



ON COURSE

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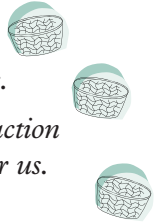
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YOUR CHANGING NEEDS

The answer to many financial questions is, "It depends..." and that's good news.

What it means is that there is no specific set of rules, choices, or courses of action that suit every person or every situation. We get to decide what is right for us.

Whatever our individual situations, most of us have three financial "baskets:" (1) emergency money / short-term savings, (2) investments, and (3) transition / retirement savings. These baskets can help organize our financial thoughts so we balance our plans and decisions with all our goals in mind. How we fill these three baskets depends on a number of factors. I'd like to share some stories about how a few clients of mine (with names changed) made decisions that were right for them.



THE 20's



Carl is in his late 20's. Carl's first job out of college was in the nonprofit sector, doing work that aligned with his life values. Carl came to me after he finished work on his second master's degree. He had taken a hard look at the career path open to him in nonprofit and he realized that he wanted to earn more money than nonprofit organizations pay. He told me, "Money is more important to me than I thought it would be."

With his new MBA in hand, Carl decided on a career in the financial industry, though he worried that a career in the business world might compromise some of his strong personal values. Together, Carl and I examined two job offers to sort out which job would give him the optimum blend of a robust career path, good earning potential, and alignment with his values. The job offer he accepted gave him an active role in making decisions about how the company uses its financial resources. This company has a clear career path and expects their employees to move up. In addition,

▲ they have a commitment to supporting employees who give time to charitable causes. A clear winner!

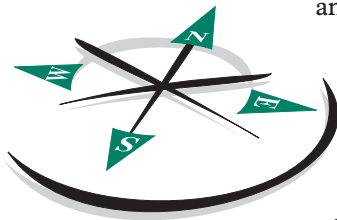
▲ Carl and I set up a plan for putting his new earnings into his three baskets for building his investments, direct deposit into savings, and paying off his student loans.

THE 30's

▲ Starting a family involves a huge number of decisions that are important choices about lifestyle, money, careers, values, and future. These are complex decisions that require some objective examination. People's emotions are entangled in these decisions and my role is to help my clients to understand the impact of these decisions.

▲ Patti and Robert were in their early 30's and planning to start a family. At our initial meeting I put some tough questions on the table for discussion. Robert was considering an executive-level job in another state and the couple hadn't thought about the increased time commitment that his new

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THE 60'S AND BEYOND

- **Some people continue to work throughout their retirement, some invent new lives for themselves, and some happily retire to live off their nest eggs.**
- **The longer you let your nest egg sit, the bigger it gets.**
- **The great thing about retirement is that it is not a one-time decision. You get to make the decision, revise it, and reverse it, as you wish.**
- **Create structure: Work part-time, try out a new career, start a business, or open a franchise.**
- **Get some “training wheels” or a transition plan to try out your ideas.**
- **Work or volunteer 2 or 3 days a week on causes that matter to you.**
- **Remember that you have been saving hard for this period of your life, enjoy it.**
- **If you want to move to a warmer climate or move near your kids – sell the house and move. Get the calculator out! And call me.**



role would require. Neither had they fully discussed Patti's feelings about her current job, which would be left behind.

We looked at Patti's earning potential, the amount left after anticipated childcare costs, and the number of years she would be out of the workforce. We discussed the likely detrimental effect on her lifetime earning potential. Patti and Robert need to consider how she would fund her own retirement and what insurance coverage would be needed on Robert to ensure that Patti had enough money to support their family if he became disabled or died.

The three baskets Patti and Robert need to support their life goals are based on the choices they make now. My goal is to help them make informed decisions about their life goals. Some young families decide to have one stay-at-home parent, keep their costs low and their family small. Childcare costs, private schools, larger homes, and higher mortgage payments are not part of their big picture. Others may be unwilling to create a lifestyle within these parameters, and opt for different choices.

THE 40'S

Sandra and Tom are in their mid-40's and facing lots of financial pressure. They have two kids in high school, escalating expenses, and a small house that had family members feuding for space. Tom is a self-employed professional who works at home. He and Sandra wondered if a bigger house would solve most of their daily family squabbles. When they got a quote from a contractor, it was clear to them that they needed some financial planning advice.

Leaving the house at status quo didn't seem like an option, but with college tuition on the horizon, a second mortgage to pay for the addition didn't seem like a good idea. In my office I introduced to them a simple card-sorting process for surfacing their most important goals. In the end, they decided to rearrange their kids' bedrooms and purchase new space-saving furniture rather

than proceed with an expensive addition.

With a little bit of planning and discussion, Sandra and Tom re-balanced their three baskets.

THE 50'S

Did you ever wish someone would give you a million dollars? Greta, one of my clients got an unexpected, large inheritance and wanted to use that windfall to live out her dream. Greta loved a particular tropical island and wanted to live there. She planned to start her own small consulting business and work with islanders, tourists, and a few virtual clients in the U.S.

I helped Greta to put a plan in place that enabled her to try out this dream without risking her new wealth. We created a yearlong budget to cover her modest living expenses – and lots of sunscreen. I managed her portfolio while she worked on her tan and her consulting business. We kept in contact through email and after several months, I could see that Greta's dream was not exactly what she expected.

Greta learned that self-employment was not for her – she experienced too much uncertainty and had too little structure. Her anxiety and stress caused her to modify her dream, return home, and find a more structured job.

Greta had the courage and the money to try out a new alternative and the wisdom to test it out first. The lesson: You are not stuck with a decision you made 20 years ago. You can rework your decisions and keep current with what you want and need in your life right now. One thing for sure, in your 50's, you need to beef up your retirement basket. Prior to your 50's, you may have had other priorities, but now, your priority is to maximize your retirement basket for yourself.

Remember, you are in charge of your life. Make good, informed decisions!

*Best wishes.
Julie*