
 Pensions
 Social Security
 Gifts and Inheritance
 Healthcare Costs
 Health

Controllable

Asset Allocation
 Earnings
 Earnings Growth Rate
 Financial Independence Age
 Using Employer Match
 Retirement Plan Contributions
 Savings Outside of Retirement
 Amount of Taxable Investments
 Amount of Tax-Free Investments
 Retirement Plan Assets
 Personal Assets
 Spending
 Healthcare Costs
 Health
 Real Estate Taxes
 Life Insurance Payments
 Debt
 Debt Payments

I put Health and Healthcare Costs in both columns because you have some control over certain aspects of your health. Our health deteriorates eventually, regardless how well we take care of ourselves and regardless how much we spend on healthcare.

To some extent, if we choose to follow our passions and do what we love to do, you might say a lot of the controllable items are uncontrollable. But that statement is getting a bit too esoteric for me. Everything we do is our choice. Like I learned in *Say it Straight or It Will Come Out Sideways*, the philosophy of taking responsibility for everything that happens in our life, regardless if it was controllable or not, is the most effective and productive course of action we can take.

Philosophically, that is fine and dandy. It's a great way to stay out of the blame game, which is played too often by too many these days. Focus on the obviously controllable when it relates to yourself and obtaining financial independence. I promise you will enjoy your life a lot more if you do.

Is The Future Too Uncertain for Projections?

I remember a client I worked with for more than forty years. Let's call him Joe. Even though Joe was usually financially independent, I became more and more concerned about him outliving his assets the closer he got to retirement. Instead of getting the assets earlier in life for what he wanted to spend later, his attitude was basically, "I'll live on whatever assets I have."

I knew Joe well and I always had a problem getting all the information I wanted to properly project for his personal situation. He was a good business client with multiple businesses over the years and I never had a problem getting the business information to do proper accounting. He just wasn't interested in projecting out the future for his personal situation. It was as though he was telling me, "The future is too uncertain anyway – I'll just live sensibly and adjust."

Joe retired close to 10 years ago. He was in his fifties at the time and is happy adjusting his life to the assets he has. During periods of high income he spent a lot, including large charitable contributions. During periods in which he made considerably less, he spent considerably less. He has a good sense about his balance of spending and assets and is happy to adjust his living to his available assets without a major concern for continuing the "higher" lifestyle in the future.

Joe eyeballed his own retirement needs. We talked generally about larger concepts, but he did not want the professional help projecting all the variables. After his businesses were sold, he was more of an investment

advisory client than a planning client. He did not take advantage of all the planning services we offered in our engagement contract. Accordingly, I unilaterally reduced fees a couple times over the years. Reducing fees unilaterally is a hard thing to do. It becomes easy to rationalize that people are presently comfortable with the planning they are getting and we are taking care of all their expressed needs, albeit few.

Joe's example, like all client situations, is unique. This considered, I would still like to make a couple of points:

1. If you don't want planning services, don't pay an investment advisor a hefty fee that incorporates planning services or a planner for services you don't use. Invest directly with an investment company or a broker or pay an appropriate fee to an investment advisor for general asset allocation advice and investment management.
2. Many people "get comfortable" with their financial independence picture by using general rules and assumptions, free retirement calculators, or by getting advice from their company retirement plan advisor. There is nothing wrong with that. Whatever makes you comfortable. A couple thoughts, if you go this approach: I found retirement calculators from Fidelity, Vanguard and T Rowe Price to be very useful. I am sure there are many other good projection systems available to you at little or no cost, especially from investment companies you use. However, avoid calculators that just calculate income replacement; they are not inclusive enough.
3. If you use a "free calculator" on the Internet, make sure you use one that considers your probability of success by running numerous random investment return possibilities (rather than an average or historic rate of return) to give you better insight about your future.

Your Investments: The Big Factor

Investment returns are never average – they are either higher or lower than their long-term averages. The order in which you realize returns may have a dramatic impact on your financial independence. For example:

Consider a person who retired in 2010. They may very well have realized a dismal 2% average return on their assets during their last 10 years of accumulation before retirement. Compare that to someone who retired in 2000, for whom the 10 years before retirement may have averaged 12%. If each person started with \$1,000,000 at the beginning of each respective period, the 2010 retiree would have grown (before tax) to \$1,218,994, while the 2000 retiree would have grown to \$3,105,848. Wow, what a difference!

Maybe Joe was right. Maybe the future is too uncertain to project. Why even try? Why belabor the point? I'll tell you why: to give you insight about your possible future so you can make better decisions today to move toward it. You will never nail the future dead on, but you can be better prepared for what it may throw at you. What degree of planning are you comfortable with? What degree do you need? Talk it over with your advocates.

Spending is your key driver in determining the amount you need for financial independence, and investments are your primary assets in having independence. Remember, you can equate \$50,000 of earned income a year to annual income on about \$1,000,000 of passive assets for as long as the income lasts. If you rely on earned income for your independence, be healthy and pray for working health for the rest of your life. It does seem like people who continue work they love happen to live longer and in good health. But true independence for the rest of

your life will really only come from sufficient passive investments to support your priorities.

There are a number of factors that impact the amount of cash from investments you are able to use in your financial independence years while avoiding outliving your assets. The markets and the economies are the same for everyone, and personal demographics and needs are unique to the individual.

I already addressed the importance of the sequence of returns as unique to you. The amount you invest per year for the time period you invest also has a great impact. If you invest a small amount per year for a long time you may have a considerably different amount than someone else who invested the same total amount over a much shorter time.

You may have heard the saying *what's important is the time in the market, not timing the market*. This is basically true. As you get closer to cashing out, the risk of the return on variable investments, such as stocks, is generally higher. This is because time averages out the highs and lows. If you are going to cash out soon, you won't have those potential future highs to offset the potential near-term lows. A person who invests a small amount for a long period of time will have more return risk during the final years leading up to retirement. This is because the amount being invested will be very small compared to the investment balance, which will be subject to market variability.

Consider the following points:

1. As you get close to taking cash from your investments, the risk on the amount you will be cashing out rises dramatically. You should take this into consideration when determining your asset allocation. Consider keeping 3 to 5 years of cash needs from investments in cash equivalents or short-term bonds.

2. Instead of investing the same amount each year for several years, consider a fixed percentage of earned income. If you are starting in your twenties or thirties, 15% is a good target. That large a percentage is difficult in early years, but if you are serious about the target – that is, if it's a high enough priority – you will surprise yourself with how fast you get to where you want to go.
3. I hate to scare you, but if you want to replace your income in 20 years you will need to target something closer to 30% of your annual earned income. On the positive side, if you have been living on less than your earnings since you have been investing, you may not have to replace all your income. Social Security will help too. That means the amount you really want to replace is less than your total gross earnings – maybe by as much as 40%!
4. Most people reach their peak earnings in their fifties and sixties. This may also be the time you are empty nesting, in which case your spending will likely be down. If this is the case, you can sock a lot away for later. If you don't dramatically increase your spending during this time, you may find that your Third Period spending will be a smaller percentage of your peak earning years. Another advantage to investing larger amounts in later years is that you will have less risk of variability in total, since a larger percentage will be new investments.

Retirement Plans: Big Tax Savings

In addition to how much you invest and how long you invest, there are a number of other investment factors to consider while working on your financial independence. A big one is taxes. We addressed the impact of

investing with pretax dollars versus after-tax dollars in Chapter 10. It's powerful stuff.

There is no doubt that investing for the long term using pretax dollars is a major tax opportunity, and if your employer matches your contributions to your retirement plan, it is an added bonus. Employer matches are something you don't want to pass up – it's basically “free” money. The company match is not often dollar for dollar; more frequently it is something like 50% of your contribution up to 6% of your earnings. In this example, if you contribute 6% of your earnings, your employer will contribute 3%, for a total of 9%. This is a healthy total retirement plan contribution. When your match requires you to contribute 6%, don't think twice – do whatever you can to make your requirement, the rewards are big.

The bank holding company that bought my planning practice had a 50% match to 10% of compensation. This is higher than most companies would contribute. It was one of my attractions to the company; an obvious sign of an employee-centric attitude. The company was effectively saying *between your participation and our match, you will likely have sufficient money going into your plan to replace your income following a career with us*. People stay around for those types of benefits.

I am not going to repeat the points I made about pretax investing in Chapter 10, under the heading *Life is Good, So What's Next? Taxes!*, although they are worth repeating (go back and review them again). What I will mention here is that pretax investing is particularly beneficial when your tax rate is lower upon taking money out than putting money in.

Balancing Distributions Between Retirement Plans and After-Tax Investments

One very important way to help lower your tax rate during retirement is to have sufficient after-tax investments to blend distributions with your

distributions with retirement plans. By after-tax investments, I mean investments made with income dollars that you had left over after paying taxes on your income. This means you have “basis” or recoverable cost in the investment.

Let's say you have a cost of \$250,000 in after-tax investments with a present value of \$500,000. It is very possible that as you take distributions from this money you can manage your taxes in a way to keep you in a lower tax bracket than would be possible with retirement distributions only. Retirement distributions will be treated the same as wages, or ordinary income. In selling your taxable assets, you will have the benefit of recovering your tax basis (or cost) and will enjoy reduced rate capital gains treatment on any gains. You can choose the individual purchases for which you paid the most to lower your taxes; or, if you want, you can choose the purchases of the specific stock for which you paid less to control when you take gains.

The trick here is to position yourself to max out your retirement plan contributions *and* have after-tax money left over to invest. Unfortunately, this is a stretch for most people, unless the priority to do so is high. Remember, if you want something bad enough you'll find a way to get it.

If you sell a business or a second home during retirement, that money could be used to work your tax rate down. People sometimes downsize during retirement. Most folks don't need the five bedrooms now that the kids are doing just fine on their own.

There are various ways to get the taxed (or tax preference) assets to balance your distributions in order to manage your taxes. Funding Roth IRAs when your tax rates are low is a good idea; the tax-free income works well later on when your marginal tax rate is on a bracket border and is much higher than when you originally funded the Roth.

If you use a free calculator to project your financial independence, make

sure it has the flexibility to account for all your potential transactions. A sale of some of your personal assets to supplement retirement is a good example, as is a reverse mortgage.

Reverse Mortgage: Maybe Helpful, Likely Costly

Reverse mortgages will likely become more and more popular as people search for ways to not outlive their money. Next to retirement plans, most people's equity is in their home. The home may even be paid off at retirement. If you want to stay in your home and access a good chunk of the equity, a reverse mortgage may be a good route to pursue.

If you have other sources of assets to draw on, a reverse mortgage shouldn't be your first choice. Even though a reverse mortgage is a clear source of cash, the FHA insurance to protect the risk that new accumulating debt will be able to be paid off after the last reverse mortgage holder no longer lives in the residence is costly.

An alternative to a reverse mortgage is selling your house in favor of renting. This is especially good if you are downsizing, have a desire to take home maintenance off your plate or when housing values are slow growing, flat or declining. The advantage of renting over a reverse mortgage is that you will net all your equity from your residence. The disadvantage is you have to pay rent. That is, unless you use a small amount of the netted equity to build that perfect "mother-in-law" addition to your most compatible child's home!

Asset Allocation and Investment Growth is Key During the Third Period

Over the course of your life, the growth you realize on your investments may be the largest contributor to your financial independence. It should be. We've also covered the need to use probability analysis while study-

ing your financial independence projections. Now it's time to address the impact of varying growth rates over the long term of the assets to be used during the remainder of your life with the balance going to your estate. I'll leave most of the discussion of asset allocation to the next chapter on investing without emotion. I can't avoid some discussion on asset allocation here, though. It is just too important not to mention multiple times.

Your mix of the different types of investments will make up your asset allocation and determine the growth you realize. The options are many and the decisions are important. It is your responsibility, along with any professionals you get involved with, to obtain appropriate diversification between asset types for your situation.

Asset allocation gets a lot of attention because it is so important. In recent years, it has become easier to find access to different types of investments. At the same time, the growing number of asset classes and techniques has made asset allocation more difficult.

It used to be the case that you picked a few self-proclaimed "diversified" mutual funds and you were done. Over time, you started seeing programs that created funds that specialized in one asset class or another. Now there are so many specialty funds it can make your head spin. Some of this added complexity is due to vendors trying to catch the attention of investors, marketing if you will, and some of this is because technology has made it easier to distribute multiple forms of investments and techniques. The additional types and derivatives of investments is good for diversification but confusing to determine which ones and how much of each to buy.

Today, an individual can do their own "asset allocation" because the direct retail companies have designed "diversified funds" to fit every situation (specifically, Target Date Funds). Choosing the one fund that will do everything for you, like back in the day, has come full circle.

However, the fund company knows nothing about you other than your age. This means they have to make broad assumptions and use general rules, which, as you already know, may be way off from your reality. In these scenarios, it's your responsibility to fit the investments with your situation. I believe you are best served by employing a disciplined process, regardless if you employ that discipline yourself, use an advocate planner or an investment advisor or broker.

For now, let's just look at the impact of realizing different growth rates. You can then decide if you want to choose your mix of assets yourself or what type of professional makes the most sense in helping you choose your investment mix.

Let's say you invest an average of \$20,000 a year for 40 years at a nice, healthy 10% return. At 40 years, you've invested \$800,000, which accumulates to a whopping \$8,851,851. The investment made represents less than 10% of the total, clearly illustrating the importance of return.

Let's take the same \$20,000 for the 40-year period and compare the 10% results with that of a 7% average return. At \$3,992,702, the result is still a healthy amount, yet it is only 45% of the 10% return calculation. This illustrates the big impact a few percentage points of return can have to the results.

Now let's do a calculation at 8%. This is 1% above the 7% return illustration and 2% below the 10% return illustration. This 2% could very well represent the average cost of your investment and planning fees during the 40 years. The accumulated amount illustrated at 8% is \$5,181,130 or \$3,670,721 less than the 10% calculation. You can see that 2% a year ends up being a lot of money.

Your investment and planning fees will be high unless the investment people use Alpha to make up the difference. It's important to ask yourself: *Does the investment management cover their cost (or better – this is Alpha) by outperforming the indexes?* Planning fees will include services

beyond investments, so you will need to factor that in too. Ask your planner to do that for you.

What return illustrations are feasible over a 40-year period? As a reference, a combination of 80% S & P Index and 20% U.S. Intermediate Term Government Bonds averaged 10.5% a year over the last 87 years. I'll take that, thank you! Who knows what the future holds? There is a lot of scary stuff that can happen, and a lot of scary stuff has happened. There is also a lot of great stuff that can happen!

Think about it: What is the value of a real advocate? What if they can match you with an appropriate asset allocation? What if they also take into account your passion-driven priorities and cash flow needs? And what if they also implement your investment strategy with a disciplined investment process? Or, perhaps doing it on your own is a better value. You don't have to answer these questions now. I will explore them in the next chapter, *How to Invest without Emotion*.

You might be saying, "40 years! There's no way I'll be involved in investments for that long!" It is true that a 40-year accumulation period before retirement is hardly commonplace. But if you are involved in a retirement plan with your first employer, 40 years is about right.

I am less convinced you will have an IRA at 25, if you are not so fortunate as to have an employer-provided, matched 401(k). Even if it is very small, I recommend the discipline of starting an investment program early and that you make investing for the long term a high enough priority that it gets done. Keep it right up there with doing your passions. It's likely that investments will be necessary to doing your passions.

Don't beat yourself up if you are older than twenty-five and haven't started investing for the long run. I am sure there is a good reason. Today is the first day of the rest of your life and there's no better time to start the discipline and grow your investments as a meaningful contribution to your future.

When you think about investing for the long term, 40 years is really short. Think about it. Hopefully, by the normal retirement age, you will still have 30 more years of life to enjoy. To accumulate a reasonable amount and avoid having to invest “windfalls” in the years just before retirement, you ought to be looking at investing for 20 years prior to retiring.

Do the math: 20 years before retirement and 30 years during retirement adds up to 50 years. The 40-year period in the example above – as it relates to time in investments, returns and costs – is very realistic. It illustrates the power of compounding and the importance of a disciplined investment program over a long time in order to become financially independent. It also illustrates that it is very hard to become financially independent without investing.

I hope you have the good fortune to invest sizable amounts for a long period of time. But instead of thinking about a specific amount to invest for a specific period of time, think about a percentage of your income and where you are – here and now. Think about 15% of your income. If you can't do that much now, make working it up from a lower percentage over time a high priority. Use your salary increases to move up your investment contributions. If it is a high enough priority, it will get done.

Retirement Projection Systems and Their Limitations

I am impressed with the improvements in the free retirement projection systems that I see on the Internet. But I have to confess that I am biased. I spent most of my career using top-notch financial planning systems, and even spent three years developing one for a bank servicing organization.

The biggest challenge with detailed financial independence planning is getting a clear understanding of the impact each variable has on your financial independence and feeling comfortable with the track you are on.

Before I retired from private practice, I used eMoney for financial planning. Now that I am retired I use the client portal to eMoney and Cathy uses the advisor access to eMoney to assist me in my current decision-making.

It's surprising how powerful the planning systems have become. Talk about improvement in productivity! What used to take hours to analyze now takes minutes. All the Internet-accessible information is extracted daily to update your current financial situation. This includes bank accounts, credit cards, debt balances and investments. And it's not just the balances – it includes each element of your investments so you can track that all-important asset allocation anytime you want. You can even check your performance daily on each investment, though that's overkill.

If all the information you need to project and analyze your financial situation can be done in real time without human input while considering your passion plan, you're in a pretty good spot. At this point you can conclude you are pretty darn organized and well-positioned for smooth succession (a gentle way of talking about death and disability), monitoring, decision-making and overall peace of mind.

Closely held businesses and other personal assets will change. This will require some human updating. But private assets are more static and can be updated less frequently.

Also keep in mind that there is a point at which automation is practical and a point at which automation is not necessary. The more complex your situation, the more beneficial (and necessary) the automation. It's a little like car windows – you can get them up and down with a power button or a hand crank. It's just a matter of how much personal energy you want to expend. If you only open your window every once in a while and it's relatively easy for you to do, the hand crank will suit you just fine. However, if you open and close multiple windows frequently and you are getting tired of stopping the car to roll open the rear window, automa-

tion might be a better option.

Cost is often the deciding factor. There comes a time when the push-button window becomes standard equipment. With the steady refinement of financial data automation, that time is fast approaching for projecting your financial picture.

FOUNDATION QUESTION

DREAMS

If you won 100 million dollars,
what would you do with the money?



Chapter 14

How to Invest Without Emotion

You Can't Eliminate Emotion

We all know there is a lot of emotion around money. Think about your family discussions over the years. How many times have conversations about spending – too much, too little, or on the “wrong” things – gotten “emotional”?

What was your reaction to the 50+% stock drops in early and late 2000s? Maybe those declines didn't affect you. In that case, think about it for a second. How would you have felt about losing half your portfolio value to market decline? How would you have felt if you sold your house at 30% less than you felt it was worth? You wouldn't be human if these negative money-based events didn't get the emotions stirring.

Financial Planning is personal and emotional. The negative emotions seem to get all the attention. This is unfortunate, because it is the posi-

tive, more controllable emotions that are the most productive. My message, if you haven't picked it up already, is: *GET EMOTIONAL! Dig deep! Feel! Do your passions! Use your advocates to help you prioritize your SCG Planning Values Activities on your personal route to realizing your unique good!*

Do I think you can sustain material losses in your investment accounts without emotion? Absolutely not. I expect you would have an emotional high if all of a sudden your investments doubled or if you won the lottery. We are emotional beings. This is a good thing. Capitalize on the positive energy that emotions generate and control the effects of negative emotions as much as humanly possible.

By *investing without emotions* I am suggesting you distance yourself as much as possible from personally reacting to uncontrollable market swings by using a well-defined, disciplined-based investment process. And if you use an advocate planner in the investment process, use one whose model separates planning services from investment advice.

The Important Focus: Asset Allocation Based on Cash Need

Ideally, your professional advocate planner's investment advice will be limited to recommending an appropriate asset allocation for your situation and assisting you in implementing with a third party investment company that employs the disciplined investment process. An allocation of different asset types for your portfolio is best served by someone who knows you, your culture, values, dreams, passions, plans and priorities. This is a you-driven approach. Any other approach is product-driven.

An asset allocation is best designed around your cash flow needs. The sooner you need the cash, the more stable the assets you plan to "cash out" need to be. Investment advisors know this. If your investment advisor is not a planning advocate, he or she will ask you what your cash flow needs are and will make recommendations accordingly. There is nothing

wrong with that approach if you are a do-it-yourself planner and feel comfortable analyzing and projecting your needs on your own.

The other factor investment advisors and advocate planners will consider is risk tolerance. Practically speaking, it is very hard for people to determine their own risk tolerance. That was my experience over my forty or so years in financial services. Your investment advisor asks you hypothetical questions that you may answer differently than you would if you had experienced the losses they suggest in the hypotheticals. This is meant to determine if you will panic and sell when markets drop temporarily. There is nothing better than a bad bear market to learn where your risk tolerance really is. A long-term advocate planning relationship is valuable in remembering your risk tolerance reactions and in understanding you, as is an astute investment advisor who monitors investor reactions well.

If the advocate planner's investment advisory services include choosing individual securities, or even specific mutual funds, they are setting themselves up to live and die by performance. By stepping into specific selection, the planner is entering into a second business that is essentially inconsistent with planning services.

It is natural for the investment advisor to defend any security selection recommendation, even while professing independence by being on a "fee basis" (which means they are free to move investments without a client cost at any time). The investment advisor can think and say they are completely free while acting only on behalf of the client. However, the taint of defending one's own security selection is there. When your advisor gets involved with security selection, it is fair that they are judged on investment performance.

This is even true for advocate planners. The advocate planner can stay out of security selection by assisting the client in implementing the recommended asset allocation with a company that has an investment

“platform” set up to implement the client allocation. This type of platform includes selecting, monitoring and removing active managers for cause or maintaining a passive index asset allocation selection.

The SEI Investment Platform: A Good Example of a Strong Process

I started to use the SEI “platform” in 1993 when they developed their well-defined, disciplined investment process for active management for non-institutional clients. They have since added a passive approach. A passive strategy is a welcome addition, especially when you consider that an SEI representative was part of the landmark study concluding that security selection plays a minor role in investment return variability (as compared to the now widely accepted importance of asset allocation). I will explain a disciplined investment process and the importance of asset allocation in more detail throughout this chapter.

SEI defined the science and art of the investment process. If they didn’t invent the perfect platform for advocate planners, they were certainly one of the earliest adopters. I used other platforms in my practice for retirement plans for various reasons. SEI Investments had the well-defined, disciplined process for IRAs and taxable investments I was looking for in my practice.

When the platform company outsources the selection of specific investments and uses specific criteria to select, monitor and replace managers and funds from a large number of independent providers, they distance themselves from “living and dying” by performance. In so doing, the advisors that use the platform further distance themselves from the selection process. In this case, the client is insulated from investment selection; their advisor doesn’t decide on investment selection and even the advisor’s source for asset allocation implementation doesn’t make the decision for investment selection.

With this approach, all the parties agree on using an investment selection process to hire and fire independent managers when certain conditions exist. This maintains a stable, unemotional, agreed-upon approach for investment management. You won’t fire the advisor for bad performance. You won’t change the platform for bad performance. In the end, the third-party fund or manager gets fired for cause.

Lack of performance (compared to peers and/or relevant indexes) is a primary cause for replacement. Other reasons may include deviating from the asset type objective for which the manager(s) was hired, change in experience at a fund company or management group, and change in ownership.

The good platform companies are continually building their bench of potential managers and refining their selection process. They do this so they can seamlessly move from one manager to the next while maintaining that all-important asset allocation to meet your cash flow objectives. But as with lawsuits, everyone is named when there is injury regardless of how distant they are from the damage. In these instances, each party’s responsibility becomes a matter of degree.

If the investment selection process is solid and you want exposure to active management, work with the process until you and your advocates come up with a stronger process. Don’t throw the baby out with the bath water.

Active Investment Management Versus Passive Investing

If you lose confidence in the active managers’ abilities to make up for their added cost, change some of the active asset types over to the less costly index approach. You may start with the big, broad categories in which (most believe) the active managers have the hardest time beating the indexes, such as large cap growth, value and blend. But remember, you will never beat the index with an index.

When you are well diversified, you take on additional risk that an active manager is performing well enough to beat the index *and* cover their cost. This may be a percent or more, and as we calculated in the previous chapter, a percent or so each year is HUGE over a long haul. But if your active manager can, on average, earn a percent a year more than their related index plus their costs, it is also HUGE.

More risk, more potential reward. As you get closer to taking distributions from your investments, it may make sense to reduce the added risk of your broadly diversified large companies from active management to the less costly passive index approach. Talk it over with your advocates. I believe active management is more important with smaller companies, emerging companies and developing countries. There is inherently more risk in early-stage development. Even with wide diversification, someone should be separating the wheat from the chaff.

If you are comfortable with your deriving, maintaining and adjusting of your asset allocation with a large portion of your portfolio being index based, consider implementing with an investment company (like Vanguard or Fidelity) directly. Or, use a platform like SEI in which the manager “tweaks” the selected allocation to better match market cycles. If you do the index approach with a high service platform, make sure you are getting value for any additional cost while implementing an index asset allocation. Costs are very important over a long period of time. Don’t be shortsighted though – achieving your overall priorities is most important.

Living and Dying with Performance is No Way to Advocate

You and your personal and professional advocates are key in accomplishing your well thought out, passion-driven priorities. You don’t want the relationship with your advocates dependent on *living and dying with performance*. Leave living and dying with performance to your people

picking the stocks and bonds, not your deeply invested, long-term relationship advocates. The division should be clear.

The investment process should source out “stock picking” to protect your important relationships from inadvertent emotional market reactions. As a matter of process, set it up so the third, unattached parties are the only ones living and dying with investment performance. Otherwise you will be looking for new advocates every couple years – and that simply isn’t going to work.

That doesn’t mean Professional Advocate Planners do not have to be accountable. Your assessment of how well they assist you in living your passion-driven life toward the realization of your unique good will determine if they are earning their keep. The only way they will be successful with that task is to have a deep, caring relationship with you. That takes time, effort, process and passion.

A Suggestion to Planners – Send a Clear Message to Clients: Have an Advocate Planning Practice

Knowing what I know now about how to provide a great advocate practice, I would have set up my previous practice to be more congruent with all I profess in this book. Not that the practice I had was all that lacking; it had the rudiments of a good practice. Our results were comparable to the top quartile in the financial planning (FPA) industry, and I’m very proud of that. It’s just that my understanding has evolved and part of me wishes I could retrofit what I know now to what I did then.

One tactical change I would make to send a huge message would be to separate any fees from investment accounts. Like a lot of planners and investment advisors, I charged a “wrap fee” on investments for all fee-based services. The charges for the services were paid out of the investment accounts automatically every quarter. This is an easy and practical way to handle the service receivables. Clean, simple and, unfortunately,

a little misleading.

Let me explain with an example. Say I had a client with \$1,000,000 under management. I would have an arrangement with the client to provide a bunch of planning services laid out nicely in an engagement letter. The letter might have said that we will provide the service at a cost of 1% per year of the assets under management, calculated every quarter and deducted from their investment accounts. The consequence of this model is that the planner's total fee for all services gets charged against investment results. This skews the results for comparison purposes. More importantly, it gives the wrong impression that it is all about the investments. This happens regardless of what your engagement letter says. A third, very important consequence is that the resulting fees to the client may not correlate with the planning for that particular client.

Now I think a more appropriate approach is for the planner to charge based on the expected services to be provided, with a review and adjustment each year. The fee would be fixed for the year with either party able to terminate the relationship with a 30-day notice. This works particularly well with large accounts. I used this approach on a \$25,000 fee a year client. It really clarified our availability for all planning services and removed our services from being dependent on the variability of investment amounts of "assets under our management" which had little to do with the value of our planning.

You might suggest that the fairest approach is an hourly charge. I spent 23 years in CPA firms with this approach and know beyond a doubt that it is not the right approach for financial planning. With advocate planning, you have your eye on so many things for a client that you need regular meetings, sometimes without a specific agenda, to brainstorm SCG Planning Values Activities. Advocate planning is all about knowing the client and developing a deep enough relationship to anticipate necessary future decisions. Freedom for all parties to operate within the "caring" provisions of the engagement is necessary to accomplish plan-

ning in the best interest of the client.

Where hourly fees are concerned, clock-watching is a natural tendency for planner and client alike. Every step in the process becomes a project, requiring a proposal and consequent acceptance of said proposal. I used the hourly approach in my planning practice on occasion and it always resulted in piecemeal projects and a lot of inefficiency; good relationships, but not deep, thorough planning relationships.

A relevant approach for an advocate planning practice is to charge based on net worth and exclude personal assets. There is a direct correlation of planning complexity and your net worth. Net worth is all-inclusive and advocate planning includes all aspects of your life. With a smaller percentage fee on a larger net worth amount, you and your planner would not be dependent on "assets under the planner's management." You end up with a more appropriate charge for services rendered.

Think for a moment about two cases with a planner, both with the same amount of assets "under management." One has a net worth that only includes the assets under the planner's management and personal assets. The other has a large portfolio with an independent investment advisor, an active closely held business, a few rental properties, and a much higher income and estate tax exposure. Furthermore, let's say the first case has been with the planner for years, is considerably older and is pretty much on cruise control. The other, more complex net worth case has only worked with the planner for a couple years and is going through life changes, wrestling with questions of what to do next.

Based on only the investment portfolio with the service provider, how can the charge for these two clients be the same, let alone appropriate? They can't. That is, unless the service only relates to the investment account for both cases. When your service provider – be it your investment advisor or planner – charges you by wrapping a fee around the investments, you should question the nature of their services to the

application of their fee.

Even though charging on an hourly basis is not an effective approach to do advocacy planning, don't be afraid to ask the planner how many hours they devoted to planning with you last year. The question doesn't get asked nearly as often as it should be asked.

A practice that tracks everyone's time by service function, by client and by non-client activities is a sign of a mature, sophisticated planning office. With six or more people on a planning practice team, I think the tracking should be a consistent practice in order to refine client fee schedules and manage associate productivity.

Fee-Based Investing: Ongoing Fees for Ongoing Services

In 1993, I was the new vice president in charge of investment advisory services and fee-based products at a national broker-dealer. I had the responsibility to deliver fee-based products for representatives around the country. It was a big responsibility that I really enjoyed and took very seriously. The biggest challenge I had was to convince representatives and their bank employers to defer gratification by receiving compensation for ongoing services rendered over time with the fee-for-service products, rather than receiving an upfront commission for a product sale.

Now, in 1993, fee-based products were only in their early stages. A lot of the representatives I worked with looked at the fee-based products as just an alternative means of receiving compensation for a sale. But this was hardly the case. The fee-for-service delivery of investments serves the client by not requiring them to pay an upfront commission (effectively providing freedom of movement), and provides them ongoing monitoring and adjusting services for the ongoing fee.

My thinking, which was not uncommon among other planners working

with "wrap" fee products, extended the fee for service beyond investment monitoring and adjusting to include financial independence planning, tax management, cash flow management, estate planning and priority planning. All of this adds up to helping the client feel more comfortable with an asset allocation recommendation.

I thought, "How can a planner recommend an asset allocation for you without knowledge in all these areas?" An advisor can do a good job of asking a number of questions to qualify you for a particular asset allocation, which will consequently help you feel more comfortable with it. An advocate planner, however, will understand you at a deeper level and will work with you so both you and they are in agreement with *why* your particular asset allocation is appropriate for you. That understanding of *why* makes all the difference.

I think we should call fee-for-service with investment "wrap" products *planning fees based on planning services* and separate that service from investment sales. Furthermore, I believe that the planner should be involved with a disciplined investment process separate from specific investment selection.

The SEI Investment Process: Unemotional, Disciplined Investing

Even though it felt rewarding back in 1993 to develop a "wrap" program using popular mutual funds as a fee-based alternative for representatives, it was the SEI investment process that stood the test of time. I credit this to SEI's well-defined investment discipline that serves you, the client, while separating the planner from investment selection.

Twenty years ago, I was impressed with SEI's commitment to their 5 strategies. I used to kid them at the time that all their employees were brainwashed. No matter where I went or whom I met, I was confronted with their 5 strategies. I quickly adopted the strategies and remained

loyal to SEI; not because there was any leverage to do so or that their funds performance was always the best, but because, as a planner, I felt their philosophies and processes, while having a controlled, disciplined process for investing for *you*, best fit my mindset.

The amazing thing is that 20 years later, the strategies are still loud and clear at SEI. In 2003 or so, after an extensive study on *Goals-based Investing: Integrating Traditional and Behavior Finance*, they added a sixth core strategy. They fit the new strategy into their series as Strategy 5, *Risk Management: Staying on Track to Your Goals*, pushing the former Strategy 5 into the sixth position. SEI expresses the strategies better than I can, so I am going to use their words from their materials to describe the disciplined process to you.

Consider the following SEI strategies when approaching any investment program you employ. Also understand that all the processes used in the planning to get to your asset allocation are an integral part of the process. The total sum of all the steps is the well-defined disciplined process I have been referring to. I believe this is as close as you can get to investing without emotion:

1. *Asset Allocation: The important first step. Before determining the right investment vehicle, you should define your investment objectives [priorities]. With goals [priorities] clearly set, asset allocation, or the specific mix of stocks, bonds, and cash is put into place. The importance of asset allocation cannot be overstated. SEI sponsored a landmark 1991 study that concluded asset allocation – not market timing or stock selection – is the primary factor in determining why different portfolios exhibit different return results.*
2. *Portfolio Design: In search of staying power. Where does investment return come from? How do we seek returns in excess of a benchmark, known as “alpha”? Whether equities, fixed income*

or alternatives – we’re looking for alpha sources with long-term staying power across all markets and geographic regions. We also categorize these potential alpha sources by the economic environment (Recovery, Expansion, Stress or Distress) in which they are expected to outperform. And because we understand the different types of alpha and their underlying drivers, we design highly diversified portfolios – not just between equity and fixed income, but also across underlying alpha drivers as well. After identifying potential alpha sources and then projecting how a portfolio might react throughout each economic cycle, we’re ready for the next step – evaluating potential investment managers.

3. *Investment Manager Selection: We’ve found that money managers who specialize in a particular market or style will often know where opportunities exist and can anticipate favorable and unfavorable changes. We believe such managers produce more consistent results than generalists who drift from one style to another, often outside their core competencies. We believe that identifying, hiring and managing specialist money managers helps to deliver more consistent performance. We call this process “managing the managers,” a process that SEI pioneered. We also develop expectations regarding how a manager will execute a given investment assignment and the environment in which the strategy should outperform or underperform. Importantly, we use multiple managers within each investment style to achieve diversification. In small-cap growth, for example, six managers provide a highly diversified investment approach. While diversification does not guarantee protection against market risk, it may help to manage downside risk and enhance returns. The result is a global network of specialist managers whose styles complement each other. SEI’s investment team of*

100+ analysts, many who hold the Charter Financial Analyst (CFA) designation, oversees manager selection, performance tracking and ongoing monitoring. They're crucial to performance consistency and helping to keep investors on track.

4. *Portfolio Construction and Management: Focusing on the road ahead. The number of choices available to investors today appears endless – U.S. Equity, International Equity, U.S. and foreign fixed income, emerging markets, REITs, and hedge funds, to name a few. Each market segment exhibits different characteristics, return potential and risk. So we believe that division of assets is only the first step in helping investors down the road. Success requires diversifying the portfolio structure itself. For example, the U.S. Equity market has at least four distinct sub-asset classes: large-cap value, large-cap growth, small-cap value and small-cap growth. Because no one can consistently predict which segment will outperform in the future, we structure our equity portfolios across all of them. You don't just own "stocks," but rather a mix of large and small cap, growth, value, and perhaps alternative investments. We focus on diversification and diligent portfolio construction – designed to keep you focused on the road ahead.*
5. *Risk Management: Staying on track to your goals [priorities]. Like driving conditions, the markets and the economy are subject to sudden change. SEI addresses these inevitable changes through continuous risk management. First, the asset mix in your portfolio is systematically rebalanced to its target. This should help to reduce risk and stay on track. Through ongoing management and manager reviews, SEI ensures that our managers stay within their competencies and the assignments they have been given. SEI analysts monitor the manager's*

philosophy, discipline, consistency and ability. We check portfolio holdings and trades, ensuring the "purity" of the portfolio. Managers who deviate from their philosophies or fail to achieve stated goals are subject to replacement. SEI's investment team also includes a separate risk management group to maintain objectivity and examine the entire spectrum of SEI's investment offerings – seeking to ensure risk objectives are being met.

6. *Tax Management: Keeping more after tax. The impact of taxes could keep you from reaching your financial destination. That's why in the mid-1990s, SEI completed groundbreaking research into the effect of taxes on an investment portfolio. As a result, we focus on tax management to help potentially enhance after-tax returns. Remember, it's not what's earned – it's what's kept. Our investment process is designed to help you keep more.*

SEI's process has become more sophisticated over the years. Their strategic approach to long-term investing is solid – select the asset allocation that makes sense for your priorities and manage the managers while rebalancing to the target allocation as you go along. After having gone through the Great Recession of 2008 and 2009, the added sophistication of "tweaking" the strategic allocation to accommodate different stages of a market cycle is a welcome addition.

This tweaking activity might be better referred to as a *tactical discipline*. SEI does not attempt to "time the market" and move a sensible long-term asset allocation to one that is inappropriate for the goal term. They will, however, adjust the asset allocation for a short period of time to buffer effects during market cycles.

Will these active asset allocation moves have a positive contribution to your results? I think they will, but time will tell. I know I want the tactical active asset allocation tweaking discipline on my portfolios. I believe

a platform like SEI, with their professional CFAs, is best equipped to provide the tactical discipline. I will not leave timing tweaks in response to market cycles of my appropriate priorities-based asset allocation to my professional advocate planner or myself.

I have addressed the age-old controversy of using active managers with your investments versus using the passive approach with indexes or ETFs. The controversy will not be settled with this book. However, it is appropriate for me to comment on the SEI results over the last 20 years, since my experience with SEI extends for that period of time.

I respect SEI's research, talent, and disciplined process now more than ever. I continue to use their active manager approach with small-cap, developing countries and alternative investments for my own account. I use their large-cap active managers to a lesser degree. I use ETFs with SEI's active allocation for large companies more now because their 20-year results with large cap assets look a lot like the indexes to which they compare.

Given that their diversification is so extensive, I believe it is most difficult for them to outperform with large companies. An argument can be made that active managers will make a difference with applying their solid discipline and I know I will never beat an index with an index. At this stage of my life I elect to use the passive investment with their active allocation tweaks approach to manage costs while taking what I think is less risk with large company selections.

Other Investment Approaches

I must disclose that for my account I do use an all cap value money manager (AFAM Capital) with less diversification, whose team of managers I believe will beat the benchmark they compare their results to in the long run. I also have a portfolio of a small number of individual stocks that I use to do some speculating. Thinking of this makes a certain adage come

to mind: *you make money with investment concentration and you keep money by investment diversification.*

The Consequences of Emotional Investing

I have often marveled at the statement that the individual investor experiences an investment return of 6% to 8% less than the investments they hold. How is that possible? I'll give you a hint: emotions are involved. Oftentimes, the individual investor invests when hype is high; the cow is out of the barn and last year's performance was great. You might call this *chasing*. If you are changing often with your chasing, costs can also kill you. As an individual investor, you can speculate a bit if you wish. After all, it's fun, risky, and can be very productive. Besides, you have a system, a process and a discipline for your serious long-term money that employs and maintains the asset allocation that is appropriate for the cash flow related to each of your priorities.

You may want to have a pool of money (albeit small compared to your serious, long-term money) where you do the security selection. Know that buying and selling individual securities will get emotional and you may be prone to buy high and sell low, as is common in the general public. On the other hand, you may have the experience, expertise and time to really do a great job while running in the face of the general public's reputation. It is about your passions and priorities after all.

With your long-term, serious money, consider the decision to invest with active management or passive management as a secondary decision; a personal choice of taking the risk, or not; of beating the benchmarks over the long haul with the extra costs of active management. With the desirable feature of good diversification with your serious money, don't expect active management to beat passive management by more than a fraction over the long haul. This is especially true with large companies. A little difference over a long period of time amounts to a lot of money.

I do understand the enticement of an active management process – you cannot beat the index with an index. Most people have the natural tendency to take the calculated risk that comes along with active management; the cost is *only* a percent or so. Since all companies are not created equal, your manager will naturally pick the good companies and discard the bad ones! The index will have good and bad alike.

We spend an inordinate amount of time and energy chasing extraordinary returns on highly diversified portfolios that end up tracking the indexes. Time and energy is better spent focusing on refining your asset allocation. If you review asset class returns for just about any amount of time, you will see a wide disparity between them. For instance, over the 10 years ending in 2012, emerging markets equities returned a 16.9% average a year while the S & P averaged 7.1%. Give me a bunch of that 16.9% stuff!

You don't want to chase asset class results either, especially when the risk of the asset type doesn't fit your asset allocation profile. What's been helpful in recent years is that investors are gaining more and more access to alternative investments. You can now easily gain access to developing countries, real estate, commodities and hedge funds in your asset allocation. You can access managers who were previously reserved for large institutional investors. You can make tactical allocation moves that were previously impractical for the retail investor. And there is an ETF for everything now, which is both good and bad – good for access, bad because of too many choices. You can thank technology for the improvements and there will be lots more to come. Make sure you take advantage of the additional access to improve your asset allocation.

I remember the great 20%+ returns large-cap growth that managers delivered in the late 1990s. People wanted to move their large-cap value assets to large-cap growth managers. It was a real struggle to keep a balanced allocation with a number of clients. I even lost an account over an allocation discussion. But the tide changed in 2000. Value managers

dramatically outperformed growth managers for three years. It was a period that clearly proved the importance of a balanced asset allocation.

In any short period of time (5 years or less) guessing how asset categories will relatively perform is a crapshoot. It is more predictable over a 20-year period, but still there are no guarantees. Stocks are likely to do better than bonds; small is likely to do better than large; international likely to do better than domestic.

The volatility or risk you may face with an asset class from which you expect the greatest return over the longest periods will dissuade you from piling on with the highest expectation asset types. It's like starting a new venture with an unproven product or service – you may knock it out of the park or you may lose all your capital. You won't go into the venture unless you expect a return commensurate with the risk and you are willing to risk the loss. Despite a higher long-term expectation, if there is a greater possibility of loss, you will employ less money.

Over the 87 years prior to 2012, an all S & P Index stock portfolio averaged more than 11.5% per year, while a 60% S & P Index and 40% U.S. Intermediate Term Government Bonds portfolio averaged about 9.25%. The reason we all don't opt for the all-stock portfolio is that the largest one-year loss with the all-stock portfolio during this time was nearly 43%, while that of the more balanced portfolio was about 27%. Most people can't handle the thought of the bigger loss, even with a very long time before cash is needed from the portfolio. I suspect the mention of a 27% loss in any one year may also scare a lot of investors. It may have to be followed up with the fact that negative returns were experienced in just 23% of the years for the balanced portfolio and 27.5% with all stocks, and an average loss of 7.5% for the 60/40 portfolio and nearly 13.5% with the all-stock portfolio.

Time heals the wounds – and this is true of loss years in a well-diversified portfolio. The best situation to put yourself in with your long-term

assets for your non-income earning years is to accumulate enough to keep your draw rate low (say, 4% at 65). With a slow draw like this you will maintain a portfolio (like 60/40) and benefit from the knowledge that you will have time to recover from loss years. After experiencing the fear caused by the Great Recession of 2008 and 2009, I started talking with clients about pools of assets to meet their different priorities versus an overall investment strategy, which is basically the sum total of individual investment strategies.

I never thought it was necessary or practical to break down long-term investments and have different allocations for different elements of the long-term investments. For instance – current income, growth, spending 5 to 15 years out versus spending 15+ years out, assets designated to go to kids, assets designated to go to charity, etc. You may very well feel more comfortable to have a separate account and allocation that matches the specific cash requirement of that account than to have a single fund with an allocation that takes into account all the needs, blending the allocation accordingly.

My thinking has always been to have stable assets for cash needs from assets that are 5 years or less. The allocation for assets beyond 5 years is based on cash flow needs and risk tolerance. If you need less than 3% from your overall portfolio, you would have a substantial allocation to stocks (like 60% to 80%).

If you need 6% or more of your assets each year, the asset allocation becomes problematic because there is a higher likelihood that you will run out of money. Generally, I find that people feel more comfortable investing with more risk when the pool of assets doesn't have to be accessed for a long time. They feel like there is plenty of time before the money will be accessed, so it is easier to "let it ride" because any losses in the account can be more than made up for with the healing power of time. Separating the part of assets that won't have to be accessed for 15 years or more will give you that feeling of time to recover when the

inevitable "corrections" come around. In other words, it is like a barbell approach – the next 5 years of needs are very stable, the assets relating to 15 years or longer are invested for growth, and the pool of assets used in the 5-to-15-year period will be what you and your planner focus on while leaving the other two pools set on cruise control.

The difference between having three separate portfolios or one overall portfolio is basically cosmetic. However, the three portfolios are an effective approach in helping manage client and planner emotions ... and that is very important when it comes to investing.

FOUNDATION QUESTION

PLANS

Are you protected for a potential loss of income?
Assets? Taxes? Debt?



Chapter 15

The Role of Insurance

Long-Term Care Insurance: The New Kid on the Block

Wow, what a pain – I just sent off a \$5,400 check to the insurance company for the annual premium for our Long-Term Care Insurance policy. We initially purchased the “10 years shared care, with 5% annual inflation rider” package 10 years ago when we were fifty-eight. The premium didn’t hurt as much back then because I was working and the premium was about half as much as it is now. I knew the risk of premium increase was a possibility and I hoped (not a good planning technique) that the insurance company would only increase premiums for new policies. *Not the case, wishful thinker.* Eight years into the policy, they nearly doubled the premium.

What if in another 10 years (when we are seventy-eight) they double it again? That would be unfortunate. I would probably drop the infla-

tion rider, concluding, *Well, I won't be living too much longer anyway ... besides, how much more can costs go up?!?*

I talked about Long-Term Care Insurance (LTC) in an earlier chapter, so why mention it again? Well, because it's important! I'm dedicating this entire chapter to insurance because it involves risk management, and risk management is crucial to your potential well-being. If everything goes as it should, the insurance cost will be a waste of money. Let's hope so.

We all know things don't always go the way we'd like them to. Life happens. So does death. Patty and I purchased \$130-a-day LTC coverage in 2004. With the 5% annual inflation, the \$130-a-day has grown to \$211 a day. For a daily cost coverage of LTC, this isn't too much. This amounts to less than \$6,500 a month – a minimum charge for most care facilities in 2014.

In another 10 years our \$211 coverage will grow to \$344 a day (about \$10,000 a month). Now we're talking serious money. Keep in mind that if general inflation went up at the rate of 5% a year, we are really talking about the same cost coverage as today with all dollars just being adjusted upwards. Unfortunately, people on fixed income don't often see their income rise with inflation. This is a real problem for people in their Third Period, especially with periods of low interest rates. The problem is that as costs become relatively more expensive, your income stays the same, meaning your need for risk management grows while your buying power shrinks.

Assuming that one of us would need care in another 10+ years, what would the potential payback be for Patty's and my policy? How long would it take before we got our money back? Our premiums totaled about \$21,000 for the first 8 years and \$65,000 for the next 12 years, for a total of \$86,000 for the 20-year period. Our daily coverage at seventy-eight would be about \$360 a day. Dividing our cost of \$86,000 by \$360 a

day equals 240 days or 8 months. We would have to receive care for 240 days just to get our money back. If we never bought LTC insurance and instead were self-insured for the 20-year period, investing \$4,300 a year, and netted a 5% return a year, we would have \$142,000. That would be enough to pay 394 days or about 13 months.

In either case, the payback period is relatively short. I believe the average usage period is about 2-1/2 years. 2-1/2 years at \$360 a day totals almost \$330,000. What if one of us gets Alzheimer's and is in care for 5 or 10 years at a cost of \$750,000 or \$1,500,000 respectively? What if the care is needed before seventy-eight? What if both of us need care? What if healthcare costs continue to rise above the general inflation rate? What if we live happily ever after and have the comfort of saying we protected ourselves and loved ones even if we received no care? These are all important questions to consider.

I hope we never have to collect on the LTC policy, the same way I hope a fire never destroys our house. We buy the insurance to protect our well-being, our lifestyle and our assets for us and for our children.

I chose to begin this chapter with LTC insurance because a lot of people elect to self-insure for long-term care risks. You would never consider not having car insurance or insurance on your home regardless of the likelihood of usage; it is just too much to consider losing with an accident or fire. The same is true for your personal well-being, isn't it?

One line of thought on LTC goes something like this: *Our parents and grandparents never used long-term care, or maybe they only used care services for the last few months of their lives. They were okay for the most part; we can afford the same risk. After all, our other costs will be down when one or both of us are receiving healthcare.* This is a reasonable line of thinking. However, it is a calculated risk. After you realize the potential risk you are taking, you may reconsider obtaining at least some level of LTC insurance coverage.

Another line of thought goes like this: *We'll just spend down our money and let the government take care of us during our last days.* This is reasonable thinking as long as your assets are low and you really can't afford the cost.

Maybe you don't feel the need for LTC insurance because the newness of LTC coverage hasn't matured to the point of expectation of coverage. It is a social norm and now a requirement to have health insurance, car insurance and insurance on your home. It is considered irresponsible and unlawful to not have health insurance or car insurance. A requirement to have LTC insurance may very well be in our future and not too many years in our future. Isn't LTC really extended healthcare? It should be part of health insurance, shouldn't it? The government and regulators can rationalize the difference, saying healthcare intends to improve your health and long-term healthcare maintains your health. But in my eyes, healthcare is healthcare.

We have to deal with the structure that currently exists. Insurance companies use well-trained actuaries to determine premiums for risks they are willing to assume by spreading the cost of risks across a large number of people. Some people will never have a claim and some will have one or many very big claims. Insurance companies take on "extra" risk with LTC because there isn't strong actuarial data to support the premiums charged, and unexpected upward premium adjustments arise as the companies realize expenses and usage greater than anticipated.

The fact that LTC premiums are skyrocketing is evidence the risks are real. I suspect the premiums will become more predictable after another decade or two of experience. I also suspect that LTC will be more prevalent as employer group offerings when the need becomes better known.

I recommend that clients "lock" the LTC premium with a 10-pay guarantee (10 years fixed amount and you're paid up!) or an asset-based annuity or life insurance product. I am not sure you can get a 10-pay guarantee

no-premium increase product any longer. I know the asset-base annuity or life insurance product is available with guarantee premiums. If you have the cash to lock up in the product for the remainder of your life, I advise that you look at those first. In this case, think of the LTC annuity or life insurance asset as a "last to use" asset.

If you are younger than fifty, you are probably not thinking about LTC and your advisors are probably not thinking about encouraging you to buy it. This is not because you are otherwise protected from the possibility of long-term care needs, it's because LTC is considered an old-age issue. But tragic long-term disabilities are a possibility at any age. A planning-focused person will ask: *What if I got in an accident and someone would have to take care of me for the rest of my life?* Think about it and discuss it with your advocates.

Long-Term Disability Insurance is Also Underutilized

Long-term disabilities are all too common; much more common than dying young. I hate to talk about *this kind of insurance* and *that kind of insurance to protect you from this risk* and *that risk*. Anyone who talks that much about insurance runs the risk of sounding paranoid and I don't want to fall into that camp. However, insurance is important and the cost of these "necessary evils" is increasingly out of reach for people who just want to live a "normal" life.

Government programs are in place for disability – they're called Social Security and Medicaid. To receive Social Security disability, you have to be totally disabled for *any* job. To receive Medicaid, your income and assets have to be *very* low.

To protect you and your family from the financial consequences of a partial disability resulting in the inability to do your profession, you have to purchase – what else? – more insurance! Specifically, disability insurance.

I recommend disability insurance if you and your family live primarily on your income. If you have sufficient assets to live without working and you are under normal retirement age, it's more of a question of comfort. *Do you want to pay the price of insurance to replace a good part of your income to normal retirement age if you become disabled?*

Too Many Needs for Insurance at Too High a Cost

Unless you have a whole bunch of money or no money at all, the insurance you and your family need to protect against major risks are car, home, liability, health, disability, LTC and, very likely, life, which I will address next.

In an earlier chapter we talked about how all the necessary taxes (payroll, property, sales, income) can total as much as 50% of your gross income. Add up your insurance premiums to determine what percentage they total and then compare that to your gross income. It's a figure you should know and watch. The percentage of insurance to gross income has dramatically increased over the last 15 years and has consequently become a planning issue to manage.

A decade or so ago I was visiting with a client that experienced some health issues in the family. They were paying \$2,000 a month for health insurance. They were dismayed. I was surprised. Now it is common to hear about families paying \$1,500 to \$2,500 a month for health insurance.

Young, healthy families are experiencing dramatic increases in required premiums with the Affordable Care Act. If they have an option to take on more risk at less cost outside of the Act provisions, they will take it. This makes sense when premiums get out of proportion to income. If they have no other option but a higher premium for better coverage with the new healthcare act, they will eventually, reluctantly, sign up.

Having no other option than the government program is the way the Affordable Care Act will work. But it will require big government subsidies. The insurance companies need to provide enough relief to individuals to keep the cost of health insurance in a reasonable proportion to income. I'd prefer free-enterprise competition to play the health insurance role with supply and demand. Higher costs will require a bit of a tax hike. This would be fine and dandy provided you don't lose motivation to produce *and* if the imposed health program can be run efficiently. These are big *ifs*.

The Benefits of Life Insurance

How much life insurance do you need? Given a 5% return, if you die today, how much money do you need to provide for income replacement for your surviving family? The answer will be specific to your situation. You can back into the amount of insurance with a little calculation. When you are young, the amount is probably more than you think. When you are older, it is probably less than you think; that is, unless you have exposure to estate tax.

Let's say after some good present priority discussions with your advocate, you determine you need a sufficient amount of insurance to provide \$100,000 after tax to your family for a 20-year period. Let's further assume that based on your income, assets, and your present lifestyle, you are insurable for the necessary amount. How much insurance would you apply for? I'd say \$1,250,000 (the present value of \$100,000 a year for 20 years at 5%).

The cost of term insurance for a young, healthy (non-smoking) individual will be surprisingly low, because the policy is likely to expire without being used. That is what happens with most term policies when the period covers your younger years. Try the same thing when you are sixty. You'll find the cost will be prohibitive. This is because people tend to die

when they get old!

Go back to our most recent example. If you apply for the same amount of insurance for a 30-year period, the premium may be much greater or not even available. It will make a big difference if you are 20 or 40 years old when you apply for a 30-year policy. Talk with your advocate and get a quote to cover the expected need in case of a premature death; it could make a world of difference to your survivors. Most often your life insurance need is temporary; for a specific period of time, like 20 years while your children are growing up or 30 years while you are paying off debt and building retirement assets.

Let's say you have four children. Let's also say your spouse is the homemaker who never plans to enter the workforce outside of the home. The calculation could be the same as our example above. It could also be much higher because you not only have to cover all the costs from here on out, you have to build up sufficient assets by the end of the term period to carry the cost of retirement for the non-working surviving spouse.

If you don't think you can build up sufficient retirement funds by the end of the term life insurance period, you might want to consider some permanent insurance that will supplement the assets you've accumulated for retirement. Since you expect to die with a permanent life policy, the premiums will be considerably higher than term in force at a young age, even if you borrow or terminate the policy to supplement retirement.

The calculation is complicated by your age, by the assets you've accumulated, and the rate at which you are accumulating assets. When I talked about assets necessary to support a retirement, I kicked around the idea of \$1,000,000 of assets to cover each \$50,000 of need. You can imagine how easy it would be in this example to acquire \$2,000,000 or \$3,000,000 of term life insurance in your twenties, thirties and even forties. Talk it over with your advocates and don't be afraid to spend a little money on

term insurance when you are young and healthy. It's inexpensive and will probably never be used, but oh, boy, it will be invaluable if you need to use it. Like most life insurance, it's a gift of love to your survivors.

When you get to the Third Period, your original purpose for insurance will no longer exist. Your children will be grown, your debt will be paid off, and you will have sufficient retirement assets in your 401(k) and IRAs. You may even have a variable annuity to supplement your retirement.

Since your need for insurance declines as your kids grow up, as your debts are paid and as you accumulate assets for retirement, decreasing term insurance is the ideal type of insurance to protect your risks during the middle years. In this type of insurance, your coverage would decrease as your assets build and your risks decrease. As a practical matter, your options for decreasing term with insurance companies may be very limited, probably because of the low cost of term insurance when you are young and healthy.

Cover your insurance needs with your advocates while addressing your protection activities during your Present Priorities discussion. Protecting yourself, your family, your income and your assets are important giving activities, especially when you are young and vulnerable.

Regardless how long you live, whole life insurance is a different animal than term insurance. Just look at the words involved: *term* insurance is temporary and *whole life* is permanent. But when is there a need for permanent insurance?

The most common permanent insurance situation I would encounter usually involved a person or couple with exposure to estate tax while having a priority to transfer wealth to the next generation. The wealth may be in the form of a family business. There may be insufficient liquidity in the estate to keep the business (or farm) in the family and pay estate taxes. The insurance can provide the liquidity to pay the tax and

preserve the value of the business for the next generation. Downton Abbey should have had insurance on Matt so they didn't have to deal with the tax bill! At the time of this writing, I haven't seen how they deal with the problem – do they sell land, leverage a business, pay the bill over time, or what?

Another common permanent insurance situation is a buy/sell agreement between unrelated partners in a business. It is similar to the family business in that the goal is to protect the continuity of the business with insurance proceeds that will be used to buy out the deceased partner.

Wealth replacement is a third common situation, in which a family decides to give a large contribution to charity. This fulfills a Giving priority. This also reduces estate tax exposure by reducing the taxable estate and replacing the wealth to family by buying insurance outside of the estate with tax savings from the charitable gift. This then fills another Giving priority through wealth transfer to the kids.

Permanent insurance may also be used when there is an insurable interest of an individual and there is the desire to take advantage of the tax-free build-up of accumulated value in an insurance policy, as well as the tax preference of tax-free proceeds to the beneficiary. Most frequently the insurance is in a trust outside of the estate.

Sometimes as people age, they don't completely decrease their need to protect their survivors from debt and income replacement. They justify the added leverage to create wealth for survivors that comes from permanent insurance. It is important you understand at an early enough age that this need will be permanent so you can put an appropriate policy in place at a reasonable cost.

A person or family may simply want to leverage up a gift to charity (or for any purpose, for that matter) by committing to a guaranteed premium policy that will be paid for the rest of their life. This is, in effect, a permanent term policy; one with little or no cash value build-up to

maximize the proceeds while minimizing the premium. The idea is you are going to die still paying the policy. If you die prematurely, you will have paid little for relatively large proceeds (leveraging up), and if you live well beyond the mortality tables, you are effectively saving for the intended purpose with little return. In either case, you meet your priority of leaving the specific amount whenever you move on to bigger and better things in the hereafter.

I mentioned a number of uses for permanent insurance. There are many more. It's important that you and your advocates regularly examine your present priority activities and be creative with how to do what is most important to you. Life insurance is a tool that can be employed to help you do your priorities, particularly when doing the Giving activities of Protecting, Contributing and Transferring.

Purchasing permanent life insurance is a *permanent* decision. It is a decision you want to take very seriously – it is expensive to change your mind in the first 10 years or so of the policy's existence. It takes a number of years or an early death to benefit from the heavy front-end sales charges in these policies.

I faced planning situations in my practice in which there was a great need for permanent insurance. It was clearly a wise thing to do. In these cases, the policies were implemented with relative ease. Generally, a lot of effort goes into getting the right policy in place for a client and it is a great service to provide. However, I'd feel guilty sometimes as a planner receiving the large commissions associated with permanent life solutions. It seemed like the commissions received were not commensurate with the time and talent involved. I do understand the concept of *value-delivered*. It may all balance out when you consider all the planning time with clients that don't end up with any life insurance, even though it seemed to be the right choice at the time.

The Compensation Conflict and the Need to Network

There is an inherent conflict of interest when your professional planner operates with product solutions that are both fee- and commission-based. Many unbiased planners operate this way. I did. It is just not the purest way to operate.

My rationale was that planners should remain independent and unbiased by taking an all-or-none approach to their offerings – no product solutions or all product solutions. I offered no product solutions while I did financial planning in the CPA firm. That didn't really work out – people ended up paying for investment advice twice. CPA firms now offer investment solutions, most often just for a fee, but many offer commission products too.

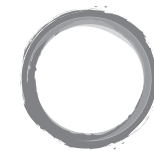
When I practiced within the CFP® firm, I theoretically offered all product solutions, believing again that I was unbiased. I say theoretically because there really is no way someone can represent “all” products. It always comes down to picking and choosing which product solutions you want to work with.

The purest way for your professional advocate planner to operate is fee only. I am not suggesting that the time-based, no-investment implementation approach that I did in my early CPA days is the way to go. Quite the opposite. I am suggesting that your advocate planner represent all solutions on a fee basis exclusively. Most investments can now be accessed on a fee-for-service basis. Many life insurance solutions are becoming available on a fee basis. There will be more in the future. Some planners work with expert insurance agents that have access to “wholesale” insurance solutions when working with professional planners and large enough cases.

If there is not an adequate fee-based solution, your planner should refer you to a reputable product solution provider that will work well with you and your planner. In other words, they will not double-duty time

and effort to implement solutions. The planner referring out to a product specialist is normally the case with health, liability and property insurance. It is also the case with mortgages, business loans and private real estate. It is the case with tax preparation, advanced tax planning and wills and trusts. The planner advocate should be able to implement many of the solutions you decide on together, but that won't be the case for all solutions.

Understand the referring networks available to your professional planning advocate. Be wary if your planner isolates from other professionals and never talks about solutions that are implemented by others. Your professional advocate planner's specialty is *you*. Because of their knowledge of you, their broad personal solution background and frequency of contact with you, your advocate planner makes the best quarterback of the professionals working with you. They should have the ability and experience of working well with other professionals.



CONCLUSION

FOUNDATION QUESTION

DREAMS

How do you **feel** about how you will live out the rest of your life in relationship to Learning? Serving? Mentoring? Exploring? Relating? Playing? Protecting? Contributing? and Transferring?



Chapter 16

Enrichment with Advocacy

The Advocate Planning Model: The Result of Questioning, Listening and Acting to Enrich Lives

I'm a slow learner. It took me to the age of sixty to feel financially successful enough to ask *What more is there? What is real success? What do I mean by "Enriching Lives"? How do I deepen client relationships? What do I really mean by saying I question, listen and act to enrich lives? What do I do with the results of my search?*

Question, Listen and Act to Enrich Lives. It's clear to me now. I was so fortunate to put that set of words together. It was serendipitous. I now understand what it really means to enrich lives. Those words were always meaningful to my linear processing mind. You ask a bunch of relevant questions, you listen well and you use your set of professional skills to act to enrich the life of the client. I made a living using this process while

also filling a need. I feel like I now truly understand the greater significance. Wonderful. It seems complete.

My desire to search for deeper meaning came shortly after my prostate surgery. Knowing that my oldest brother died of prostate cancer 17 years earlier – at the same age as I found myself with cancer – probably had more of an impact on me than I realized at the time. After my surgery, I remember my associate, Jason, claiming I was acting differently. I didn't see it. I now realize that the life-threatening event broadened my horizons and probably had something to do with my asking questions like *What does it all really mean? What does life balance mean? How do I deepen relationships?*

I was surprised and delighted with the revelations of my search. Most of the revelations came to me upon waking up; lying in bed with a little fire up in my head other than ever-glowing on the back burners – my subconscious. I guess it's not my thinking mind that gives me my best results. The best results come from that inner wisdom that pops in while I am on my back, having rested for 8 hours or so.

I am sure the Psychology of Mind (POM) tenets about how the mind works sharpened my access to my inner wisdom. I also believe that greater powers are available to us; powers that can provide clarity to inquisitive minds that believe in divine inspiration.

Another factor that contributed in my search was allowing my reticular activator to rise and notice things that I was looking for. To be open to countless possibilities.

The revelations started to form into more than what I was seeking at the beginning of my search – a simple definition of what I meant by *Questioning, Listening and Acting to Enrich Lives*. Enrichment boiled down to *love of self and love of others*. Determining how to make the professing of love specific for financial planning led me to SCG, which I concluded were universal Planning Values that apply to everyone in some form or

fashion. Then the next question was: *How do you do Self-Realizing, Connecting and Giving?* The answers lead to the Planning Values Activities of Learning, Serving, Mentoring, Exploring, Relating, Playing, Protecting, Contributing and Transferring.

The next question that followed was: *What resources do you need to Learn, Serve, Mentor, Explore, Relate, Play, Protect, Contribute and Transfer?* It became obvious to me that you need more than Money to do these positive activities in the way that was motivating to each unique person. In addition to Money, you need Health of mind, body and spirit and you need Time to *do* the activities.

What followed was: *What drives you to do the SCG Planning Values Activities?* Your passions drive you. Passions are a natural energy that can be latent without a determined effort to reveal and place as a high enough priority to *do* your desires.

I went deeper with the next question. *How do you live what you love to do most and make aligned actions top priorities?* You feel, think and talk about yourself from many angles, ask many powerful questions, and listen intently to determine, confirm and understand you and your strongest desires. You end up necessarily reordering your priorities. You do this by understanding your history, dreams, values, passions and plans and by continually assessing your progress in doing what you love to do most.

I passionately believe the process I describe will result in enrichment. I have no doubt. The positive nature of the active SCG tenets of the philosophy promote advocacy. It has become an Advocate Planning Model with an overt process of professing your passion-driven life to realize all that is you.

I realize that as you get to know people, the tendency is to intuit their values. In my planning, particularly in the early years, I didn't take the time to connect values to passions to priorities with any formality. I did,

however, realize that it takes frequent encounters to get to know people well enough to be a good comprehensive planner for them. Inviting people in for quarterly meetings was one of the best decisions I made. There is always something to advance!

I questioned further. Even without drilling down deep with a deliberate process, don't regular encounters make it obvious to you what you love to do? Can't you see your desires and all that you love to do clearly? Yes. But why is it that even when you pinpoint your desires, your actions are still inconsistent with desires? Why are your priorities still not congruent with actions that motivate you? You know what you love to do. Why aren't you doing more of what you love to do? The questions nagged at me.

Through my search, I learned that I had to be more deliberate with my process if I wanted to deepen relationships and be more effective. I needed to be more thorough. I needed to connect the dots between history, dreams, values, passions, plans and priorities to best determine the next actions to recommend. I concluded that being an overt advocate for my clients would deepen relationships. And I knew that being an advocate meant I needed to know what to advocate for. The interest in better understanding my clients led to an interest in learning about their histories, which leads to understanding and confirming values, cultures and early dreams, and to connecting those dots between values, cultures, passions, plans and priorities.

I ran out of time as a planning practitioner to fully implement my exciting conclusions. But my drive to tell my story persisted. Now, in this book, I share it directly with you.

Advocate for What You Love To Do Most Through Self-Realizing, Connecting and Giving (SCG)

The notion of advocacy came partly out of asking myself, 5 levels deep

or so: *What's important to me about questioning, listening and acting to enrich lives?* I needed to get to the *why* and the *how*. *Why?* Because through advocacy I can help people do what they love to do, and, in the process, I can do what I love to do. *How?* By doing activities that allow us to grow as intended (Self-Realizing) and to contribute (Connecting and Giving) to society in ways that feel right to us. Here were the missing ingredients!

The light bulb came on as soon as I attached the word *advocate* to *planner*. The revelations started popping up like popcorn. It was as though *advocate planner* was showing me a new world, a new industry and a higher purpose of planning. *It's about ordering priorities! It's about getting things done in order to live an intentional life! It's about doing your passions and producing and playing as you please. To please yourself and to please your communities!* I finally understood.

Now I can clearly see the value of understanding the past to get to desires that require advocacy. Our stories reveal our culture and reflect our values. The most important stories are sometimes difficult to tell, but if you can get to these stories, you'll open up the door of the soul. The realm of the soul is a very deep place to visit and experience, but that is where you'll come face to face with your love. What you love and who you love is born in the soul.

But the soul is not the only place to find urges. Urges are frequently identified as unexplained pulses from the heart that carry feelings that beg to be followed. It seems the thoughts and dreams of the youth contain the roots of passions. All the more reason to look back, reflect and follow.

Self-Realizing by Learning, Serving and Mentoring

You Self-Realize by doing what you love to do so much that you do it as well as you possibly can. When you have passion for something, you have the drive to grow the passion by Learning more and more about it.

The frequency of engaging the love, the self-study, the formal education and opportunities to be mentored will make you more and more of an expert.

You will likely get better and better through various forms of Learning. As you get better and do your desires – be it creative like writing and visual arts; business-related like sales, managing and manufacturing; or sports-related, like golf and tennis – you serve others and yourself through your work and play. Your expertise will further grow with all the opportunities that you will have to Mentor others in the area of your passion. It's all part of the Self-Realizing process.

Bad stuff gets in the way sometimes ... okay, a lot of the time. We need advocates as we find our way to best do our loves, Serve our communities, work our trade, refine our talent, do our best and have success to achieve the ultimate: to realize our unique good.

Connecting by Exploring, Relating and Playing

Connecting with somebody or something is unavoidable in life. I believe that without Exploring your world in some form or fashion, Relating to the people around you and including others in your Play, you suffer. It's like the loss of oxygen; you would suffocate in your lack of Connection. It is not possible to Self-Realize without Connecting.

It is not possible to Give without Connecting. By Giving, you are Connecting with somebody or something. And how can you actualize a talent or passion without involving others, or Relating to nature, or Relating to your God? You need to belong. You need feedback, input, response and interaction to grow and to become all you can be. It is the result of your Connections that satisfies your love. Connections are your lifeblood.

My daughter often says, “The only thing that really matters in life is the relationships that we have.” This is strong commentary and I believe it to

be profound. I suspect many people will agree with her. I certainly do. Some people will include relationships with nature and the supernatural as part of the importance of Connecting. In any case, Relating is vital and intimately involved with Self-Realizing and Giving.

My strongest emotions and connections have involved my relationships with family; my family of origin and my nuclear family. Families are love units, which Relate all the time – laughing, being, yelling, defending, agreeing, disagreeing, supporting. In good times and bad, families are invariably on the top of the list of passions for me and the people I have planned for. I suspect this is true for most of you as well. Your top priorities are likely to include one or more of the following: kids, spouse, parents, extended family and close friends. Families are such a massive part of most of our lives, and, even with all the drama and trauma that comes with being part of a family, love is at the foundation. Much of financial planning is driven by love of family and it's not surprising that family is regularly one of our highest priorities.

Exploring is Connecting with that which you seek out. It is often demonstrated by traveling to places you haven't seen before; places that you read about and your curiosity that prompted you to Connect with the people or the land of your Exploration. Curiosity can motivate you to Explore most anything – an idea, a concept, a people, a culture or an activity.

Exploring an activity may lead to a hobby or interest that you enjoy and do for fun, relaxation or stimulation. I mentioned that I am thinking about Exploring painting with watercolors. I had someone come up to me yesterday and ask if he could paint one of my photographs. Well, there's an intriguing idea. Maybe I could learn to do that. I speculate that I would learn more about design, color and myself by Exploring this new potential area of Play for me. My sister Marge enjoyed painting – maybe it runs in the family. I loved to draw and color when I was young.

Giving by Protecting, Contributing and Transferring

All is Gift. Thanks (again and again) for helping me understand, Jim. Understanding *All is Gift* is the key to simplifying the Rube Goldberg Machine of life. With understanding those three little words and just nine letters, we can tap into an attitude that boils down everything to a gift. Whether receiving or giving, we can feel the gratitude and exhilaration that comes from seeing the gift in all things. Those three words are humbling. All that I have is a gift and all that I can give is my purpose, which is its own kind of gift. Find, live and contribute your passions – Self-Realize, Connect and Give.

Our unique God-given desires and talents come into play in realizing the Big “F” Feelings of gratitude and exhilaration that come to us through celebrating our loves and contributing our individual uniqueness to our communities. Feeling exhilarated while doing our loves is part of our humanity. Unfortunately, they are often messed up by all the other human emotions that we are confronted with; the Little “f” Feelings like greed, fear, excitement, boredom and hatred.

Protecting is part of giving and financial planning is full of it – we protect our assets, our income, our health and our family. We do this for our loved ones and ourselves. Thanks to taxes, a huge amount of planning time goes into transferring assets to the next generation or charity. Most charitable contributions are driven by the desire to Give and that desire is enhanced by the fact that taxes are saved in the process.

Your Life Story Will Benefit You, Your Family, Your Advocates and Your Communities

One of the most under-emphasized planning areas is planning the transfer of your values, your ideas and your stories to generations of your family to come and your other communities you have lived with for a significant portion of your life.

I believe you can more effectively transfer your values, traditions, stories, experiences and goodness to succeeding generations with a deliberate process. Do an ethical will, a life story, a family meeting – whatever feels right to you – to communicate your story and all that makes you YOU.

It is easy to rationalize that younger generations pick up the “you” by just being around you. Certainly, to a large extent, that is true. But, what about the kids’ kids’ kids? Or the third generation of the business you started? Or the community organization you founded? Hearing your stories and messages in your voice and image after you are gone is a big deal to your loved ones and future generations that can learn from and enjoy your “real” legacy. The essential YOU is like a good wine – it gets more and more valuable with time. It’s the legacy that lasts and is most influential.

The Path to the Holy Grail of Planning

Look at the Advocate Planning Model exhibits in the Appendix. The simple graphics lay out for you and your advocates what I believe to be the path to the “Holy Grail” of Planning – the decisions you make today to better do what you love to do. The action you take by doing your present priorities will put you in the best position to experience the exhilaration that comes from your fulfillment now and in the future. What you love to do will be enhanced through SCG Planning Values Activities. By focusing on your desires, you will best utilize your Resources of Health, Wealth and Time to do what you love to do now and in the future.

The past brings knowledge and resources that create a foundation for the present and future. Use the ideas expressed in the graphics to filter all your thoughts, feelings and discussions of the past and present (and even the future). Combine what you learn from that exercise with the knowledge of your Resources to best order your present priorities. For example, ask yourself: *What’s important about learning (in regard to my*

passions) to me at this time? As you determine which specific learning activities presently are of interest to you, you will be able to direct your thoughts and questions to those specific learning activities. In my case, I would ask myself: *How can I learn to better capture images as large as 30" x 40" that can be displayed on a wall and hold my attention, and I can feel proud of?*

You and your advocates feel your way through the SCG Planning Value Activities. It's not that much. You'll be surprised how quick and easy this learning process is. They are designed to help you cover a lot of territory without overwhelming you. The process is open-ended enough to include just about anything but focused enough to provide a specific path that you can continue walking along without ever having to start from square one. It's like being deep in the woods with a compass – you can go many different directions, but the compass is there to guide you in the direction of your highest priorities. You are more likely to get lost without the compass. You're going to want that compass.

Doing Your Planning: Alone, with a Personal Advocate and/or with a Professional Advocate

You don't *need* an advocate to go through the Personal Priorities Process. You can do it yourself. I found it is better to do it with a personal advocate. I've also found that it is generally best to have a personal and a professional advocate available while you do the process. But cost will be a factor – a professional advocate planner relationship might very well cost \$5,000 a year or more.

The complexity and clarity of your situation will guide you through the process of determining the best approach for your situation. Although good professional advocate planners are worth their weight in gold, you are not going to be very motivated to secure one if you do not have sizable investable assets (\$250,000 or more) and/or sizable discretion-

ary income or complex business or professional issues, and/or maybe, family money issues that are troubling.

If you decide a financial planner is your best route, find a CFP® that will provide you the time and attention to be your advocate. Now that you have almost finished this book and appreciate the value of advocacy and how it relates to your realizing what you love to do, you are in a good position to interview potential professional planner advocates.

If you are not in the position to have a relationship with a CFP®, know that investment solutions and financial planning tools are readily available to you. If you have the expertise, the experience and the time, you can do it on your own by going direct to investment companies. And when you get your priorities straight with the Personal Planning Process, you can go to the product specialists – the brokers and investment advisors – to implement your well-thought-out solutions. That is, if you desire the expertise, experience and attention they bring to the table.

A Deliberate Planning Process

It doesn't make any difference how complicated your situation is – if you follow the Personal Priorities Planning (PPP) process I describe in this book, you will reap the benefits. Living your passion-driven life at any age is worth a little deliberate planning. Remember, you're trying to get to what life is all about: the realization of your unique good.

Advocacy doesn't have to come in the exact form that I profess in my process (even though my process will be extremely effective). What is important is that you and your advocate have a *deliberate process* to get to know who you are and what you love to do, and, that you use that information for “coaching” you in doing your ordered priorities to live an enriched life.

Nurturing your SCG Planning Values is only half the process to living a

passion-driven life. Managing your Health, Wealth and Time Resources so you can do your SCG Planning Values Activities is the other half of the process.

Financial planners are frequently relegated to consulting on just the Wealth resource. This ignores two equally important resources to manage as part of the deliberate process. You can't make good decisions in a vacuum. The financial planning industry recognizes the interconnectedness of disciplines. This has led to the evolution of life planning as an integral part of comprehensive financial planning. I can see the evolution of planners moving more and more into the Health and Time Resources as the industry moves more toward advocacy planning and understanding the need to advocate for the total person as part of a deliberate holistic approach.

I have enjoyed seeing the evolution of financial planning to include the total person with a growing life planning involvement as part of a deliberate planning process. I enjoy a great deal of satisfaction in contributing my thoughts and opinions to this continuously improving process.

The Age of Specialization

I realized early that specialization is productive. I also realized that it is impossible to be expert in every financial planning related area: stock selection; fixed income vehicles; alternative investments; asset allocation; all the various insurance product solutions; income and estate tax preparation; income and estate tax planning; wills and trusts; retirement plans; accounting; projections; probability analysis; planning and priorities processes; motivation; coaching; psychology; healthcare; time management; financing; and I suspect a few more. A person could spend a lifetime mastering any one of these. Sometimes you and your generalist financial planner need to bring in a specialist to complete the job.

Like your advocates, you can choose the areas you wish to understand

well enough to make your planning decisions and bring in specialists where you think they are needed. Maybe you have enough general knowledge about the above-listed subjects that you can do the lion's share of the lifting. But consider, for example, how complex our income taxes have become. It doesn't take too much complexity to want to bring in an expert. I can't imagine preparing tax returns by hand today like I did in my early CPA days. Thank you, computer.

With all my CPA, CFP® and education requirements and interests, I received vast amounts of training in most of the areas I listed earlier. Even so, in trying to cover the full terrain, I realized I was not going to be expert in any one area. I also realized the power that comes with having enough general knowledge about all the topics listed above – the ability to recognize most problems and to know when to bring in the specialist to get the job finished.

I eventually concluded that, as a budding advocate planner, I wanted to specialize in one particular area: the unique you. My self-proclaimed expertise has since proven to solve many routine situations and has made me a gatekeeper to the specific specialists when needed to complete the job.

A Call for a New Designation: Certified Personal Priorities Planner (CPPP)

I have to say – with full confidence and a wink – that specializing in *the unique you* will not be an official new certification anytime soon. Be that as it may, I like the sound of Certified Personal Priorities Planner (CPPP) and would support it at every opportunity to do so. It would require a planner to be good at the process of determining your priorities in order to perform your passions to produce and play as you please. It would also require a working knowledge in all the disciplines listed above to give the public assurance that the CPPP has received the knowl-

edge to be a holistic priorities planner.

A CFP® with a CPPP would doubtlessly be highly sought after by people that want the whole enchilada *and* for practitioners wanting the expertise to deliver it. Many CFP®s act as money managers and investment advisors, aiming to limit the scope of their practices to investments and/or insurance. This is good – we need the specialists. As I see it, part of achieving the CPPP would require knowledge of healthcare and time management. The resources of Time and Health are too important to ignore or hand off to already overburdened healthcare providers.

My daughter Bridget, who has had a long-time interest in holistic health, coaching and health journalism, has been a good resource for me in better understanding the mind, body and spirit. It is interesting because the training she has received from Duke University, The Coaches Training Institute (CTI) and the Institute of Integral Studies all address the process of fulfillment, the whole person, asking powerful questions, listening intently and coaching clients to enrich their own lives – the same areas I have been speaking to from my viewpoint as a financial planner.

I am recognizing the same thing as the health coaching industry; you can't separate the parts of the whole person when you are addressing people's priorities and desires. Thank you, Bridget. Thank you for giving me your perspective from wherever you gleaned your insight. Your discussions helped me understand that priorities planning, advocate planning and holistic planning clearly need to work with all the resources you have, not just money.

Bridget and I had a number of meetings together while she was going through CTI. I was interested in the coaching approach. She was interested in practicing on me with my "Passion Project." I was really delighted with the results. Her probing questions and conversations got me thinking, feeling and operating at a deeper level. Through discussions and reading assignments I learned more about the importance of

asking powerful questions and about different levels of listening.

I don't think Bridget realizes it, but her last 30 years of personal inquisitiveness has provided a wealth of experience to be a great coach – health-wise and beyond. Come to think of it, she would be a good Personal Priorities Planner. I know no one so motivated to live a passion-driven life, so fiercely inquisitive and so adept at dealing with the elephants in the room ... but she would have to refer out a bit more than I would for many of the financial areas though!

Personal Priorities Planning seems more central to the coaching industry than it is to the financial planning industry. Planners even outsource to personal coaches at times. Financial decisions depend on personal priorities. I suspect that once the correlation between passions, priorities and satisfaction with financial results is better assimilated, financial planners will grow their talents in the life-planning service of personal priorities planning. I would love to look out thirty years from now and see what the financial planning industry looks like. I am confident that it will be more evolved in the personal priorities planning area. I suppose someone else will have to push for the CPPP designation. The time for me to accomplish that is behind me. All I can hope for is to plant a seed or two.

Managing Your Resources

I don't want to underemphasize the importance of managing your Resources in the process of Personal Priorities Planning to perform your passions, to produce and play as you please. However, the unique aspects of this writing relate to defining and broadening the planning process to create an advocacy for you to do activities that will enrich your life. It is the promotion of your unique passion-driven Planning Value Activities.

The Resources you will need to do your priorities will pop to the surface once you clarify the order of your SCG Planning Values Activities. You

may need a specialist from time to time to implement a technique or two to best manage your resources to do the activities in question. You may implement solutions yourself and, even better, you may have a professional CFP® planner to advocate for you. What is most important is recognizing when there is need for action, then acting.

The Future Feel Exercise

I would like to finish my writing of *Advocate Planning: to Do What You Love to Do* by doing a little Future Feel exercise. I have not done this before but I expect it to be a fruitful exercise because I – and I hope by now, you – believe in the enrichment derived from the SCG Planning Values with good management of Health, Wealth and Time. I hope you take the time to try it yourself. It's a short exercise that may get you thinking after the immediate feelings are expressed.

I am going to address each of the 9 SCG Planning Values Activities, each in their own paragraph, and express how I *feel* about how I will live out the rest of my life concerning each specific area. Remember, I am sixty-eight and these are the first, unfiltered feelings that came to the surface while visualizing the rest of my life.

How you *feel* during this exercise is crucial. I use the word *feel* because I don't want it to be a well-thought-out plan for the future. I want it to be a quick emotional reaction; something that triggers a *present feeling* by visualizing the rest of your life as it relates to each activity – a hope, a wish, a fear, a regret, a joy, celebration, satisfaction, gratification, determination, a desire, a need, a resolve, a closure, a restitution, a legacy, a wonder ... you get the idea.

Okay. Here I go:

Learning: I've been a big learner, especially with my planning profession. I feel very satisfied with my efforts in the past and I

am anxious about stopping professional planning and continuing professional education. It was rewarding to grow my professional knowledge and I enjoy coming up with creative, original ideas even more. I don't want that to stop, but it will. What will I learn now? Will it keep my attention? Or, can't I stop the need to learn? The need to be productive? Photography education is likely to fill the Planning education void.

Serving: It's been wonderful to be a financial planning practitioner in a boutique planning firm. I am very grateful – Thank you, former clients. Even though it was hard for me to stop practicing, I am now excited to contribute to the profession, my former clients and the public at large through the tenets expressed in this book. I have no idea what will come out of the effort. I desire to consult with practices that want to further develop their Advocacy Planning Model. I have no expectations or plans to consult and don't know how I would balance out the consulting with my desire for time with Patty. It's my time to be her advocate and it seems she wants me to be close by, most always.

Mentoring: I am not a patient teacher but I want to pass on my ideas. I want my clients to be cared for like I would care for them. I have to let go, I know. This writing is part of my desire to mentor my planning approaches. I feel I have these ideas that need to be put out there as far as I can reach. I don't feel it goes beyond planning. I have no desire to mentor with my photography or with anything else. I feel this mentorship will end with this writing, unless I hear the calling for more of where this book came from. I am not driven to force the ideas by going back into a full-time practice, be it directly with clients or, more likely, with practitioners.

Exploring: I love exploring natural beauty and capturing a moment in time when the light enhances the center of my interest. I am amazed how one location when visited at the same time each day can look so different from one day to the next and from one season to the next. I suspect I will not have to travel far to find new beauty that will excite my senses, although I thirst a bit for exotic, faraway locations.

When Patty and I travel, we like to plant ourselves in one location for a number of days to have time to feel our way around and move at our own pace. This is great for early morning photography. We travel well together. Patty likes history, architecture and landscapes and I do too. I also am looking for that once-in-a-lifetime image you can't stop looking at.

We should travel more. I have to take personal responsibility because Patty is content staying home and periodically traveling short distances or making trips to see close friends and relatives. Accordingly, she will not take the planning initiative and I have not gotten into a travel-planning mode because of higher priorities. We were both delighted and surprised when we enjoyed the drive across country to visit Bridget in San Francisco. We took our time, were spontaneous, stopped at Gettysburg and Yellowstone and loved the scenery across much of the West.

Travel is a luxury we feel is secondary to gifts to the kids. I presently feel we are holding back on travel because our gifts are greater than our original plan and what is reasonable for our situation. I feel our priorities in this regard will be revisited to get a comfortable balance between gifts to kids, travel, and our financial independence. I need a little time to adjust to having no more earned income coming in and to finish my planning-related activities, like promoting this book. I want to travel

more and be more concerned with our own financial independence. This is going to take time and a concerted effort to get the proper balance Patty and I want.

(Okay, I cheated. This was more than one short paragraph. I couldn't help myself. I just let it flow for a bit. Maybe there is a clue here! I, here and now, change the rules to allow for a run-on. When you are on a roll, sometimes you gotta keep rolling!)

Relating: Boy, as I *feel* about the time between now and the rest of my life – this is where real desire is for me. My desire to create processes to deepen relationships with clients while questioning, listening and acting to enrich lives was probably a response to this desire, even though I was moving on with the succession of the firm, thinking it was my time to move on. This book is partly my way of dealing with the loss – or staying a little connected, or feeling I could still contribute – or telling clients a little more about me. After all, they have revealed so much about themselves to me over the many years I had the privilege to serve them.

I have a desire to deepen relationships with family, too; better share who I am and get to know them on a deeper level. I have informed family that I will get more eccentric as I get older, but don't worry, it's a good thing – don't put me away when I let it all out – it is just the real uninhibited me, enjoying being who I am with the life I have left.

Over this past year I have heard Richard say numerous times, “When it all boils down, what is left is love. Love is the only lasting thing.” I want to spend more time with Richard. Writing about it brings back the memory of my oldest brother, Jim, who, on his deathbed at the age of fifty-nine, said to me, “I was planning on getting to know you during my retirement.”

I am a little concerned, being an INFP and Patty being even deeper on the scale of INFP, that we will isolate ourselves in our comfortable Overlake condo – me going out in the morning, shooting photos and later processing them, and Patty reading stuff and doing puzzles. Even though it feels great, there are many to love. Even though we drop everything to be with family, it would be good to get out in our new “Protirement” community and make a few local friends to love.

Church is a possibility for more socialization; we’re looking for the right fit. An added challenge is that Patty says the formal Mass is disruptive with her talks with God. She seems most satisfied with her daily periods of meditation. I’m the one that feels some need for a church community, even though I know I am not going to conform much to the group. It is probably my *obligation* value popping up. I do share some of Patty’s tendencies though. I have always believed you become more symbiotic with time together.

Playing: This is the time to choose to play more. During this first year of what I am calling my Third Period, I have not found the time (better yet, not set the priority high enough) to golf, sail, or even pleasure read like Patty does every day. Golfing may become a way of socializing for me, but we’ll see if golf rises on the priority list. I have threatened to do it but still have a stronger desire to spend more time with my photography. I think there are more members of my tribe out there that I can meet up with and share a passion. In fact, I will be going to my second Meetup Photography gathering tomorrow night to share a potluck and a critique of each other’s photos.

Protecting: The big fear for retirees is *Will you run out of money to live the life you intend?* I am not immune to this feeling, even though I have spent my life consulting on the subject. I have felt

confident enough with our wealth and spending to feel comfortable making major gifts to Bridget, Michael and charity for a number of years. The feeling now is that we have to get back to our original, reasonable target or we will threaten our own financial independence and lifestyle. Cutting back the gifts is really hard for me. It could be my own need, I don’t know. I am smart enough to know that it is in everybody’s best interest for Mom and Dad to not run out of money. I need help from my personal and professional advocates with this one.

A real big uncertainty I worry about is health, especially Patty’s. Even though I know better, I tend to feel indestructible. There are signs and concerns, but who knows what the future will hold? There is only the present and it is good! I have put in a special request to AIS Planning to remind us if our LTC insurance premium is missed to make sure it gets paid before being terminated. I definitely want LTC to remain in place.

I am also more concerned than ever about having a healthy diet and exercising regularly. Patty feels the same. Luckily, Bridget is often probing us about our health activities.

Contributing: As I feel about the rest of my life, this is a big one for me. I feel contributing my uniqueness is my purpose, not just during my working years and maybe especially when time is running out (it will, you know). That is why I’m writing this book. That is why I share my photos. That is why I share whatever wisdom I’ve picked up. That is why I want to let it all out and realize my unique good regardless how little it is compared to others. I want my integrity.

Transferring: I told my daughter a month or so ago that I looked at her mother’s and my wealth as family wealth, and that anything beyond what Patty and I need for our financial inde-

pendence belonged to her and Michael. We do presently have a small percentage going to our favorite cause for mental health, which is a lower priority than the kids. She cried. I said, “Wait a moment ... I’m not sure anything will be left, maybe some books and puzzles or a camera or two!”

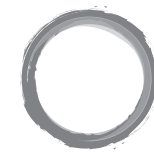
After learning more about the benefits of the legacy of lasting stories, voice, sight and words, I am not surprised to hear that a life story (in some form or fashion) left for future generations carries more pleasure than a monetary legacy. I certainly think it is more lasting – it leaves an impression that is rooted in future generations. I am pleased to be able to write so much of myself in this book; to be able to tell future readers who I am. Of course, I am still finding out myself!

Whew. There it is. That wasn’t so bad.

This Future Feel exercise highlights in the immediate feelings expressed what resources are implicitly needed. They pop right out. In my case, as expressed above, there will be Wealth, Health and Time resources needed for travel, gifts, photography, maybe golf, promoting book, health concerns, church involvement, and maybe when you look closer, others. Planning out specific priorities that Future Feel discussions like this bring to light – as well as filtering the past and the present through the SCG Planning Values Activities – is a comprehensive and fruitful process. It is all about accessing emotions to guide how you prioritize specific actions in order to do what you love to do.

British novelist Roald Dahl once said, “I began to realize how important it was to be an enthusiast in life ... It’s possibly the most important thing there is. If you are interested in something, no matter what it is, go at it at full speed ahead. Embrace it with both arms, hug it, love it, and above all become passionate about it. Lukewarm is no good. Hot is no good either. White hot and passionate is the only thing to be.”

Maybe it’s a little clearer for you, too. I hope I connected with you, or at least passed on a positive idea or two. Thank you for reading my book. Don’t hesitate to follow up with me, if you wish – mike@mesipe.com. www.mesipe.com. 320-493-1318

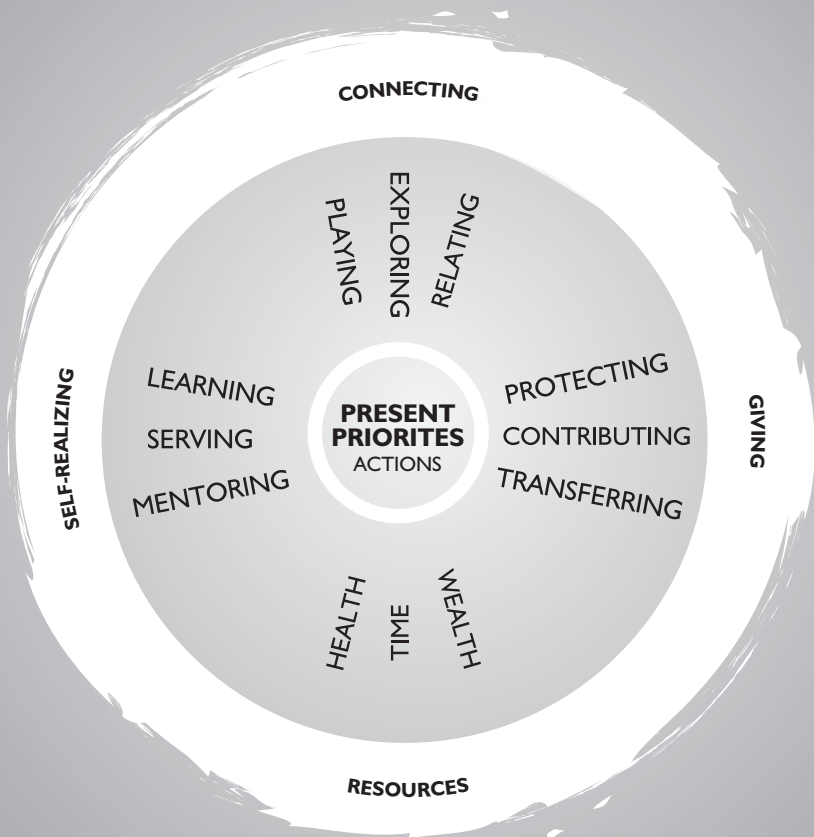


APPENDIX

PROTIREMENT **ADVOCATE PLANNING** MODEL

DOING WHAT YOU LOVE TO DO

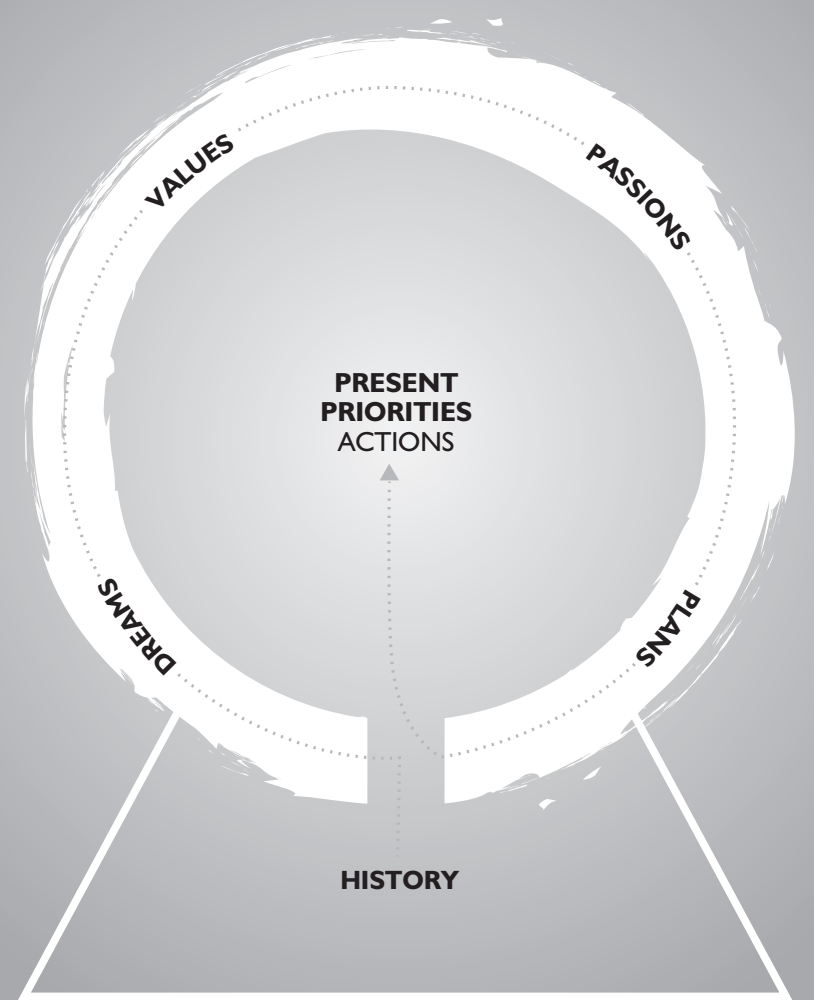
You live a passion-driven life by using **your** unique resources and doing **your** unique SCG activities.



PROTIREMENT **ADVOCATE PLANNING** MODEL

ESTABLISH A FOUNDATION BY CONNECTING THE DOTS

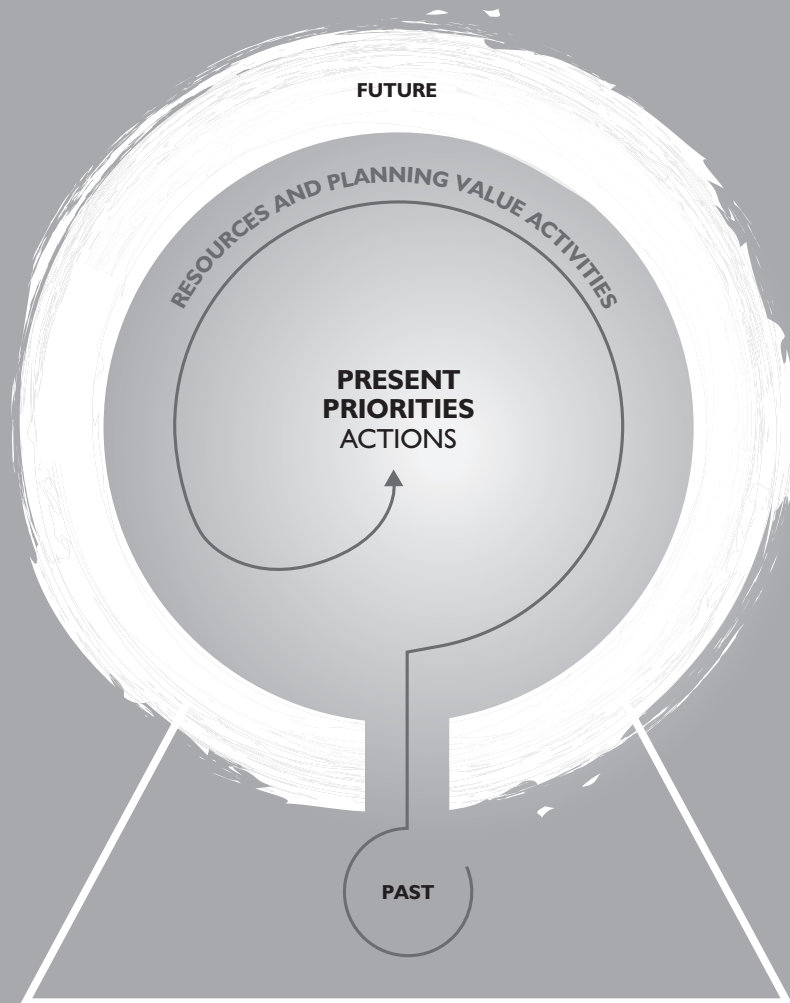
(See 50 Foundation Questions)



PROTIREMENT
ADVOCATE PLANNING MODEL

QUESTIONING WITH A FILTER

You and your advocate(s) filter your past, present and future with questions about **your** planning value activities and **your** resources to arrive at **your** present priorities: actions — to better do what you love to do.



50 FOUNDATION QUESTIONS

HISTORY

1. While you were growing up, what was important to your family about Learning? Follow up with the rest of the SCG Activities and resources – Serving, Mentoring, Exploring, Relating, Playing, Protecting, Contributing, Transferring, Health, Time and Wealth. This may be the only set of questions about history you will need to ask.
2. What did (does) your mother do? Father? What were their passions?
3. Who are your siblings? What do they do? What are their passions?
4. What attributes did you pick up from your family? Bad habits? Good habits? Passions?
5. What jobs/careers have you had up to this point? What level of passion did you have for each?
6. What are some of the family stories that have stuck with you?
7. Tell me about your family life now. Is it like yours or your spouse's when you were growing up?
8. What did you do as a family, for fun, when you were growing up?
9. What were the money lessons you learned (or didn't learn) from your family of origin?
10. What has been the impact on you with your life transitions? (graduations, military, marriage, kids, deaths, weddings, illnesses, career changes, spiritual changes, etc.)

DREAMS

You are likely to get answers for the dream questions with a Future Feel exercise (like I did in the Chapter 16 of *ADVOCATE PLANNING: To Do What You Love To Do*)

1. How do you feel about how you will live out the rest of your life in relationship to Learning? (Follow this with the rest of the SCG Activities – Serving, Mentoring, Exploring, Relating, Playing, Protecting, Contributing, Transferring)
2. If you died today, what would you have liked to have done with or for your (children, parents, siblings, other relatives, friends) before dying?
3. What are your wishes for each of your loved ones?
4. If money were no object, what would you do?
5. If you won 100 million dollars, what would you do with the money?
6. What dreams did you have as a child? Teenager? Young adult? Now?
7. When you think about the things you want to do, how would you describe the ultimate accomplishment?
8. If you could design the perfect schedule for yourself, how would you divide your time between the 9 SCG Planning Values Activities?
9. If you had 5 years to live, presuming you were in good health, what would you do? What would you make sure you accomplished?
10. If you had 1 day to live, what would you regret not having done?

VALUES

Included as part of the values questions is the 2-page Values Discussion list of values by Resource (Health, Wealth and Time) and planning values (Self-Realizing, Connecting and Giving). The list follows this section in the Appendix.

1. Which values do you feel today are most important to you? (Select no more than 5 per column.) Why? (Ask up to 5 times deep.)
2. Of all the values you circled, which produce the most energy for you at this point in your life? (Check no more than 5 total.)
3. Which values on the list are you struggling with (if any)? These are values that bring you negative energy, stress, draining emotions.
4. How would you include your present day most important values in an action statement, purpose statement, personal mission, or mantra?
5. Do your values align with your lifestyle?
6. What values do you most want to be remembered? This is your personal legacy.
7. How does money contribute to your happiness, cause you stress, play a role in living your present day most important values?
8. If your (children, spouse, parents, sibling) went through a values exercise for you, would they be able to name your top 5 values?
9. Have you ever discussed what is most important to you with your (children, spouse, parents, siblings)?
10. If you changed what you were doing today (your job, hobby, school, etc.), what would you miss the most?

PASSIONS

1. What energizes you? Gets you out of bed in the morning?
2. What drives you to do what you do?
3. Are you clear about what you are passionate about? Do you wish to explore possibilities? What? How? When?
4. How do your passions relate to the 9 SCG Planning Values Activities (Learning, Serving, Mentoring, Exploring, Relating, Playing, Protecting, Contributing, Transferring)?
5. Is anything getting in your way to doing your passions? If so, what?
6. Do you have sufficient Resources to do all that you love to do? If not, what is lacking?
7. Do your priorities line up with your passions? If not, why not?
8. How do you manage your passions so they don't interfere with other assumed responsibilities?
9. Are you deferring your passions because of other responsibilities? If so, what?
10. What were your childhood passions? How do they relate to your passions today?

PLANS

Included as part of the Plans questions is a list of 22 possible goals as exemplified with SEI's Discovery Board exercise. The list is by way of example only and is not meant to be all-inclusive. The list follows the Passion list form in the Appendix of ADVOCATE PLANNING, To Do What You Love To Do.

1. In accordance with the 4-question exercise laid out by SEI (see list of examples in the Appendix), What do you have to do now? (now being in the next couple/few years) What do you want to do now? What do you have to do later? What do you want to do later?
2. Do you have a planning policy? Investment policy?
3. Do you have any issues or concerns regarding your balance between work, play, family and communities? Please explain.
4. What do you do to optimize your health? (mind, body, spirit)
5. How do you explore? (travel, do new things, read, research)
6. Do you like to learn? What?
7. Do you have a mentor? Are you a mentor for anyone? Talk about the experience.
8. Are you protected for a potential loss of income? Assets? Taxes? Debt?
9. How do you spend your money? Please detail by major category.
10. How and to whom do you intend to make gifts during the rest of your life and with your estate? What questions for you revolve around your intention? (Maintaining financial independence? Taxes? Fairness? The idea of being equitable versus equal? Volunteering?)

PRESENT PRIORITIES

Reference the Present Priorities Wheel

Having a good understanding of the answers to the 50 questions above, and keeping them top of mind, will provide you and your advocates a good foundation to determine your present priorities. You will not need to update your history, dreams, values, passions and plans each quarter. You will revisit them with any major life changes, and as infrequently as every few years. Being aware of who you are with a good base of understanding will naturally continue to build depth as long as there is an openness to understand. If you have a professional advocate, it is their responsibility to continue to build the base of information on you in their files.

Your most important planning activities are the actions you do, that are derived from determining your Present Priorities. The present is the only place we can be. In order to cover the “whole territory,” do what is most important to do now to have the most success. Do not try to do it all. A copy of the Present Priorities Wheel is included in this Appendix of *ADVOCATE PLANNING, To Do What You Love To Do*.

Use the Present Priorities Wheel as an ongoing tool to provoke thought about each of the 9 Planning Values Activities and 3 Resources. Determine what is most important now, do it and move on. Do no more than 3 to 5 new things at any one time. If they are long lasting and have become routine, take them off your detail priorities list.

The Wheel and your detail priorities list are your working documents. You will record your actions and your coverage by preparing a new Wheel and priority list each meeting (presumably frequently enough to keep things moving. As a professional advocate for clients, I felt quarterly was the right frequency. Now that I visualize how to deepen client relationships even more, I am more convinced than ever that quarterly planning sessions are the right frequency.)

Once you are rolling, you will work mostly from your detailed priorities list and use the Wheel to summarize your area of emphasis and note your areas of attention and avoidance.

To start with, and perhaps periodically, you will find it productive to use the Bachrach approach. Ask: What is important about money (Wealth) to you? What is important about Health to you? What is important about Time to you? What is important about Learning to you? What is important about Serving (job, volunteering, whatever you are spending your time at doing) to you? What is important about Mentoring (teaching, one way or another) to you? What is important about Exploring to you? What is important about Relating (with kids, friends, God, or whatever way you relate) to you? What is important about Playing (hobbies, travel, whatever you do for fun) to you? What is important about Protecting (assets, income, kids, health, from taxes, etc.) to you? What is important about Contributing (time, money, to kids, charity) to you? And, what is important about Transferring (money, values, ideas, personal property, business) to you?

With 9 SCG Planning Values Activities and 3 Resources, and with follow-up questions on each response (at least a few deep) you can understand how a meaningful advocate relationship will be developed and how you will get things done and have an enriched life.

“Question, Listen and Act to enrich your life.”

VALUES DISCUSSION

Values defined: Standards of behavior. Personal principles. Judgment of what's most important in your life. See www.values.com.

- What values are most important to you?
(Circle no more than 3 per column.)
- Which values energize you at this point in life?
(Check no more than 5 total.)
- Which values are you struggling with?
(Underline.)

NAME _____ DATE _____

RESOURCES AND RESULTS (R&R)

Health

Fitness
Spirituality
Security
Safety
Religion
Pleasure
Responsibility
Integrity
Independence
Honesty
Physical well-being
Emotional well-being
Happiness
Freedom
Moral Standards
Excitement
Forgiveness
Laughter
Gratitude
Self Love
Optimism
Simplification
Listening
Faith
Sexuality
Restraint
Intimacy
Reflection
Self control

Wealth

Be Wealthy
Security
Debt Averse
Independence
Affluence
Celebrity
Comfort
Control
Daring
Dominance
Greed
Economy
Accumulation
Spending
Management
Extravagance
Fascination
Investing
Prosperity
Self Control
Simplicity
Restraint
Opportunity

Time

Relaxation
Free Time
Balance
Privacy
Abundance
Comfort
Control
Dreaming
Management
Rest
Harmony
Intensity
Inventiveness
Persistence
Pro-activity
Reflection
Rigor
Self Control
Punctuality
Simplicity
Restraint
Opportunity
Vitality

PLANNING VALUES ACTIVITIES

Self-Realizing

Work
 Service
 Meaningful Work
 Fame
 Excellence
 Learning
 Decisiveness
 Creativity
 Competence
 Change
 Challenges
 Autonomy
 Wisdom
 Determination
 Commitment
 Courage
 Confidence
 Motivation
 Persistence
 Love self
 Self-esteem
 Curiosity
 Listening
 Impact
 Being the best
 Inspiration
 Knowledge
 Making a Difference
 Leadership
 Persuasiveness

Connecting

Adventure
 Relationships
 Status
 Recognition
 Power
 Play
 Order
 Loyalty
 Leadership
 Friendship
 Flexibility
 Fairness
 Family
 Diversity
 Cooperation
 Competition
 Community
 Compassion
 Respect
 Trust
 Listening
 Belonging
 Impact
 Intimacy
 Gratitude
 Justice
 Persuasiveness
 Recreation

Giving

Protecting loved ones
 Helping others
 Service
 Ecology
 Environment
 Philanthropy
 Transferring money
 to family
 Transferring values
 to family
 Transferring business
 to family
 Stewardship
 Volunteering
 Love others
 Giving back
 Reaching out
 Inspiration
 Compassion
 Listening
 Gratitude
 Impact
 Inspiration
 Making a difference
 Persuasiveness
 Reflection

PROTIREMENT
ADVOCATE PLANNING MODEL

PASSIONS

What do you love to do? What energizes you?

HEALTH

1. _____
2. _____
3. _____

WEALTH

1. _____
2. _____
3. _____

TIME

1. _____
2. _____
3. _____

SELF REALIZING (Learning, Serving, Mentoring)

1. _____
2. _____
3. _____

CONNECTING (Exploring, Relating, Playing)

1. _____
2. _____
3. _____

GIVING (Protecting, Contributing, Transferring)

1. _____
2. _____
3. _____

SEI'S GOAL DISCOVERY BOARD EXAMPLES

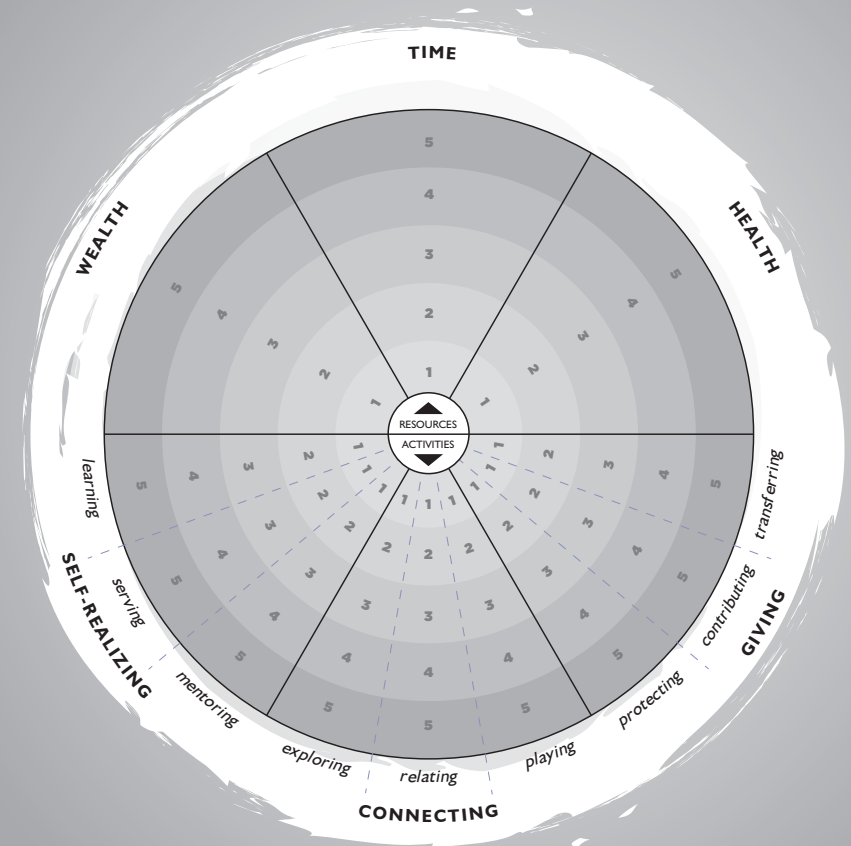
1. Buy another home
2. Travel
3. Assess career
4. Find a new hobby
5. Scale back work
6. Pursue other income sources
7. Spend more time with family
8. Support a family member in need
9. Maintain lifestyle
10. Increase lifestyle
11. Retirement
12. Determine what's enough
13. Fund family's education
14. Legacy for family and/or community
15. Be more involved with charities
16. Buy/sell a business
17. Know where my money is going
18. Get organized around finances
19. Help children learn about finances
20. Further my education
21. Fund a major purchase
22. Assess insurance needs/coverage
23. Other
24. Establish the practice of assessing my Present Priorities, with the help of my advocate, on a quarterly basis
(Author's addition)

PROTIREMENT ADVOCATE PLANNING MODEL

PRESENT PRIORITIES WHEEL

Indicate what is **MOST** important to you **NOW** by circling the corresponding rating.

1 (lowest) | **5** (highest)



NAME _____ DATE _____

PROTIREMENT
ADVOCATE PLANNING MODEL

PRIORITIES EXAMPLES

HEALTH

- Exercise
- Relaxation
- Yoga
- Reflection/Meditation
- Mood Enhancement
- Stress Reduction
- Balance
- Executive Physical, integrated health exam
- Work out issues with relationships and/or self
- Eating better

WEALTH

- Home improvements
- Debt reduction
- Financial independence
- Start a business
- Retirement savings
- Minimization of income and estate taxes
- 529 plan(s)
- Cabin, boat, trip(s), vehicles
- Asset management
- Insure assets, income, health

TIME

- Relaxation
- Leisure time
- Balance
- Time management
- Time to read
- Time to write
- Time for family
- Reduce time pressures
- Time to play
- Time to do something new

SELF REALIZING (Learning, Serving, Mentoring)

- Adult education
- Self development
- Self study, practice, research
- Teach, coach, mentor
- Doing passions
- Volunteering talents
- Degree, retool, career advancement
- Personal development, character building
- Go to more plays, concerts, movies, museums
- Read more history

CONNECTING (Exploring, Relating, Playing)

- Trips, traveling
- Club memberships
- Doing hobbies
- Doing passions
- Transferring values to kids
- Time with family, friends, associates
- Doing things with grandkids
- Exploring internet, ideas, gaming
- Involvement in community, church, charities

GIVING (Protecting, Contributing, Transferring)

- Life story
- 529 plans
- Wills/Trusts
- Business succession
- Transferring assets to kids
- Transferring values to kids
- Community involvement, government service
- Insure property, income, health
- Contribution of time and/or money
- Asset management and risk reduction

PROTIREMENT
ADVOCATE PLANNING MODEL

PRIORITIES

What is most important for you to do now?

HEALTH

1. _____
2. _____
3. _____

WEALTH

1. _____
2. _____
3. _____

TIME

1. _____
2. _____
3. _____

SELF REALIZING (Learning, Serving, Mentoring)

1. _____
2. _____
3. _____

CONNECTING (Exploring, Relating, Playing)

1. _____
2. _____
3. _____

GIVING (Protecting, Contributing, Transferring)

1. _____
2. _____
3. _____

Rate each area as it relates to your ideal.

(5 = Optimal and 1 = needs a whole lot of attention)

TIME	1	2	3	4	5		SELF REALIZATION	1	2	3	4	5
HEALTH	1	2	3	4	5		CONNECTING	1	2	3	4	5
WEALTH	1	2	3	4	5		GIVING	1	2	3	4	5

