13 FINANCIAL PLANNING MISTAKES BABY BOOMERS MAKE & HOW TO AVOID THEM

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First Edition

To Dad,

For teaching all of us:

We could do anything or become anything we wanted if we set our minds to it; the value of honesty, integrity and character; and the importance of planning and adapting as life disrupts your plan.

I miss you everyday.

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“My values will always dictate my goals. My goals will never dictate my values.”

~Jeremy Sakulenzki

INTRODUCTION

When a baby boomer comes to my office for their initial appointment, they tell me about their financial situation and how they plan to live out their retirement. This requires that I look at their finances and see what they have at the moment. Unfortunately, there are times where I have to look a baby boomer in the eyes and deliver some unpleasant news: *You do not have enough money to make it through your retirement years. You will either have to work past your planned age of retirement, ask for financial assistance, or seriously start thinking about drastically altering your lifestyle once you stop working.*

It's tough to hear. I know. Some baby boomers may not even have the opportunity to continue working. In worst case scenarios, children and other family members may have to pitch in funds, but even those don't last forever.

No matter what type of financial situation you are currently in, you need to take control of your retirement. To do this, you need to be committed to taking the steps necessary in order to ensure that you have a secure and prosperous financial future. You may have to face some current realities that are rather unpleasant.

If you fall in line with many baby boomers who are unprepared for retirement, you will need to change both your beliefs and your actions if you desire to get on track for a successful retirement. You will need to change your perception about your finances and how you intend to live out your retirement. Fortunately, this book was specifically designed to help you do just that.

It all starts with a single decision. Baby boomers who choose to read this book are the ones who have made the decision to proactively plan for their retirement. And I am confident that with the information in these 13 chapters, baby boomers will be able to find the financial guidance that they are looking for.

From my experience working with baby boomers over the years, I have had the pleasure of hearing numerous stories and aspirations. Everyone has a different dream, yet I have noticed that there is a basic structure I see being repeated over and over again. It goes something like this:

After many years of hard work, you are excited for your upcoming retirement. You have so many things that you want to do with your free time, and you can't wait to get started on accomplishing them all. You firmly believe that you are 100 percent ready for your retirement and that nothing can or will go wrong….

Or so that's what many baby boomers have been led to believe. The unfortunate reality is that not everybody goes into retirement and comes out of it unscathed. Many baby boomers enter retirement with high hopes and dreams only to find that it is not what they expected. Why is that? The fact of the matter is that a large majority of baby boomers are unprepared for retirement. This unpreparedness manifests itself in several different ways. Some baby boomers have found that they didn't save up enough money to last through retirement. Others haven't saved so much as a single penny!

Many baby boomers find that what they thought would be a sufficient nest egg for their retirement funds quickly becomes non-existent. Others carry accumulating debt into their retirement that has yet to be paid off and has grown sharply due to interest. Others assume that they will be able to fund a frivolous lifestyle – after all, it's not like they're going to live to be 100 years old (or will they?).

Even with the best of intentions, many baby boomers are struck by seemingly small financial details that end up making a big dent in how much money they have available to them. They may have taken the initiative to educate themselves on certain aspects of finance, but somehow got misguided along the way by incomplete or inaccurate information. As you can gather, financial education is not something you want to miss out on.

You may be surprised to see how common it is for baby boomers to enter retirement unprepared. Statistics show that up to 40% of baby boomers don't have a single penny saved up, and according to an article published by Time Magazine titled: Why Retirement Reality Is Finally Sinking In for Baby Boomers, "More than half of baby boomers barely have $100,000 worth of retirement savings!" Boomers will discover very quickly that $100,000 will not take you very far in retirement these days. This is especially true when you consider factors such as health care costs, taxes, and the uncertainty of social security.

At this point, the picture is evidently clear: There is a crisis that is happening with baby boomers entering one of the most important phases of their life without a game plan. And unless the knowledge that is needed for baby boomers to survive in retirement is spread around and shared, things are only going to get worse.

That's where I am stepping in. With this book, I am hoping to be the voice in the financial industry that stops baby boomers from making the same mistakes that other boomers have made in the past. I have seen too many examples of people who could have avoided much of their retirement troubles if they just put a few simple strategies in place.

A lot of people think they are above needing help until they reach the moment where they realize that they actually needed it all along. It's that attitude of complacency that leads to poor preparation and the lack of proactivity that leads to an extremely unpleasant retirement.

In the case of baby boomers, many who are ill-prepared for retirement can even end up living off of assistance from the government for the rest of their lives. This funding barely covers the minimum necessities and allows little wiggle room for doing anything else other than merely surviving. Often times, this leads to regret, anger, and shame that is held with them for the rest of their lives: “If only I had started earlier” or “If only I knew what I knew now, this would have never happened to me.”

Thankfully, you are not like the baby boomers who failed to prepare for retirement. You are different!

You know that you do not want to end up going through a retirement that takes away your freedom and prevents you from living the life you want to live. You have worked hard for years and you are not about to let all of that effort go to waste. Can you imagine what it will be like to have been successful your entire life, only to lose it all in the last years of your life?

Whatever it was that inspired you and injected you with that deep burning passion to plan your retirement, always remember, that you are the one who holds the key to a financially successful future.

If you take that burning desire and combine it with solid financial knowledge and a well-executed financial plan, there is no reason why your retirement should be anything less than joyous and abundant.

It doesn't matter where you are starting. You could be a baby boomer who is on Day 1, or a seasoned professional who wants to make sure their savings last for decades to come. This book was specifically written and designed for every single baby boomer out there.

Newcomers will find valuable insights and action-packed tips that will help them get a head-start on taking control of their financial destiny. Finance gurus will view the same information as reminders to either keep doing what they are already doing, or switch their strategies. After all, what got them to where they are today won't necessarily get them to where they want to go in the future.

Before we dive into the financial planning mistakes baby boomers make and and how to avoid them, you're probably wondering why you should take advice from someone like myself. Philosophy, credentials and experience do matter when you are seeking solid financial guidance.

Personally, I am a big believer in the idea that your personality tends to bleed through into all other aspects of your life (which includes what you do for a living). Myself, I am not a flashy guy that takes all of the big risks and gambles in order to get to the pot of gold at the end of the rainbow. In fact, I am someone who is rather laid-back and conservative in nature.

How does this relate to my investment strategies? Well, it means that I am not the guy who will deliver my clients overnight results. I don't picking risk stocks and try to hit home runs for clients in an attempt to quickly double their money. If that's what you are looking for in this book, then it is not for you.

What I will do, however, is choose strategies that get the job done over the long-term and protect the bottom line of baby boomers. I will not take unsafe risks with my clients' money that could possibly leave them in a deeper hole than many baby boomers already find themselves in. Because what many people fail to understand is that when you lose 50 percent of an investment, you don't have to make 50 percent to get back to even. You actually have to make 100 percent just to get back to your original investment. Unfortunately, making those types of returns are rarely (if ever) possible to achieve.

There are two things that my clients like about me most. The first thing is that I don't take unsafe risks, and the second is that I run my own independent financial advisory firm. This means that I have no limitations on how I choose to protect my clients' retirement savings. I do not have any upper management executives that are forcing me to put people in certain investments, or sell shares of a stock that a firm has a vested interest in.

Any recommendations I make in this book and to my personal clients are only in their best interest. I am here first and foremost as an educational tool. I work for my clients, and not the other way around. It's one thing for me to help them protect their money, and another thing for me to teach them how to do it on their own.

Every chapter in this book goes into detail about what each mistake entails and how it can seriously damage your retirement if you are not careful. But I don't stop there. I will end each chapter with action steps that you can start taking immediately to prevent these mistakes from happening to you.

In addition to discussing the things that you should be doing, I will also be spending an equal amount of time discussing the things you SHOULD NOT do. Why? Because success in any endeavor of life is based on taking the right actions, and avoiding the wrong ones. Retirement planning for baby boomers is no exception to this time-tested and age-old rule.

When you read this book, really take the time to read each mistake and learn everything that you can from them. Imagine how the consequences discussed in each chapter will affect your own life if you do not take a proactive approach towards avoiding these mistakes and planning your retirement.

Also, don't try to implement every single tactic and fix all of the mistakes at once. This is a mistake that will leave you in the same spot that you were when you began. Your mind will be full of new knowledge, but your financial future won't be any better off. Take action in small steps. That way, you do not get demotivated and overwhelmed with how much work you have to do.

Be sure to spend as much time as you need on each chapter. When properly done, implementing the action tips in each chapter will take a considerable amount of time. This is definitely not something that you want to rush. In fact, don't be surprised if you have to end up reading a chapter multiple times until things really stick in your mind. This book is intended to be a comprehensive guide that you can use and refer to for the entirety of your retirement.

In these 13 chapters, you will discover two types of mistakes. The first type involves looking at mental perspectives and widely held myths that baby boomers tend to have when it comes to financial planning for their retirement. It is important that you get your thinking right before you make any serious changes. If you have a mindset conducive towards financial success, you will find that it will be far easier to make the necessary changes that I suggest in this book.

The second type of mistake focuses more on detailed specifics that many well-meaning baby boomers tend to miss out on due to a lack of education and resources. With your mindset prepared for retirement, fixing these problems will become much easier than if you tried to tackle things the other way around. For this reason, you will find that these mistakes will be located in the second half of the book. To avoid getting overwhelmed, try to work on one mistake at time instead of taking on everything at once. You may feel like you are doing less in the short term but you actually end up doing more in the long term.

With all of that said, let's get right into it and talk about how you can avoid making the 13 most common financial planning mistakes that baby boomers make when planning for retirement.

CHAPTER 1

Mistake No. 1:
Planning to Depend Solely on Social Security

Initially, I was going to put this chapter towards the end of the book. But then I read a press release put out by the Social Security Board of Trustees (which I will share with you shortly), and it made me realize that discussing Social Security benefits could not wait. I just had to share this with you right now - it's really that important.

When it comes to Social Security benefits and the application process, there is a lot of misinformation out there that makes the process far more complicated than it needs to be. Because of this, I am going to do my best to explain, simply and concisely, Social Security benefits along with how the application process works.

First, let's discuss what Social Security is. Social Security is a government program that provides funding for people who are physically disabled, currently unemployed, or officially in retirement. Social Security is funded by the workers themselves because a portion of their income goes towards this fund during their working years. This is what allows for people to receive Social Security benefits during retirement. I'm sure you have noticed this deduction on your pay stubs.

Of course, it goes without saying that what goes in the Social Security fund needs to exceed the amount that is coming out of this fund. Either that, or you make the decision to take less money out of this fund at regular intervals.

I'm not going to speak negatively about Social Security, because like many other financial tools, it is beneficial when used correctly. It should be obvious that Social Security loses its power when it becomes the sole source of income for a baby boomer during their retirement. When this happens, it is a red flag that the individual did not save enough money, or may not have even bothered to save any money at all.

I understand why the myth of relying on Social Security is propagated, but it does a lot of damage to the people who rely on it. After all, if you are thoroughly convinced that Social Security will cover everything, what motivation would you possibly have to develop any of the financial habits I'll be outlining in this book? Probably not much. Social Security can be beneficial when it is a part of your retirement plan, just not the entire plan. As stated on the Social Security website, at full retirement age, Social Security will replace only about 40 percent of your income during retirement.

"Oh come on Jeremy! There's no possible way that people rely that heavily on Social Security to fund their retirement? You're over-exaggerating."

I would beg to differ, and here's the data to prove it:

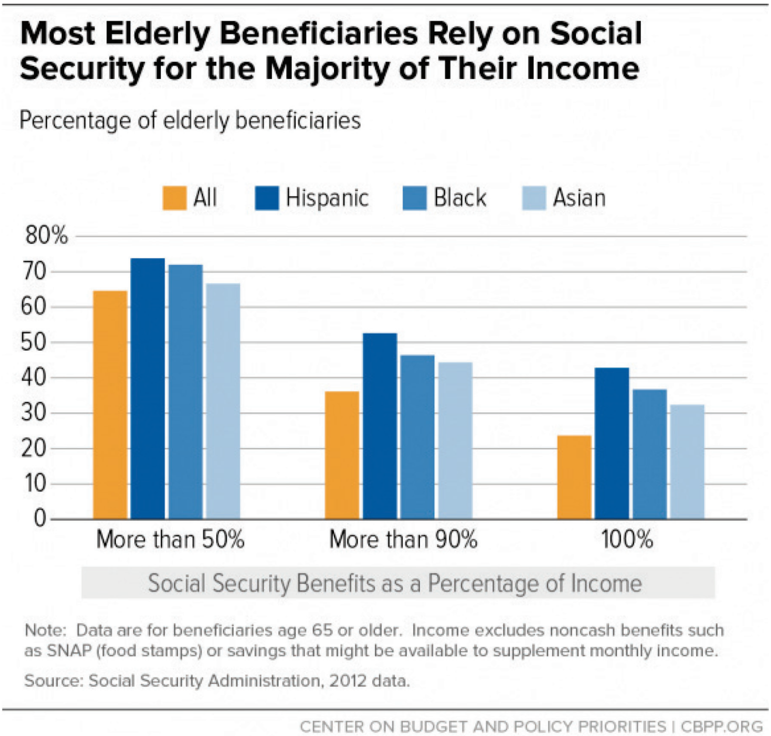


Image taken from "Social Security Benefits Are Modest", published on Center on Budget and Policy Priorities

I find this chart hard to believe myself, but as it illustrates, an overwhelming majority of retired individuals (+60 percent) rely on Social Security to cover more than half of their income, and a quarter of elderly beneficiaries rely on it to cover everything. Here's why this heavy reliance will end up being a strategy that's certain to fail:

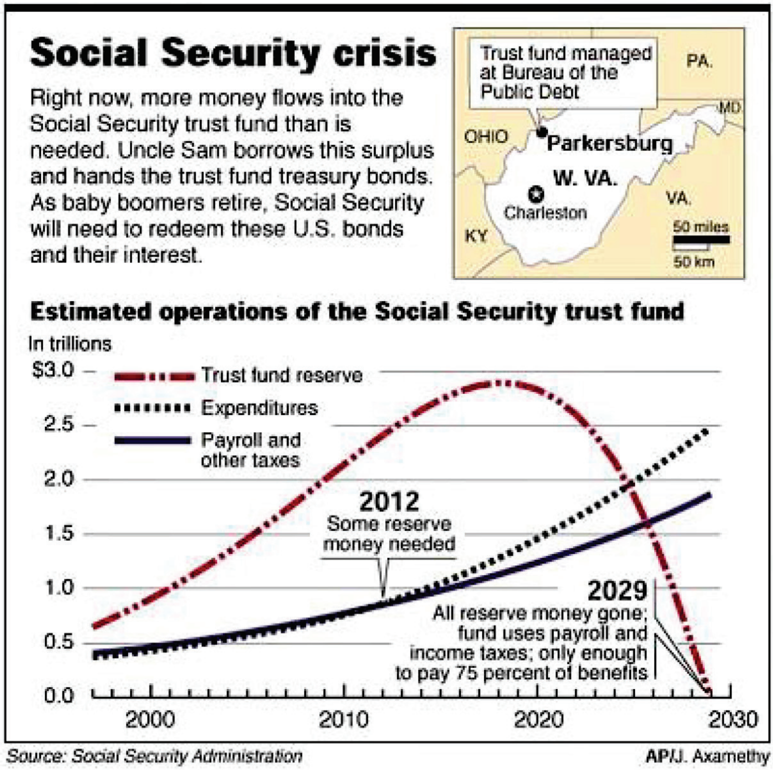


Image taken from "Here Come the Baby Boomers, 4 Million Chinese on the Move, The New $100bl Bank Bailout Fund, an Underpants Story, and More!", published on Agora Financial

If the lack of promise from Social Security wasn't enough to sway you away from it, then maybe the above image will be a good warning sign. According to data taken directly from the Social Security Administration, projections reveal that the trust fund reserve will reach its peak by the year 2020. After that, it will experience a very sharp decline.

Moreover, a recent press release (this is the one I referred to at the onset of this chapter, https://www.ssa.gov/news/#/post/6-2016-1) was published on the official Social Security website with the following projections: *"The combined asset reserves of the Old-Age and Survivors Insurance, and Disability Insurance (OASDI) Trust Funds are projected to become depleted in 2034, the same as projected last year, with 79 percent of benefits payable at that time. The DI Trust Fund will become depleted in 2023, extended from last year's estimate of 2016, with 89 percent of benefits still payable."*

(For your convenience, I have attached the article to the back of this book so that you can learn more about this announcement.)

Why is it that Social Security is in such bad shape? The labor force is no longer going to be able to generate enough revenue that is sufficient to pay the benefits. Combine that with increased life expectancy along with a huge surge in new retirees, and new baby boomers will find themselves in an extremely difficult situation unless they have prepared themselves for retirement well in advance. The Social Security Administration is going to have some difficult choices ahead of them. They will have to either cut benefits, increase the ages at which benefits are received, or severely increase the taxes to generate more income.

With that being said, Social Security benefits are really not too complicated unless you make them complicated. Let's go over some of the basics. There are strategies that you can use to help maximize your benefits depending on your situation, but because everyone's situation is different, all I can do in this book is give you the current facts that I've taken directly from the Social Security Administration.

The full retirement age for everyone born after 1960 is 67. At full retirement age, Social Security (as stated earlier) will only replace about 40 percent of your current income. Therefore, you will need other source of income to supplement the rest. If you were born before 1960, you will need to reference the table below for your full retirement age. The table below shows 67 is your full retirement age but you are able to start receiving benefits at age 62.

Year of Birth *	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943--1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

***If you were born on January 1st of any year you should refer to the previous year. (If you were born on the 1st of the month, we figure your benefit (and your full retirement age) as if your birthday was in the previous month.)*

Taken from the "Retirement Planner: Full Retirement Age" webpage of the official Social Security website (www.ssa.gov)

However, if you do retire before 67, your benefits are reduced by the following amounts:

- 62 reduced by 30 percent

- 63 reduced by 25 percent
- 64 reduced by 20 percent
- 65 reduced by 13.3 percent
- 66 reduced by 6.7 percent

On the other side of that, if you decide to delay your retirement and start collecting your social security benefits you will receive an increase in the monthly dollar amount. If you were born after 1943, you qualify for an 8 percent monthly benefit increase for each year you delay retiring after the full retirement age up until age 70. If you were born before 1943, you'll have to reference the table below to see what your monthly increase would be.

Increase for Delayed Retirement

Year of Birth*	Yearly Rate of Increase	Monthly Rate of Increase
1933-1934	5.5%	11/24 of 1%
1935-1936	6.0%	1/2 of 1%
1937-1938	6.5%	13/24 of 1%
1939-1940	7.0%	7/12 of 1%
1941-1942	7.5%	5/8 of 1%
1943 or later	8.0%	2/3 of 1%

Note: If you were born on January 1st, you should refer to the rate of increase for the previous year.

Taken from the "Retirement Planner: Delayed Retirement Credits" webpage of the official Social Security website (www.ssa.gov)

Social Security has several other benefits such as income for your spouse, ex-spouse and even your children may qualify. If you would like to know more about those benefits and whether you qualify for them, someone at my office along with myself are always available for questions. (You can find my contact information at the back of this book)

You may find this absurd but your Social Security benefits may even be taxable. About 40 percent of people that receive benefits have their benefits taxed. Let me explain if and how your benefits are taxed:

If you file a federal tax return as an "individual," and your combined income* is between $25,000 and $34,000, you may have to pay taxes on up to 50 percent of your Social Security benefits. If your combined income is more than $34,000, up to 85 percent of your Social Security benefits is subject to income tax. *(This information was taken from the "Benefits Planner: Income Taxes And Your Social Security Benefits" webpage of the official Social Security website, www.ssa.gov).*

If you file a joint return, you may have to pay taxes on 50 percent of your benefits if you and your spouse have a combined income* between $32,000 and $44,000. If your combined income is more than $44,000, up to 85 percent of your Social Security benefits is subject to income tax. *(Taken from the "Benefits Planner: Income Taxes And Your Social Security Benefits" webpage of the official Social Security website, www.ssa.gov).*

"If you're married and file a separate return, you will more than likely pay taxes on your benefits." (https://www.ssa.gov/pubs/EN-05-10035.pdf0)

That is the basics about Social Security. Now let's talk about how to apply so that you can start receiving benefits. There are 3 different ways to apply: You can call them at 800-772-1213, apply online at https://secure.ssa.gov/iClaim/rib, or visit one of their locations in person. To find the nearest location near you, call the number above or visit https://secure.ssa.gov/ICON/main.jsp. They will require you set up an appointment in advance if you decide to meet with them in person. To make things easier for you, you should begin this process by gathering the information they require prior to meeting with them. (I've include all of the information you will need in a convenient checklist at the back of this book.)

The people at the Social Security Administration can be extremely helpful if you have any questions when filling out the application. However, when it comes to putting together a solid retirement strategy that maximizes your benefits, that is not their expertise and you should talk to a qualified financial advisor about those matters.

I do not encourage any of my clients to rely on Social Security to cover more than half of their income, and would recommend keeping it under a quarter of your income if possible. This will ensure that Social Security still benefits you while having other sources of income to utilize during retirement just in case Social Security doesn't work out. Many baby boomers who consciously seek out independence would automatically rule out the idea of relying on Social Security to make up a majority of their retirement income.

As I said in the beginning of the chapter, I decided to open this book talking about Social Security because of the press release that made this topic more important than ever. So important, in fact, that I even put it before the mindset mistakes that I talked about in the introduction.

ACTION TIPS

- **Understand that Social Security is nothing more than an extra tool to help cover a small portion of your retirement income.** As I mentioned at the end of the chapter, a good rule of thumb is to have Social Security cover no more than 25 percent of your income. If it's more than that, you are relying too heavily on Social Security benefits and need to find a way to mitigate this. This can be done through cutting down your costs in areas where spending is not absolutely essential.

- **Go to SSA.gov, create an account and they will be able to tell you what your benefits will be.** The account is very easy to set up and it should not take you too long provided that you have the necessary information on hand. Once you log-in the actual amount that you are eligible to receive as benefits will be on the first page.

- **Don't forget that other people in your household may be eligible to receive Social Security benefits.** You can find yourself in a financially advantageous situation if your spouse can also receive benefits. Visit the official Social Security website for more details.

- **Before you apply for Social Security, go through the checklist at the back of this book to make sure you have all the necessary information.** It is imperative that you have all of your documentation and papers in order. Otherwise, you will miss out on obtaining the full benefits that you could be receiving.

CHAPTER 2

Mistake No. 2: Keeping Any Kind of Debt

Out of all the mistakes that I outline in this book, getting out of debt and staying out of debt is by far one of the most preventable mistakes a baby boomer can make. Unlike investing, where it is beneficial to start at an early age, debt payments can begin at any time. Many of my clients are shocked to see how fast they can pay off long-standing debts once they have a solid plan in place.

Some debt has a reasonable interest rate, such as your mortgage, but many forms of debt such as credit cards and other loans have astronomical interest rates that can cause debt to get out of hand rather quickly and become uncontrollable. It's not hard to see why many people are under-motivated or feel completely overwhelmed when they attempt to tackle paying off their debts.

Despite the differences I may have with fellow financial advisors and personal finance gurus, this is one area that many of us can agree. Not only does debt severely affect your credit score and your disposable income, it also takes an immense mental toll on you and can drain you of your energy.

If you have ever been in debt, take a second to think about your mental state while you were in debt compared to when you got out of it. Ten out of ten times, the answer will be something like “Without the debts looming over my head I could think much more clearly and I was never in fear of making a purchase without being able to pay it off in a timely manner.” If you’re in debt and you don’t believe this, go ask someone that got out of it. Read the 100’s of testimonials online from people who escaped debt – you will see quickly the same message repeated over and over again.

The issue of debt is being tackled for two reasons: (1) You should not allow your debts to get any bigger than they already are. If you are having a hard time paying your debts off currently while in a full-time job, once you retire it will only become much more difficult to pay them off. (2) You want to shift your focus towards increasing your available funds for retirement. There is no way for you to efficiently do this if you are constantly trying to catch up on debts and missed payments.

Okay, so hopefully you are ready to pay your debts and are prepared to do whatever it takes to get them off of your shoulders. However, you need to approach this with a smart game plan. You need to treat your debts the same way you would go about eating an elephant: In small bites.

In my opinion, the best method you can use to get out of debt is the Debt Snowball Plan, which is featured in Dave Ramsey's best selling book *The Total Money Makeover* as step #2, just after creating a $1,000 emergency fund.

Ramsay’s strategy is very simple and it is extremely effective. The reason I like it is because it takes into account the behavioural psychology that goes into making financial decisions. As Dave Ramsey wisely states in his book, “Personal finance is 80 percent mindset and 20 percent knowledge.”

The Debt Snowball Plan is very easy to describe:

1. You only make the minimum purchases needed to maintain a moderate lifestyle. No luxury items, no eating out, no expensive gym membership. You need to have laser focus with your money for paying off your debts. Once you have your basic living expenses paid for, everything else goes towards your debts.

2. Calculate all of your debts and start off by paying the smallest one in its entirety. If you have two with equal amounts, choose the one with the highest interest rates. You will have to make the

minimum payments on your other debts to avoid penalties and late fees, but re-direct the rest of your money towards the smallest debt first.

3. Once you have paid off the smallest debt, tackle the debt that is the second smallest. Repeat this process until you have paid off every single one of your debts.

Perhaps this sounds simplistic, but I assure you this is a time-tested strategy that will help you pay off your debts. Depending on your debts and current income levels, you might take a shorter or longer time to pay them off but over time it will work. Trust me. I have seen so many people get out of debt using this strategy.

A question many of my clients have is: Why do you start off with the smaller dollar amount? And the answer is that it has to do with a psychological phenomenon called 'anchoring'. Anchoring works like this: Imagine that you have to pay off a $5,000 debt. It looks intimidating on its own and the mere sight of it is enough to make you want to quit and not get started.

Now picture this: You are given a choice between paying off $5,000 in debt and paying off $20,000 in debt. Which one are you going to pick? The $5,000 one of course! When it is compared to the $20,000 debt, it doesn't seem so intimidating anymore.

This debt snowball works in the exact same way. By anchoring your smallest debt against the larger ones, you get started with small steps and you gain the confidence to gradually take on the larger debts.

Don't wait – get started right away on paying off your debts. This is one of the first steps I always take with my baby boomer clients, and the ones who are diligent in this step tend to see the best results.

Here's an interesting piece that I came across in The Wall Street Journal. It was titled "People Over 50 Carrying More Debt Than in the Past." Take a look at what journalist Josh Zumbru discovered about baby boomers and the issue of debt:

"Older Americans are burdened with unprecedented debt loads as more and more baby boomers enter what are meant to be their retirement years owing far more on their houses, cars and even college loans than previous generations.

The average 65-year-old borrower has 47% more mortgage debt and 29% more auto debt than 65-year-olds had in 2003, after adjusting for inflation, according to data from the Federal Reserve Bank of New York released Friday.

Just over a decade ago, student debt was unheard-of among 65-year-olds. Today it is a growing debt category, though it remains smaller for them than autos, *credit cards and mortgages. On top of that, there are far more people in this age group than a decade ago.*

The result: The composition of U.S. household debt is vastly different than it was before the financial crisis, when many younger households took on large debts they could no longer afford when the bottom fell out of the economy."

The point of sharing these statistics is to show you that debt is a universal problem amongst many baby boomers. It is nothing to feel ashamed of and there is no need to beat yourself up about it, but you do need to start taking some form of action immediately.

Start taking those small actions right away. As I mentioned earlier with the Snowball strategy, it's going to be those small actions that later build up into larger actions. And before you know it, your debt will be a thing of the past and you can get back to building your retirement.

By the way, I highly recommend you pick up Dave Ramsey's book *The Total Money Makeover* for your children and grandchildren. Ramsey's book contains a lot of great principles that I wish someone had instilled in me when I was far younger. You do not need anything more than that book for getting a strong hold on paying off your debts. Buy it. Read it. And takes as many notes as you need to get yourself out of debt!

Sticking To The Plan

When it comes to paying off debts, something I have noticed is the negative attention people tend to get from their family and friends. Shocking, right? It's not the fact that they have to give up certain indulgences, or allocate their money in a different fashion, or even stick to a plan and track how their money is spent. It's all about what other people think of them.

As humans, we are social in nature. We are arguably wired to be concerned with how other people perceive us. It takes an intense amount of discipline, focus, and concentration to break away from our natural impulse to change our actions in order to gain approval from other people, especially those that we love and care about.

You need to understand that other people's opinions about you and your financial situation are irrelevant. It is nothing more than a distraction and a convenient excuse that you can use when you rationalize why your financial situation hasn't changed after time has passed. Even when someone is under the guidance of a financial advisor, they will still cave into peer pressure and abandon their goals. I have seen this happen way too many times for it to be a coincidence.

The only way to truly conquer this is to get serious about your goals. You need to treat paying off your debt with a sense of urgency that will help you block out all of the noise around you.

Think about a time when you were late. How laser-focused were you on getting to work on time? You had that meeting with your boss that you could not afford to miss, or you know that your chances of getting fired are much higher if you don't show up on time. Do you remember that sense of urgency and panic you had? You need to take that same level of singular focus and apply it towards paying all of your debts off. It is the only way I know that consistently works for people over a long period of time.

Even though I gave you one of the simplest and most straight-forward plans for paying your debts off, it will be meaningless unless you have that urgency mindset in check. I speak from personal experience with managing my own finances and with seeing many clients who came to me with their own debt problems.

It is time to start taking ownership of your finances and make the decision that you are the one who is in complete control. All of the responsibility is entirely upon your shoulders, and it is your job to ensure that you are achieving your financial goals. This is your retirement - it does not belong to anybody else but you. At the end of the day, you are the only one who is going to be doing whatever it takes to set yourself up for a safe and secure financial future.

ACTION TIPS

- **Create a comprehensive inventory of every debt you have.** Student loans, mortgages, car payments, credit card, any other type of loans – get it all down in writing. If you are going to tackle your debt once and for all, you need to get an accurate picture of how big it is. When in doubt, be conservative and assume that it is higher than it actually is. This will help you account for accumulating costs due to the associated interest rates that will still be present as you are paying off each one of your debts.

- **Follow Dave Ramsey's Debt Snowball Plan: Tackle your debts one at a time, starting from the smallest one (if there's a tie, choose the one with the higher interest rate).** You want to gain momentum by having small wins. By doing so, you will begin to see visible progress and the process now turns into a game where you try to pay off the debts as fast as you can. Just like the tiny snowball that turns into a boulder as you roll it down a hill, you will soon find yourself sticking to the plan and doing what it takes. You want to ruthlessly cut costs and purchases so that you are only making the minimum purchases needed to survive.

- **Track your progress on debt payments on a spreadsheet.** As the famous business guru Peter Drucker once said, "What gets measured gets managed." Don't just throw money at your debts and hope that they will magically disappear one day. Whenever you make a payment towards your debt, it's important to know how much closer you are towards having it paid off. Ensure that your spreadsheet is updated regularly. That way, you can always keep track of your progress.

- **Once you get out of your debt, remember this one rule: If you cannot pay for it in cash, you need to think long and hard if you really need the item you are considering purchasing.** The only thing worse than being in debt is coming out of debt only to go right back into it. Once you get out of debt, you need to adopt a different form of thinking in order to ensure that you are continually making forward progress on planning and saving for your retirement.

Chapter 3

MISTAKE No. 3:
Having A Detrimental Financial Mindset

If you recall what we discussed in the previous chapter, there was a very important quote from Dave Ramsey that I shared with you: “**Personal finance is 80 percent mindset and 20 percent knowledge.”** That’s why in this chapter I want to discuss some of the thinking errors I see baby boomers make. One of the first steps that any baby boomer should take towards preparing themselves for retirement is getting into a healthy mindset that is conducive towards long-term planning. Why is this so crucial? Because you can’t fix the holes in your wallet if you don’t fix the holes in your thinking patterns first. Even if your wallet is overflowing in $100 bills, a mindset unconducive towards proper retirement planning can easily leave you broke.

There are many ways in which a baby boomer can have a mindset that does not allow for the behaviors and planning that are necessary for a successful retirement:

1) Hostility or Indifference Towards Saving Money

This can be described as a general distaste for putting your money away for a rainy day. It is one thing to avoid making money, and another thing to be careless with the income that you are currently making. Much like the common misbeliefs we have about people who make a lot of money, there are equally misguided beliefs in people who save a lot of money.

“Cheapskate!” “Uncle Scrooge!” “Do you have ANY fun in your life?!”

If you have ever tried to seriously save money during tough times and managed to maintain these saving habits, often times you’ll get all sorts of nasty comments from people. This is all it takes for many people to discard what are otherwise good habits and do what other unsuccessful baby boomers are doing.

But when you consider that what many baby boomers do results in a situation where they cannot afford to enter retirement, it makes you seriously question the validity of these comments and so-called ‘concerns’.

At the end of the day, this is your financial future you are planning for. Not your friends, your co-workers, or your family members – it is yours and yours only. If you need to cut back on certain expenses so that you can properly put money away for the future, then that is what you need to do. Ignore the opinions of people that are sabotaging your progress towards establishing good saving habits. They do not have any place in the environment of a baby boomer who is proactively planning for their retirement.

Sometimes, people do best when they see the numbers in front of their eyes instead of ‘guessing’ where their money is going. This may require tracking each and every dollar you make and spend using a computer spreadsheet or simple pen and paper. If your life is pretty routine day-in and day-out, you will have a good idea of your recurring expenses that consistently pop up month after month.

Instead of choosing to view yourself as ‘cheap’ for wanting to save your money and not spend it frivolously, re-frame the situation. Look at it as a positive investment towards your long-term financial growth that will benefit yourself and your loved ones. When you change your perspective on saving a portion of your income on a regular basis, the process will become much easier to stick to.

2) Thinking that You Are Above Needing Financial Guidance and Help

The worst possible mindset that a baby boomer can have towards planning for their retirement is thinking that they do not need any at all. A boomer might read through the mistakes of fellow baby boomers, go through this entire book, and truly believe that they don’t

need any of this information. “Pfft, yeah, that happened to them, but it sure won’t happen to me.”
I can tell you right now that you will want to abandon that way of thinking as soon as possible. I don’t know what your retirement plan is like, but I can bet that it probably doesn’t involve sole dependence on financial assistance from other people. You probably envisioned having complete control over your retirement years and what you choose to do with them. This includes having your finances under control.

When you ask boomers in retirement about the things they did right and what they would have changed, many of them say that they would have liked to start doing something sooner. There are many ways in which this sentiment is expressed. For some people, they would have liked to be more conservative with investments they made. Others would have started putting away a portion of their paycheck towards their future retirement funds at a younger age. The point is clear: Get started as early as you can and do not delay the process any further.

The fact that there are so many baby boomers who are inadequately prepared for their retirement should be a red flag to anyone who is paying attention. This is the time when you want to be wise and learn from the mistakes of other people, rather than having to make them and learn the hard way. If you need to put your ego aside in order for this to happen, then so be it. You need to be willing to do whatever it takes in order to retire successfully.

3) Hostility or Indifference Towards Making Money

This seems to be the most common mindset mistake amongst baby boomers that are eager to plan for retirement. Through their upbringing, an event that has scared them, or witnessing somebody go down a dark path with money, they have been led to believe that making more money is a selfish evil that leads to many negative things.

There is this common misconception of associating money with corruption, greed, unlawful power, and evil. Several boomers tend to think that if somebody is rich and well-off, they had to have made their money through some means that were immoral or unethical in nature. Just because this is true in a few instances does not make this true for everybody.

There are many people who have worked hard for their money. Whether it was climbing the corporate ladder or achieving success with a business they started, there are an overwhelmingly abundant number of ways through which people can increase their primary source of income or start a secondary source of income in their spare time.

Think about it this way: More money opens you up to more options. Having additional funding will allow you to better prepare for retirement. It's more money that can be put away towards savings and retirement funds. It is more money that can be used in viable investments that will help our money grow over time. It is more money that can go toward funding our future healthcare and insurance costs. The money can also be used to pay off lingering debts that have been attached to your bottom line for years.

Making more money isn't the problem, but it's rather how we choose to allocate the extra funds. Having a proper mindset will allow you to recognize that your money has a purpose far beyond entertainment and 'feel-good' purchases.

This book will not be able to completely cover the scope of all the thinking-errors boomers tend to have when it comes to making more money. It is a very complex topic in nature and there are many routes you can take towards increasing your income. For now, recognize that making more money is indeed a viable path towards a happy and prosperous retirement. As you continuously ponder the ways in which you can add more to your bottom line, you will eventually find opportunities that you never knew existed.

Now, you might have read everything up to this point and thought to yourself "Yeah I already know all that. This is nothing but common sense." You might believe this, but there is a good chance that you are not actually applying many of these principles.
Darren Hardy, self-improvement expert, publisher of Success magazine and author of *The Entrepreneur Roller Coaster* has three questions he asks anybody who has

given him this same rebuttal to any information that he gives: (1) Are you DOING it? (2) Have you MASTERED it? (3) Do your results PROVE that you have mastered it?

You'll quickly notice it's extremely difficult to answer "yes" to all three of these questions. So even if you already know all of this information, the fact that it's being repeated here should be a sign that this is information worth taking action on.

You might feel guilty about operating under some of these mindsets or knowing about this stuff without applying it. I can tell you that there is absolutely nothing to feel guilty about. I want you to know that the past certainly does not define your future, and that you are not an exception to this rule. I have certainly made my own share of mistakes during my time as a financial advisor that have led to results that I wasn't happy with. At the end of the day, we are all humans and we make mistakes. But fortunately, we are not defined by our mistakes. We are defined by how we process those mistakes, learn from them, and move forward with our lives so that we don't make the same mistake twice.

I can't tell you how many times I have seen people who were ready to give up and call it quits, even with enough time in their future to completely turn things around and stop the disastrous cycle of self-sabotage. It didn't matter that they had a logical plan set in front of them, because their mindset was ultimately the main factor leading to their own detriment.

As a financial advisor, I always inform my clients that I can only do so much to help them change their mental state and focus. I can provide inspiring stories, re-assure them that their mistakes aren't as costly as they seem, even try to impart some of my own advice that has helped me through life. At the end of the day, they (as well as those of you reading this book) are the ones who are 100 percent responsible for the changes they make.

If you need help, get help. Your family and friends will be more than willing to help you if they know that it will positively benefit you and your financial situation. Now is not the time to be dismissing the idea that your mindset does not play a crucial factor in determining your financial future. Seize the reins on your financial future and take charge.

As promised in the introduction, this chapter will conclude with some action-packed advice that you can start implementing right away to fix your financial mindset. Depending on the piece of advice, some things may take longer than others. Since these tips are specifically meant to help you achieve long-term success, take as much time as you need with them. Financial planning for your retirement is a marathon, not a sprint!

ACTION TIPS:

- **Start tracking each penny that goes in and out of your pocket.** Yes, this means that you will have to start a budget. I know we discussed this in the debt chapter, but again, it's crucial to your success to know exactly where you are financially. You should set things up on a monthly basis by listing your monthly income, followed by any recurring expenses. If you have any money left over, this is money that will go towards your retirement funds. If you don't have any money left over, it is time to re-evaluate your expenses and see where you can reduce costs. Aim to save at least 10 percent of your paycheck every month, and gradually move up to 15 percent. You can always choose to save more if possible. Whether you do things through special software, a spreadsheet, or a simple pen and paper, just make sure that you are consistently tracking where your money is going.

- **Adopt mantras that are conducive towards earning more money and saving more money.** This is not some wishy-washy woo-woo advice. This is about taking on new perspectives that will put you in a position of finding new opportunities to earn more money while being conservative with how you spend it. Examples of useful mantras include "I am the only one who is in complete control of my retirement, nobody else." "Each and every dollar that I receive has a purpose." "Money is not everything but it is a necessary part of a successful and stable retirement." You can use the ones listed or choose to make up your own.

- **Seek out educational resources that will teach you about retirement planning and good financial habits.** Even though you have this book in front of you, you might become curious and decide to read further into the information that is provided. There are many blogs out there with solid advice and testimonials from people who have gone from seemingly inescapable situations to the real possibility of a financially successful retirement. Their stories just might inspire you into believing that you can achieve the same success as other have.

- **Surround yourself with positive people.** This isn't directly tied to finance, but it is imperative that you are near people who are loving and supportive in your quest towards financial success. Being around negative influences all the time puts you in a bad state of mind where you are more likely to make rash decisions that will end up being detrimental.

- **Last but certainly not least…remember that the choice is always yours.** It won't be a major decision that leads to a successful or unsuccessful retirement. Rather it will be the sum of seemingly inconsequential choices that you make over a period of time. Each financial decision that you make will either bring you closer or further away from the retirement that you have been longing for.

Chapter 4

MISTAKE No. 4:
Not Having Clear Financial Goals

If you haven't taken the time to do any of the exercises outlined in the previous chapters, I want to strongly encourage you to do at least one of them. If you would prefer to read through this book first and then implement the action tips, that approach will work as well. Keep in mind that all of these strategies work best when applied in sequential order as they build upon one another.

Now it's time to move on and talk about what it is that you want out of retirement. It's one thing to wish and dream about a fulfilling retirement, and another thing to have a clear picture of what you want your retirement to look like. Once you have that picture in place, you can begin to create a plan that will help you get to where you want to go.

You may have heard so much about goals that you are convinced you have heard enough about them. You don't want to hear yet another discussion about how successful people regularly set and achieve goals on a daily basis, yet there is a good reason why it keeps popping up in many endeavors of life.

Some people tend to avoid talking about goal-setting because it didn't work out well for them in the past. Perhaps they tried to follow the goal-setting advice given to them by others and ended up disappointed by the outcome. Maybe they managed to achieve their goal, yet fell back into old habits that they previously tried to escape.

It's no wonder why people tend to cringe whenever the term 'goal-setting' comes to mind. Yet, the deep irony is that goal setting is the very key thing that will help you achieve the retirement that you wish to live out.

Imagine two people in the same financial scenario:

Person A has done relatively well for themselves and their family throughout their career. They're nearing retirement, and do not really know what they want. All they know is that they want to relax, take it easy, perhaps go on a few more vacations, and spend some more time with their cherished family and friends. They don't plan out their future, assuring themselves that they will get to it once retirement comes around. Why rush?

Person B, despite being in the identical situation as Person A, knows EXACTLY what they want to do with their retirement. They are looking to have at least $500K *saved up for their retirement fund, obtain an investment portfolio that will make them slow and steady gains throughout retirement, and pay off any remaining debts and mortgages that are under their name.*

Person A, despite their well-meaning intentions, will invariably end up like the majority of unprepared baby boomers that you were introduced to in the beginning of this book. If you don't believe me, take a quick peek at the financial column of any newspaper. We are seeing an increasing number of personal stories about boomers who 'did all the right things' and lived a financially stable life - yet find themselves unable to make it through retirement without borrowing money from somebody else.

At this point, it should be abundantly clear that intentions are not enough to help you have a successful retirement. In other words, wishing and dreaming are not the same as doing. After all, vague goals result in vague actions being taken. If you want to take specific actions towards achieving your goals, you need to have specific goals set in place. There is no way of getting around it.

Let's not forget about Person B. Because they have well-defined objectives that they wish to achieve, they will have to take specific steps towards meeting them. This gives them a greater chance of achieving them. Even if they don't accomplish them exactly in the way that they wanted to, they will end up making more progress than if they hadn't set those goals in the first place.

Take Person B's goal of paying off any remaining debts or mortgages before they reach their retirement. That's a great goal, but we could make it even more specific. Instead of saying "I want to have all my debts paid off," they could say "I will pay off all $15,000 of my debt by September 2, 2020." Now we have a specific amount of money that needs to be paid off by a hard and set deadline. They'd better get working if they hope to achieve that goal.

A great strategy for setting goals, and something that you just saw Person B use - is the S.M.A.R.T framework of goal-setting:

S.M.A.R.T = Specific, Measurable, Achievable, Relevant, Time-based

But what does that mean for them? They will have to sit down, add up all their debts, and create a plan for how they are going to tackle it. They may even find that a certain part of their debt can be easily paid off now. Or perhaps they can set aside a certain amount of money each month that can go towards paying their debt off. They can cancel certain expenses and prevent that debt from getting bigger than it already is. They will find that there are multiple ways through which their goal can be achieved.

There are several more actions that they can take, but do you see what is happening now? They are coming up with ways through which they can achieve their goal.

Their focus and energy is fine-tuned towards that singular objective, which allows them to become creative and map out a solid plan.

Be honest: Could you REALLY have gone through that kind of mental process if you just casually said “Yeah I want to retire and live well” and did nothing else about it? Of course not! Yet that’s the pivotal mistake so many baby boomers make when planning for their retirement. It’s a form of self-sabotage and many don’t even have the self-awareness to see it.

The problem that pervades most goal-setting attempts is how complicated everybody wants to make it. Sure, there is some preparation involved and some form of reflection that is necessary. Beyond that, people get way too caught up in minor details that they realize later on had no real relevance or importance.

In fact, I’ll share with you one of the few tips that you will ever need to know about goal-setting: **Do something every single day towards the achievement of your goal.**

Yes, it sounds like something you have heard before. It sounds like common sense that everybody knows about. I won’t dispute that.

Unfortunately, it seems like that is not enough to get people to work on their goals every day. And with a large number of boomers not accomplishing their financial goals they set for themselves, it makes you wonder. Why do people avoid acting on a piece of advice that sounds so easy?

The truth is that it is just as easy NOT to work on your goals every single day. Things tend to go wrong when we try to overcomplicate this principle and make it out to be this esoteric answer that is grandiose and complex in nature. Never allow the difficulty or simplicity of any piece of advice keep you from taking action on it.

All I can say is that if you take that advice to heart and do something every day that takes you closer towards being at your desired goal, you have already beaten out a substantial percent of the human population. It's sad to say, but reality confirms this fact each and every time. Daily consistency is the real secret to success that everyone has been searching for.

The best part about this is that you don't even have to take really big actions to benefit from this principle. If you take small bite-sized actions every day, that will get you closer towards the results you desire. This was popularized in the classic self-improvement book *The Slight Edge* by Jeff Olson. He said that it's not about doing massive actions inconsistently, but taking small little actions consistently.

Think about it like this: Isn't it easier to have to make smaller choices than overwhelm ourselves with huge choices? Since it takes less effort to get started, we are actually inclined to do more due to the perceived easiness of these small efforts. This allows you to build momentum, and eventually make the right choices without breaking a sweat. Before long, you will find that taking daily action becomes something that happens each day effortlessly.

Now I want to talk to you about the phenomenon that commonly occurs in goal-setting. It is called “information overload.” Basically, when a person is given too much information, they are less likely to make a firm decision and they become increasingly anxious. Well, why is this?

Our mind needs the extra brainpower to process the information, weigh out the pros and cons, the costs and the benefits before we can put our foot down and make a conscious choice. You have probably seen this phenomenon in real-time before. How many times have you been in a grocery store and had difficulty selecting an item because there were over 10 different brands of it available? Unless you had an absolute favorite that you would eat over everything else, you would rack up some serious brainpower trying to decide which of the brands you wanted to go with. Do you remember how tired and exhausted you felt once you finally made the choice to just pick one? This is similar to the effect that information overload has on you brain.

It’s not just in the grocery store, either. We now have hundreds of TV channels to choose from, numerous exercise programs and diets that we can embark on, and the Internet itself is filled with information. The hard truth is that you cannot process all of it. New information is being published daily at an exponential level, and the human mind is unable to physically keep up with it. There has always been more information than we can possibly take in. The only difference is that in the 21st century, all of this information is right in front of you.

You might be wondering “That’s great, and I agree with all of that, but how does this specifically apply to the act of goal setting?” The answer is that people try to plan out each and every little detail of their goals to the point where they spend far more time planning instead of actually doing. When things don’t go their way in the exact order that they planned, they get upset, throw in the towel, and quit. There’s the alternative where their plans have become far too complex and it takes a huge amount of energy just to read it. It’s a shame, really, given that they got the first half of goal setting right.

Let’s keep it really simple and stick to the S.M.A.R.T framework. You really do not need any more detail than that, and trying to get into the nitty gritty details will only hinder your progress. You will already have a solid sense of direction when you start, and that’s really all you need. You can always adjust your plans in the future while staying fixed on the main goal that you want to achieve. I’ve made this mistake, and my clients have also made this mistake, so I don’t want to see you falling into the same trap either.

Like I have mentioned previously, each and every choice that you make is either taking you closer towards your goals or further away from them. Make the choice here and now to start being crystal clear on exactly what you want to get out of your retirement. That one choice is all you need to make in order to take one step forward towards a successful retirement. Don't forget that these small steps have to be taken on a daily basis. And remember: Imperfect action will always beat perfect inaction.

ACTION TIPS:

- **Start thinking about SPECIFIC things you want to achieve in your retirement.** Much like Person B, set some targets that you wanted to achieve before or during your retirement. For the next 15 minutes, shut off all distractions and put yourself in a quiet place. With nothing else but a piece of pen and paper, brainstorm all the things that you want to happen in your retirement. It doesn't matter if it's 'realistic' or not – just get everything out of your head and into writing. If you want to pay off your debts, put that down. If you want to spend more time travelling the world, write that down too. This is your retirement, and only you can decide what you want to happen.

- **Re-write your goals using the S.M.A.R.T framework.** This is one of the old-school goal setting methods that has been around for a long time, but it is still used today because it WORKS! Look at the specific goal we discussed in the chapter: “I will pay off all $15,000 of my debt by September 2, 2020.” It is specific enough that you know exactly what needs to happen, you can measure success using money, it’s realistically achievable, it is relevant to our goal of retirement, and you have a timeframe through which it must be achieved.

- **Seek out an accountability partner.** It is hard enough to achieve our goals on our own, and as biased creatures we are doomed to talking ourselves out of doing the things that are necessary towards achieving our goals. We put things off even though we shouldn’t, and we rationalize inaction with convenient excuses. An accountability partner (your spouse is a great option) eliminates all that because now you have somebody to report too. Much like you did your homework when you were younger because your teacher always checked it, now you have somebody overseeing your progress. There’s nothing more painful than having to admit to you had failed to keep your promise.

- **Find a source of healthy competition.** There is little more that drives a human being towards achievement than direct competition. We are wired to want to win, and when we are fighting against a rival, we will do whatever it takes to one-up them. For example, let’s say that you have a friend who wants to pay off roughly the same amount of debt as you do. If you both set up a race to see who can pay it off the fastest, you'll have that extra incentive to work harder and find ways to beat them.

- **Be very selective about who you share your goals with.** When you tell a family member or friend about the goals you want to achieve, you experience a 'high' that is similar to the feeling of actually having achieved that goal. If you start telling enough people about it, you will no longer have the incentive to work on it because you have tricked yourself into feeling like it's already been done. If you do choose to tell someone, keep it to a small number of people and make sure that they are supportive of your goals. You want to make sure that it's about the goal itself, versus the high you get from telling somebody about your goal.

Chapter 5

MISTAKE No. 5:
Failing to Properly Plan

In chapter 3 we discussed your mindset in relation to money, and in chapter 4 we talked about how failing to set clear goals will rob you of a fruitful retirement. You were given key insights along with specific action steps to prevent yourself from making mistakes and shift your momentum in the right direction.

You are doing the exercises as instructed, right?

Now it is time to move on to the planning phase of your retirement. This is the part where we take your clearly defined goals, and come up with specific plans through which we can achieve those goals.

This is also one of the areas where goal setting commonly falls short. In case you didn't get the message, it's simply not enough to write down your goals and review them on a regular basis: You also have to take action!

Let's go back to the Person A/B example that we used in the previous chapter. Let's assume that Person A has wised up, learned from their mistakes, and written down exactly what they want to achieve with their retirement. Now they are on par with Person B.

Now, let's see what happens:

Person A wrote their S.M.A.R.T goals down on paper, and they reviewed them regularly. They spend some of their free time thinking about all the great things that will happen when they retire. They can't wait until they finally get where they want to go. They don't take any daily action towards their goals, but knows that 'someday' they will manifest themselves into reality.

Person B, on the other hand, decides to do just one thing a day towards accomplishing their retirement goals. It could be a small thing or a big thing, but they always do something and they write down what they did for each goal at the end of every single day. To make things more interesting, they have weekly accountability meetings with their spouse where they show each other exactly what they did for their goals, and what their plans will be going forward into the next week.

Which one of these two individuals will end up achieving their goals? At this point, the answer should be straightforward. The one who ends up taking action towards their goals each and every day will beat the person who wastes their time day-dreaming about the actions that he needs to take. This ties in with the concept of daily action that we talked about in the previous chapter.

One of the beautiful things about goal achievement and taking action is that the principles are universal. They apply to any aspect of life, at any age, at any level of competency. Fortunately for us, retirement planning is no exception to these basic rules.

You may feel like we are repeating some of the talking points from the previous chapter. Indeed, I mentioned that taking daily action was one of the key fundamentals to achieving anything you want in life.

However, with the Person A/B example fully fleshed out, now everything is beginning to come full circle for you. You have a full and complete understanding of why you need to take action.

You might be wondering how you can go about taking action on your financial goals. In other words, how do you take written goals and turn them into an action plan that you can follow?

Let’s answer the question by answering another question: How do you eat an elephant?

Do you eat the whole thing in one sitting? I mean, you could try, but we all know that you would probably fail in your endeavours to do so. There’s simply too much of the elephant in front of you to do that. So what are you going to do? You portion the elephant and eat it one bite at a time. You probably have enough room in your stomach for a finite number of bites. After you are done, you wait until the next meal and have some more bites. Over time, you will eventually consume the entire elephant whole.

I briefly mentioned the elephant analogy in the debt chapter of this book, and I bring it up again here because the elephant is a symbolic representation of your long-term retirement goal. It represents that big goal that would make your retirement every bit as good as you wanted it to be.

In the same way that we ate the elephant in chunks, we also want to view our goals with the same mindset. Rather than trying to achieve everything all at once and failing, we take chunk-sized actions towards achieving our goals. This involves taking our grandiose goals and dividing them into achievable milestones.

We can demonstrate this principle in action with an example from the previous chapter. Person B had the goal of “I will pay off all $15,000 of my debt by September 2, 2020.” Now imagine that they try to pay that entire amount off in a month. Unless they have that amount of monthly disposable income, they’d burn themselves out and would more than likely call it quits wondering why they even tried.

But what if they decide to do things a little differently? Assume that they start on January 1, and made an agreement to put away at least $500 per month until they reach that goal. If they did that, they would achieve the goal 6 months ahead of schedule. How Person B would put away that money would be up to them. They could wait until their monthly paycheck comes in and automatically put $500 away. They also have the option of automatically drawing out a regular amount from their bank account until they reach their monthly target of $500.

We can even do this in an alternative fashion: If Person B's earnings were sporadic in nature, they could instead set quarterly goals to have at least $1,500 put away towards their debts. This would allow them some flexibility in what they put away per month, and gives them the relief of not having strict monthly targets to work towards. At the end of the day, any of the approaches mentioned would work wonders for achieving that goal in time.

This example is overly simplified, as life tends to get far more complicated than this. With that being said, it should now be apparent to you how we can plan for your financial goals by breaking them down into milestones that need to be met by specific dates. As you can see in the example, you do not have to be a millionaire in order to make this happen. This is achievable with a modest salary that is wisely allocated towards paying off the debt every month.

By planning out our goals, they become that much more realistic and we can allow ourselves to make adjustments. Sometimes, the planning phase makes us realize that we need to adjust our target date on the S.M.A.R.T goal in order to achieve it in a realistic timeframe.

Say that Person B initially wanted to pay off the $15,000 debt by the end of 2020 and they decide to start from the beginning of 2019. In order to do that, they would have to put away $1,250 per month. But Person B doesn't make or save enough money to be able to do that, and realizes they can only put away $750 a month. If that's the case, they need to adjust their timeframe and instead aim to pay off the entirety of the debt by the end of 2021 instead.

Do you now see how all of this plays out? Not only does planning make everything more realistic, but it also raises warning signs that you would not otherwise have seen. You can make adjustments in the beginning and avoid making mistakes down the road that will cost you the achievement of your financial goals. Even if you have to make adjustments later on, you are still headed in the right direction. As long as you are continually re-orienting yourself in the direction of your goals, you will eventually achieve them.

Throughout the discussion we have had in this chapter, you should now realize that you must take your financial goals seriously. Planning your goals out and mapping your objectives over a definite time period is one of the ways in which you show dedication and commitment to your goals.

If anything, there is one thing that you should have taken away from all of this. It is that you need to be stubborn as a mule when it comes to your grand vision. The 1-year, 3-year, 5-year, 20-year vision – whatever it is, you need to hold on to that tightly. If you want to see a great example of this in action, I highly recommend watching the movie *The Pursuit of Happiness*. For those of you that have already seen it, you probably know which monumental scene I am talking about:

A broke father is playing basketball with his son in the streets. The son proudly exclaims to his dad that he wants to grow up to be a basketball player in the NBA, but the father isn't having any of it. He quickly shuts down the child's hopes and tells him that he should be more realistic, perhaps settling for a normal job and a normal life instead. Upon hearing this, the child throws the basketball away in frustration and doesn't feel like playing anymore.

Having realized the mistake that he has made, the father goes up to his son and delivers one of the most famous speeches in modern film history: "Don't ever let somebody tell you... You can't do something. Not even me. All right? You got a dream... You gotta protect it. People can't do somethin' themselves, they wanna tell you you can't do it. If you want somethin', go get it. Period."

I won't spoil the rest of the movie for you, but a lot of things did not go the way that the father expected. Several times, he had to change his plans and figure out new ways to achieve things. But no matter what happened, he held on to his firm vision of not having to live the rest of his life as a broke man who could not adequately provide for his only son. He was stubborn in his vision yet he was flexible in his planning.

What does this mean for you? It means that once you have your goal firmly written down and decided upon, you need to stick with it. It's okay for you to realize that plans unexpectedly change as you try to achieve your goal. That's the way life is when it comes to achieving something. There are so many random variables that we are unable to plan for. No matter how well we weigh out everything before doing something, there will always be something that we didn't see coming. It happens to everyone, and there is absolutely nothing to be ashamed about. Rather than trying to fight it and get emotional about it, all we can do is simply adapt to our changing environment and react accordingly.

I really hope that the story I just told and the lessons behind it have inspired you. Too many times, I will see clients beat themselves up because they realized that it's going to take them longer then they had hoped to achieve their financial goals. They will irrationally declare themselves as failures and express serious thoughts about giving up the entire process that they have worked so hard to build up. I am here to tell you that this self-hatred is sabotaging your efforts and will only lead you astray. There is no need to beat yourself up and by now you see that doing so does not achieve anything. All you need to do is pick yourself back up and continue taking action every day.

More than anything else, you should leave this chapter with the insight that goal achievement is ultimately in your hands. The examples provided and the explanations offered should help you realize that goals are not this esoteric, impossible aspiration that many people have been led to believe. Goals are practical tools that all baby boomers can use for their own benefit.

ACTION TIPS

- **Set up a goal journal for yourself.** Use whatever medium works best for you – computer document or pen and paper. Personally, I have found that people tend to remember their goals far more easily when they write them down by hand. This is where you are going to track everything that you do with your goals – what they are, your daily action plans, your weekly reviews, and so on.

- **Break down goals into smaller chunks.** Depending on the timeframe of your goals, you should break them down into monthly, weekly, and daily chunks. Decide on certain milestones that you should achieve and set a specific deadline for each of them, much like you did with your S.M.A.R.T goals. Set a new page in your journal to dedicate entirely to this chunking phase.

- **Do a least one thing every day for your goals.** Remember how Person B wrote down what they did for each one of their goals? You're going to do the same. Because we are human and our days are dynamic, your actions will change daily. Sometimes you can do a lot, and sometimes you can only do a little. That's fine, as long as you do something every day. Imperfect consistency beats out perfectionist inconsistency, each and every time.

- **Record what you did each day for your goals.** Start every day with a blank sheet of paper. The first thing you are going to do is write down your main goal on the top of the page. As you go through the day, write down what you did (or didn't) do for that goal. At the end of the day, you will have a list of what you have done. If you didn't take any action for a particular day, write down why you did not do so and how you plan to change this the very next day.

- **Schedule weekly reviews to evaluate how you did with your goals.** You are going to answer the following questions at the end of every week: What are 3 things that went well? What are 3 things that did not go well? What are 3 things that I learned? What 3 improvements will I make going into the next week? Answer these questions in relation to your goal achievement. Within a short period of time you will discover ways to accelerate your speed and reach your goals faster! You will also discover bad habits that are sabotaging your progress.

- **Schedule specific times when you will get your actions done.** Some people are more likely to complete daily actions towards their goals when they set a specific time and place within the day to get them done. It's very easy to put things off in the day when you don't know when they are going to happen. As the day progresses, it is tempting to convince yourself that you have enough time left and put your actions off until the evening. Of course, when it's the evening and we are too tired, nothing gets done. Bonus tip: Plan your day the night before to avoid waking up and feeling rushed.

Chapter 6

MISTAKE No. 6:
Failing to Control Impulsive Spending Habits

All right, we are nearing the halfway point of this book. First off, give yourself a pat on the back for not giving in and choosing to move forward with planning your financial future. Even if things aren't making sense right now, keep on reading. As I mentioned in the introduction, you may have to re-read the chapters multiple times until things really stick in.

I want to now transitioning towards one of the hardest things to conquer in the financial game. In fact, it could single handedly sabotage every other mistake in this book that you prevent if you do not keep it under control. I'm serious. Fixing this one mistake could do wonders for you once you reach your retirement.

I'm talking about being able to consciously have control over any impulses or urges that you have to spend money in a way that is detrimental to achieving your retirement goals. In other words, being in full control of your spending habits. When you really sit down and think about it, there are multiple avenues through which poor financial habits will lead to your downfall:

You could be the type of person who likes to go on spontaneous shopping sprees in order to temporarily get rid of any stress that you are going through in your life. If this is not you, then you probably know somebody like this who does it often enough. Should you take that money and put it towards your retirement instead, just imagine what you would have available to you once you stop working.

You could be the type of person who skates by through paying the minimum amount on your credit card debts. Sure, you get out of trouble with the company and you avoid getting penalized. But remember that the interest you accumulate on that debt will compound exponentially over time. What’s worse: The fear of not having spending money, or the fear of being under a debt that cannot be paid off for the rest of your life? You are going to have to choose one of them, so you might as well choose the first one.

You could even be the type of person that does all the right things without putting away any money at all towards your retirement funds or something that will provide income during your retirement years. Sure, you won’t feel the effects of this act tomorrow, a month, or even a year from now. But if you take that mistake and repeat it numerous times over many years…well, I think you get the message at this point. It's no wonder that not saving money sooner is the number one regret of millions of Americans. In a Yahoo! Finance article titled "Millions of Americans regret not saving for retirement earlier. Don't let it happen to you" written by Brittany Jones-Cooper, look at what she discovered:

"According to a new study from Bankrate, a personal finance site, 75% of of Americans admitted that they have financial regrets. Of that, 18% of Americans say their biggest financial regret is not saving for retirement early enough. 13% of people say they regret not saving enough for emergencies, and 9% regret taking on too much student loan debt.

Of the some 1,000 adults surveyed by Bankrate, it's no surprise that older respondents are the ones feeling the heat, with 27% of people 65 and older admitting they have retirement regret. That's compared to 17% of people between 30 and 49."

No matter what your spending impulses are, whether you have one of the situations mentioned or all three, you need to double down and get them under control. You don't want to be a person who spends their life as a slave to their chaotic and impulsive mind. Nobody wants to be, yet some people never learn how to get their spending behaviors under control.

So what can we do about these impulses and urges? How do we finally fight them? Let's see what we can learn from a world-famous author who has spent decades of his life successfully giving people advice on this subject matter.

Dr. Jeffrey Schwartz is the author of the book *Brain Lock – Free Yourself From Obsessive Compulsive Behaviour.* In the book, he argues that the mind and the brain are separate entities. What the mind wants is not in line with what the brain wants. To put it another way, our minds may want to do something (not buy an item we don't need), but our rebellious brain is tempting us to do something else that will provide you with immediate gratification (buy an item we don't need).

In Dr. Schwartz's book, he presents a four-step method that allows you fix your brain using nothing more than cognitive self-therapy and behavior modification. The simple four-step framework is as follows:

Step 1 is Relabel: "I don't want to spend my money on that useless item - I am tempted to spend my money on that useless item." Rather than get upset, we realize that we are tempted to do something we don't want to do. It's our primitive brain trying to hijack our logical and rational mind.

Step 2 is Reattribute: "It's not me, it's my bad habit." In this step, we recognize that we are not our thoughts and our impulses. They are separate entities from us that do not represent our goals and our best interests.

Step 3 is Refocus: "I'm experience the urge to do this bad habit. I need to refocus my attention by doing something else." All you are doing here is redirecting your focus towards something else for 15 minutes to take your mind off of that temptation.

Step 4 is Revalue: This is something that you do over the long-term, where you choose to not take your urges at face value. They are not significant in any way - they only appear to be the way. You are the only one that can give them any meaning.

The great thing about this framework is how easy it is to use and how adaptable it is towards any other financial impulse that you may have. In fact, you could easily use this on some of the other types of impulsive habits that I covered earlier in this book.

The human mind and brain can be a very interesting thing: We are capable of doing so much with what we are given, yet at the same time these faculties can be faulty while driving us towards despair.

With all of that said, I could probably end the chapter right now and move on. But I'd like to spend some time answering some commonly asked questions that people have when they try to start controlling their impulsive spending habits:

Q: How long will it take for the impulses to go away?

A: Your impulses are not going to go away. Everybody has impulses from time to time. What you need to know is that it is a conscious choice to act upon them or refuse to do so. This is why it is absolutely vital that you do not compare yourself to anyone else. Keeping up with the Joneses can be a financially lethal mistake. I know it's tempting, but each person's retirement journey will be different. Some people will have to put in more work than others to gain control over these spending habits. Instead of focusing on what others have to do, simply focus on what you need to do.

Q: Is this a temporary solution?

A: No. This is a tool that you need to have at your disposal whenever you have these impulses. Bad habits can come back after a long period of absence and wreak havoc on our lives when it is least convenient for them to do so. What you need to recognize is that you will always struggle to do the right thing. Easy does not fit into the real world. The hard thing to do in life, and the right thing to do in life...are usually the same thing.

Q: Why do I have these impulses?

A: I don't have the medical or scientific experience to answer that question directly. What I can say with confidence is that people will unconsciously follow certain habits over several years, and we become wired to follow those habits automatically without giving them much thought. It's how people are shocked to 'wake up' one day to be overweight despite the fact that the accumulation of their daily eating habits have led up to this point. You have spent years developing a brain that works against you, and now you will have to put in the time and effort to reverse that and build a brain that works for you and your goals. It is certainly not easy, but easy will not fit into a serious plan for being adequately prepared for your retirement.

By the way, this framework can apply to habits and urges that exist outside of the financial realm. It's true – Schwartz specifically designed this method for any kind of compulsion at any level of severity.

Let's say someone has a serious problem with impulsively buying useless things. It's not so much the price tag that gets them hooked, but perhaps it's an emotional rush people get when they make impulsive purchases that they're addicted to. I can't say for certain, but what they might not realize is that this seemingly harmless addiction is preventing them from achieving their retirement goals. Even if they have made it part of their plan to stop buying things on impulse in order to save money, they might find themselves giving into the temptation far more often than they would like. Instead of giving in, they simply need to use the framework whenever they come across an expensive item that is particularly enticing to them. Their temptations may be gone, and they will have more money in their wallet to use wisely.

As you can see, someone could use the framework to conquer their shopping addiction that I mentioned in this chapter. They could use it when they get tempted to procrastinate on paying their bills and taxes on time. If someone really wants to get serious, they could sit down and write out a comprehensive list of all the impulses and bad habits they have that they know are getting in the way of their financial goals. It won't be hard to do this given that they have a price tag behind them. If they really want to go to the next level, they could add up the total cost of all of these bad habits. When people do this, it provides the scare that they need in order to take these impulses seriously. Unfortunately, sometimes it takes that one big scare in order to get people to make the changes that need to be made.

I realize that this chapter may have seemed a bit odd in nature, but it is important that I cover this aspect about bad spending habits because they can be detrimental to the success of your financial future. If you really want to sit down and read an academic approach towards explaining how we form habits and what we can do to stop them, I highly recommend *The Power of Habit* by Charles Duhigg.

All I can do here is provide you with the basic information and the straightforward tools that you will need to address this issue. Really, that is all you are going to need. In the context of financial habits, there is nothing more that you can do. It's consistent and diligent application of the basic fundamentals, just like everything else in life. I've found that your habits can have a big effect on your mindset, which we now know is crucial to your success in retirement planning. If anything, you should start to see how all of these concepts I've discussed are directly linked to one another. It's like a synergistic system in that one malfunctioning part will affect everything else. Your mindset, your goals, your plans, and your habits all have to be working properly in order for you to achieve a successful retirement.

ACTION TIPS

- **If you cannot pay for it in cash, most of the time you do not need it. I've said this before because it's so important for baby boomers to understand.** The idea is that if you do not have the funds to pay for something, you have to put it back. This is a piece of advice that will do wonders in preventing you from staying in debt. If you are out of debt, it will stop you from going back into the hole that you once escaped from.

- **Write down your impulses and what you did about them in your goal journal.** I won't ask you to write down anything specific this time, as this exercise is best done with freedom and no limitations. These are your impulses, so you will have to do the work of making choices that don't involve giving into them.

- **Don't forget to use the Brain Lock framework whenever you find yourself feeling overwhelmed**

and out of control with your spending habits. There is no shame in having to consciously talk yourself out of it, and it puts you ahead of people who refuse to take control of themselves. Use it as many times as you need to until you feel the urges going away. Even when you are completely free of the urges after a while, feel free to use the framework if you feel the 'itch to spend' coming up again.

- **Remember, you are the one who gets to choose how to spend your money.** Although I spent a good portion of the chapter talking about how our urges can get in the way, at the end of the day you are 100 percent responsible for each action that you take in life. You have adopted that mindset in fixing the other mistakes up to this point, so don't make this one an exception.

Chapter 7

MISTAKE No. 7:
Retiring Too Early

This is going to be the last chapter that focuses purely on the mental game that you need to succeed in being financially ready for your retirement. Following this chapter, the discussions we have will purely be about financial logistics and the statistics pertaining to them.

There won't be too much writing as the numbers will speak for themselves. I will present the data and then provide my own personal insights on how it applies towards your retirement. At that point, you will already have most of the tools needed to succeed. All you will have to do is avoid some simple mistakes that anyone could make and you will be set for your retirement.

Although I will talk a bit about mindset in this chapter, I'm also going to use a few statistics. I use this concrete evidence to show you the reality of the situation that you and several other baby boomers will find themselves in.

But first, let's talk about the mentality that comes behind retiring early.

Whenever you read people's success stories, especially in the financial sector, readers are constantly bombarded and intrigued by others who are able to achieve enough success for themselves to the point where they 'retire early'. We're not talking about people who managed to retire just a few years before 65 or people who won the lottery.

No. We're talking about people who claim to have retired in their early 20s and 30s. For someone like yourself, that sounds ridiculous. How could somebody possibly retire at that young age with all those years left of working and living left to go? How are they going to fund themselves for the decades to come? Are they millionaires that wake up to the smell of money each morning? Do they have some magic bullet in the stock market that lets them see trends ahead of everyone else? Did they strike gold with a business that got bought out for millions of dollars? What's going on?

It's definitely a puzzling phenomenon to observe, and I believe this is something that has been exacerbated by the online personal finance communities. Everyone gets hooked on that catchy headline on the hottest new article that chronicles the life of the person who managed to retire early. Of course, what usually follows are some accolades about 'working hard every day' or 'never giving up' or 'managing your time wisely.' Information that doesn't really tell us how they got there or what they had to go through in order to make it happen.

In turn, this creates a group of anxious individuals who feel that they have 'failed' because they haven't retired yet. They become eager to do everything that's possible within their power to retire as soon as possible so that they can hope to live the same lavish lifestyle that is advertised in front of their eyes.

I'm convinced that this is an incredibly toxic thing for baby boomers to see as it results in the unnecessary and unjustified feeling of guilt. There are a couple of reasons why, and I will detail them below.

First, and I know that this is hard for some people to believe, you can't believe everything you read on the Internet. That's not to discredit those who have legitimately achieved success for themselves, but if you look at these stories with a sense of skepticism, you'll ask yourself questions that make you doubt the validity of these stories. It always pays to be skeptical when it comes to extraordinary claims and stories.

What was the job they were doing that lead to this magic moment? How are they providing for themselves on a daily basis if they are retired? Are they saving any money up for the future in case something goes wrong? Is the advice they shout out the things that they have actually done to retire early? Will this phase last forever? If you start asking yourself these questions, you will find that there is a lot that these stories do not tell you.

In fact, let's make this puzzle a little easier to solve: What exactly do these people mean when they say that they have 'retired'? Putting it in other terms:

- Does it mean that they work from home part-time instead of a full-time corporate job that most of us are accustomed to?
- Do they do any kind of work at all? What kind of work do they do?
- Do they have another spouse that is providing a certain portion of the total income?
- Do they have kids?
- Why are they not telling us more about what their 'retirement' life is like?

Short of the obvious scam where these stories are used to sell phony information products that will do more harm than good, it's important to raise an eyebrow (or both of them) when reading these stories. The most important thing to remember is that you are not getting every detail, and so there is no useful purpose in fretting over it.

Here's something else to reflect on: When you sit down and do the math, you realize that it will take substantially more money to retire at a younger age. If you plan to get out of working that early, you will need much more money than you would need if you retired in your 60s like most people do. Of course, if these people mention that they work a couple of hours a week...well, it only proves my point that everyone has their own definition of what ‘retirement’ means to them. When you ask the list of questions above, you will find multiple answers to the definition of ‘retirement’. Some people see it as doing no work whatsoever. Others view retirement as ‘doing what you love’.

The fact of the matter is that many people have several great years of solid health ahead of them and a reputation that could be expanded into something even greater. Plus, add on the fact that you cannot start getting payouts from Social Security until you are 62, and even then you can only receive partial benefits or a reduced amount until the ages of 66-67. Seeing that this is the case, why would you want to stop working? You could save even more money and set yourself up for a retirement that leaves you with many more options.

You don’t have to be tricked into retiring early. When you make the decision to retire, you should be able to do so knowing that you did everything you could in your working years to maximize your savings and prepare yourself for a successful retirement. There are fewer things that feel better than the long-term satisfaction you will experience from doing so.

Don’t feel compelled to retire early just because others are. Your circumstances can be - and usually are - different and unique from theirs. Perhaps their retirement was a mistake, and you don’t want to follow in their footsteps.

The problem I see is that one of my clients will see a friend or two of theirs who retires a few years before they do, and they get the impression that they are still stuck in the rat race. “Why do they get to retire earlier than I do? Why should I be the one that has to keep on working?”

Understand that you cannot compare everything that is happening backstage in your life to the highlight reel of someone else's. Remember the list of questions that I provided earlier in the chapter? Answer these question for the person that you are comparing yourself to and see how much you know. You’d find yourself stuck pretty fast. Besides, the time that you spend worrying about other people seriously detracts from the level of focus that you should be applying towards your own retirement planning.

And while I am on that topic as well, do not let comparisons have a direct influence on your goals. The goals that you have written down for yourself in earlier chapters are the ones that are for you. Remember that the “R” in S.M.A.R.T stands for Relevant? If so, how are your goals going to be relevant for you if they are based off the life of somebody else? They aren’t! The only way your goals are going to be relevant is if they are based on nobody’s life but yours. Out of all the variables that I see people mess up, when it comes to goal setting, it always ends up being the “R”. And nine out of ten times, the reason behind that mistake is some variation of comparing your own life to somebody else’s.

It's our human nature to compare ourselves – I won't deny that. It's how we come to the realization that there is more we can do for ourselves in our lives, and that our supposed limits were really self-imposed beliefs that have been holding us back. But as humans, we tend to take it way too far beyond the point of usefulness. Rather than get inspired and see how we can apply someone else's standards to our own life, we start beating ourselves up and wonder why we have failed so much. It happens to all of us, but what matters is how soon we can get out of that mentality of victimhood and into a mentality of victory and achievement.

Have you ever tried to run a race on foot? Have you been successful? Think about that. Now, in those times you were successful, how much time did you spend with your head turned around to see how everyone else was doing? Probably none. You cannot move forward with your head continually oriented in the opposite direction. That's what leads to mistakes and accidents. As long as you keep your head forward and focused on your own financial goals (not those of another person), that is what will be most important in determining how successful you are with your retirement. Don't allow yourself to fall to the same traps that many other baby boomers fall into.

I would like to close this chapter with an interesting article I read from the financial website Investopedia. In a January 13, 2016 article entitled "Are More Baby Boomers Returning To Work After Retirement?," writer

Lita Epstein comments on how baby boomers who have retired early get sick of the retirement life real fast.

"Looks like playing games and hanging out with with friends all day gets boring – almost boring enough to return to the workforce as part-time workers or freelancers. By doing so, they are able to do something constructive with their time while having freedoms that were previously unavailable to them with a full-time job." Epstein coins this phenomenon as 'unretirement,' and goes on to quote an excerpt from "Unretirement: How Baby Boomers Are Changing The Way We Think About Work, Community, And The Good Life" by Chris Farrell:

"The demographics of despair start with the observation that many aging boomers haven't saved enough to enjoy a comfortable retirement. The emphasis quickly shifts to the fear that the swelling ranks of aging boomers will drain the economy of its dynamism, dragged down by too few workers supporting too many elders. The forecast grows bleaker with the expectation that a less than robust economy will make it that much harder to pay the tab for Social Security and other old-age programs. But hold on. That same aging boomer population offers the promise and the opportunity of rejuvenating both the economy and our communities."

What I like about this new phenomenon is that it confirms what I have thought all along: Early retirees usually end up going back to work because it provides a sense of purpose and accomplishment that they wouldn't be able to find elsewhere. Dislike your job all you want, but it's what gets you up in the morning and gives you a strong sense of purpose in life.

I'm not here to try and tell you how you should and shouldn't live your retirement years. These are your retirement years, and therefore you are the one who chooses how to live them. However, I want you to consider the idea that it's perfectly okay to keep working during your retirement, or even to postpone it if you feel that you have enough energy and will in you to make a difference and do more. You should retire when you feel that you are ready to retire.

Retirement should be something that you embrace lovingly with open arms, not a part of your life that only brings up feelings of guilt and dread. That's the mindset I try to have each and every one of my clients adopt, and I am sincerely hoping that you will be able to adopt it for yourself.

ACTION TIPS

- **Refuse to compare your life story to someone who 'retired' at an early age and is living "The Life".** When in doubt, run through the list of questions that I provided and really think about if the story is everything that the author is purporting it to be. Even on the rare case that it is, remember that their life is not your life. You had a different direction with different goals at the time.

- **Calculate how many working years you have left and write down of all the things you could do in that time period.** Let's use an example and say that you have 5 full working years left before you retire, should you choose to do so. Think of all the money that you could save. Think of the value that you could add to your company within that time. Think of all the things that you can generally get done with that extra time left. Whatever you want to do, write it down in your goal journal and make it happen.

- **Start looking for ways that you can keep yourself busy and entertained during your retirement.** Remember the story of the baby boomers in the "Unretirement" article that I quoted? Even though they had the freedom to do whatever they wanted and whenever they wanted to, they still came back to the workforce in some way. Maybe that is not your aspiration, but you do want to engage in an activity that gives you purpose and meaning. If it also pays you, that's a nice bonus!

- **Seek out people who are already in retirement and ask them for guidance.** The more insight you have from people who are living in the retirement phase of life, the better prepared you will be when the time comes for you to retire. Rather than go into retirement with a lack of knowledge, you will have the insights of those who were there before you. You will be prepared to face it head-on and do what it takes to make your retirement one of the best parts of your life.

- **If you would still like to work at your current workplace post-retirement, ask your employer to see if something can be arranged.** This action step won't apply to everyone, but it will apply to some baby boomers. If you have done a great job at your company and provided them with exceptional value and service, you may be surprised to find that they will want you around. You could be a consultant, an advisor – there are many ways for you to still be part of the culture while enjoying your retirement.

- **Retire when you want to retire.** Your decision to do so should be free of any pressure from your family, friends, or coworkers. You will end up regretting the decision if it wasn't something that you solely chose for your own reasons.

Chapter 8

MISTAKE No. 8:
Assuming What Went Up Will Continue to Go Up

As I mentioned before, the previous chapter was the last one that had the content focused around mindset and mental strategies. You may see some tips on mindset pop up here and there throughout the remainder of this book, but now it's time to put our game faces on and get down to the nitty-gritty details of retirement.

In this chapter, we are going to be talking about investments that many baby boomers are currently holding. In particular, investments in places like the stock market where there is a high degree of volatility.

It is important for you to recognize investments are a tool that like anything else can be used or abused. Saving money requires a significant amount of mental fortitude and discipline over a long period of time. When you make well-thought out decisions, investing can be a financial strategy that helps your money grow over time.

The main objective behind investing is to find investments that produce the best returns over the long-term. You want to maximize the reward and minimize the risk where possible. Yes, there is some risk that comes with investing. However, if you follow the advice in this chapter, you will be able to mitigate much of that risk.

The one thing to always remember is that you can't predict the market – scratch that, nobody can predict the market. If you were able to predict the market ahead of time and make trillions of dollars people would give up everything they own to consult with you for advice.

So what does this mean for you, the baby boomer investor? Depending on where you are, it means one of two things:

1. If you ARE a baby boomer investor

In your financial portfolio, hopefully you have a diverse range of investments that make up a conservative strategy because at this point in your retirement planning you cannot afford to be overly risky and risk a massive loss. You don't have time to recover from a major setback in the stock market. At the time of writing this, the stock market is nearing an all-time high. Therefore, you should be doing pretty well. You might not be the next Warren Buffet but at the same time you probably have consistently seen your account rise in value.

Don’t allow a few good months (or even a few good years) to lead you into believing that it’s okay to abandon a conservative approach with regard to your investing decisions. As said in the previous paragraph, you can’t afford to take a massive loss with the (likely) short time horizon left until you retire. Any risks you choose to take should be calculated and analyzed well in advance. Also, keep in mind that investing requires a strong mental mindset in order to make the necessary decisions and not waiver from them.

2. If you ARE NOT a baby boomer investor

Don’t worry! No matter your age, you can get started with investing and see real financial benefits from doing so. If you choose to start investing, you need to adopt the mindset that I just shared with those who are currently investors.

I highly encourage you to begin some type of investing because you must find a way to keep up with inflation (which we’re going to talk about in chapter 11) . To quote a famous Chinese proverb: “The best time to plant a tree was 20 years ago, and the second best time to plant a tree is right now.” With that said, only begin investing with a professional who knows what they are doing and has a provable track record of dealing with beginner investors in the baby boomer generation. As I’ve said before, qualifications and experience are extremely important when it comes to your retirement savings.

I would like to spend some talking about the emotions involved in investments before we discuss specific investment strategies. Those who are new to investing will want to pay special attention to this section of the chapter in order to avoid mistakes that past investors have made. Experienced investors should view this section as a reminder of the things that have worked for them to date and will continue to benefit them down the road.

You need to understand that it is very easy to tell someone that emotion should not be involved with investing. This is easier said than done when you account for the fact that uncertainty rules the market. You are putting your hard-earned money at risk and hoping for the best possible outcome. Believe me when I say that it takes first-hand experience to acknowledge emotional traps and confront them before things get out of hand.

One of the biggest emotional pitfalls in investing is getting emotionally attached to the headlines of the latest news. There will always be people and news channels that call for doom and gloom, or the hottest stock to hit the market. A common mistake I see being made is when people try to make reactionary decisions, buying or selling, based on these news reports. It’s not the fluctuations within the market and the news that leaves you at risk, but rather your own reaction to them.

Another common pitfall is doing everything possible to avoid any losses whatsoever. Investors may sell a winning stock too early, or stay too long with a losing position in hopes that things will turn around one day. Both of these decisions are driven by a mix of regret for poor choices made in hindsight and pride for great choices made in hindsight. Perhaps we had that one situation where a stock turned around and went up, yet we abandoned our position too early. Other times people sold their position too early and the value of the stock kept climbing. This is why you need to follow the maxim of cutting your losses and letting your profits run at a set point. You need to have a limit beyond which you refuse to lose money any further, no matter how sure you are that things change.

The most important thing to remember is that you cannot beat or predict the market. Overconfidence is usually what leads people down this dangerous path. You will be surprised to see how often this happens. Here is a quote taken from the *Wall Street Journal* article *How Your Emotions Get In The Way Of Smart Investing*:

"Some of this stems from a classic error of overconfidence. Many assume that playing the market is like playing tennis against a practice wall—when in fact there is an opponent on the other side of the net, in the form of CEO's who move the market by touting stocks and professional investors who take advantage of those swings. Some amateurs recognize that there are pros playing against them but still think they can win. A survey

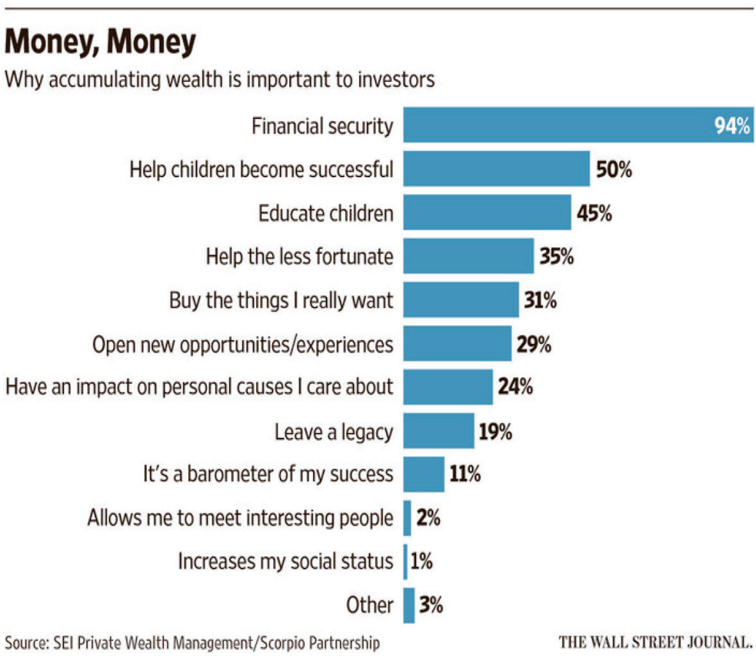
of amateur traders reveals that 62% expected to beat the market during the following 12 months."

"Yet we know from many studies that returns of heavy traders, on average, lag behind the returns of light traders, and the returns of light traders, on average, lag behind the returns of those who buy, hold and rarely trade."

"Why do people keep doing it? Trading, like tennis, delivers expressive and emotional benefits. It is fun to play against Novak Djokovic, even if we lose. In one survey, for instance, Dutch investors showed that they cared about the expressive and emotional benefits of investing more than its utilitarian benefits. They tended to agree with the statement "I invest because I like to analyze problems, look for new constructions, and learn" and the statement "I invest because it is a nice free-time activity" more than they did with "I invest because I want to safeguard my retirement."

If there's anything that drives people to wildly invest, it's the desire to become rich and make as much money as possible. That is why some investors will put everything they have into a few positions that they think will yield massive returns. The problem with this strategy is that you have everything to win yet everything to lose. It's not difficult to find stories of numerous people who get seriously burned.

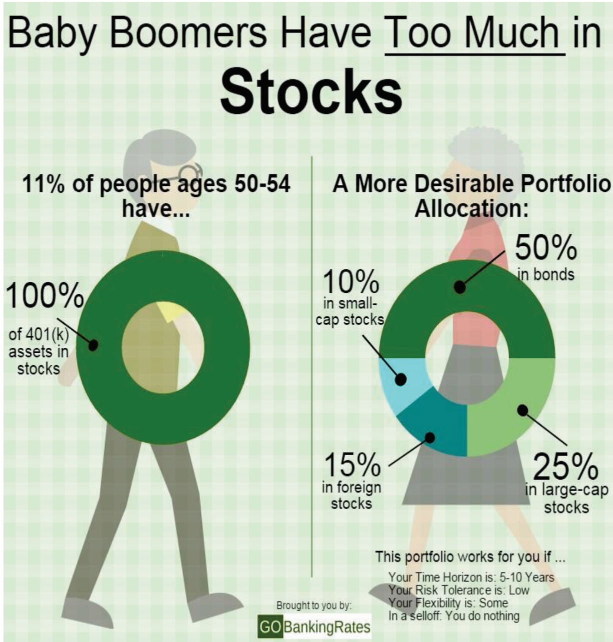
Within that desire to become rich is the desire for a presentable social status. It is easy to watch a video of some billionaire investor with multiple high-end cars and think that we will end up just like them someday. We become convinced that we are going to get rich from investing. However, take a step back and think about what you really want out of investing. It's easy to chase feel-good benefits but that's not what the main drive behind investing usually is:



When investors are polled on why it is important for them to accumulate wealth, as you can see above, the 'social status' reason falls dead last. In fact, what we see is that the overwhelming majority of people invest so they can achieve financial security for themselves and provide for their family. Far less ambitious than being a billionaire, right?

There's nothing wrong with wanting to become wealthier from investing but it is also important to manage your expectations properly. Do not invest your entire savings if you are starting off, and make sure your first time is done under the supervision of a professional. It sounds like I'm repeating myself but you will be surprised at how many people are convinced that they will do just fine on their own.

With that information out of the way, I would like to share some data with you that may assist you in your investing strategy as a baby boomer. It will help create a strategy that will minimize your risk and solve the emotional problems that come with investing. Risk will still be present, but you will be in a better position to handle the volatility of the market.



Source: https://www.gobankingrates.com/investing/10-best-stock-market-strategies-baby-boomers/

The above image is taken from an online article published by GoBankingRates.com titled "10 Best Stock Market Strategies For Baby Boomers." Here you can see how typical baby boomers tend to invest heavily in stocks versus something that would lower their risk.

I want to encourage you to invest. However, what I do not suggest you do is to place all of your eggs in one basket. It's important to have diversity in your investment portfolio so that you have positions in a variety of stocks and bonds. As mentioned in the bottom right corner of this infographic, this strategy is great for risk-aversive investors that have a short timeframe and minimal tolerance for aversive risk. This is exactly what I advocate for my clients who are beginning to invest, or looking to change their current investment strategy to better suit a solid retirement plan. With my guidance and expertise, I help clients choose stocks, bonds, and mutual funds that I believe will best meet that criteria and keep their investment safe over a sustained period of time.

Before I close this chapter, let me remind you to only invest under the guidance of a professional that knows what they are doing and has a track record to prove it. Investing is a great way to make your money grow, but it needs to be done in an intelligent and well thought-out manner.

ACTION TIPS

- **Take a comprehensive look at your investment that you have.** Whether it's in bonds, mutual funds, index funds, or the hottest new stock on that company that recently launched a public IPO, it is absolutely vital that you know where your money is. This is especially important if you planned to fund the majority of your retirement through your investments.

- **Schedule a meeting with a professional broker and/or financial advisor.** In order to ensure that you get as much money as you can out of your investments, you need the guidance of a professional who knows what they are doing. Do not go on the Internet and ask for advice from people in various forums and discussion boards – they do not know everything about your situation and they certainly might not have your best interests at heart.

- **Determine exactly what you plan to do with your investments.** What financial goals do you want to reach? What part of your retirement is that money going to fund? How long is it going to last you? Given that life expectancies are higher than ever, it is better to over-estimate what you need than to under-estimate.

- **Monitor your investments and do research to ensure your current investments are still good investments for the future.** Remember: Past performance does not guarantee future returns. You don’t have to be glued to CNBC every single second, but you do need to know where you stand at any given moment. Failing to do so will result in an attitude of complacency that can backfire on you later. Passive investors make more over time, and while I don’t want to advocate an aggressive trading strategy, it is important for you to know what you have.

- **REMEMBER: Highs and lows are a natural part of the stock market. It’s all part of the ebb and flow of the market.** Time and time again, many smart investors have made the mistake of tying their emotions to their investments. Do not allow your emotions to rule your investment decisions.

Chapter 9

MISTAKE No. 9:
Not Having a Written Will

This chapter pertains to the seemingly arduous process of writing a will. It may seem pointless right now, but you will be thanking yourself in the future once you have it done and out of the way. Many of my clients have told me that my insistence on getting their wills written was one of the best things I have done for them.

If you had to give your stuff away now, your will is a decision about what is going to whom. You are able to keep your family from getting into unnecessary disputes if you have a will prepared in advance. If you can't decide what to give to who, sit them down and ask what they want. If you you agree that they should get the item(s) in question, write it down in the will.

The majority of the clients I work with, and I suspect the readers of this book, have families. They have spouse, siblings, children, grandchildren, and other relatives that they consider to be dear to their heart. It is absolutely vital to ensure your possessions will go towards the people that you want.

Here is a brief yet comprehensive list of things that should be included in your will:

- How your real estate is going to be divided, and who will be the beneficiaries.

- Personal charities, if any, that will receive your assets and/or your belongings.

- Who your executor will be. This person will carry out the wishes made in your will, and follow the court's orders in handling the associated expenses and taxes with regards to your real estate. Ideally, this individual should live in close proximity to you.

- How valuable possessions will be distributed and who will receive them.

- If you have children under 18 years old you, will you need to appoint who the guardian of your children will be. If this is not settled, the court will choose the individual that will bear responsibility for taking care of them. With this, you will also choose an individual to take care of the property that is assigned to your children.

- The individual that will take care of your pets, if you have any.

Wow, that's a lot! You might be tempted to put all of this off and leave it until the last minute, but you can probably tell that I would be strongly against this decision. When you see a lawyer and request to have a will created, it's not as simple as filling in the blanks and providing a signature at the end.

You will need to have all of your finances reviewed, full documentation of your assets, tax issues for your real estate and your current income, and much more. In order to ensure that this process is properly done, you need to be in the right state of mind to do so. This means not waiting until you are lying in your hospital bed, or when you finally have that week or two of the year off to take a relaxing vacation.

Moreover, it is not enough to create the will once and leave it as it is. Due to the dynamic nature of life and how fast things change, you may find that new circumstances require an adjustment in your will. Laws can change as well, which could directly affect some of the wishes you have made in your will. Ideally, you should schedule a time to go over your will once a year to ensure that nothing needs to be changed or updated. After you go through the hard work of setting up the will, it takes nothing more than an occasional review to make sure that you are up to speed.

Here's something else to consider when you are creating your will: How can you set it up so that the minimal conflict exists between your executor, beneficiaries, and any other people involved? The reason I ask this question is because family conflicts and disagreements can make a difficult process that much harder to get through. This is something that sounds easy to manage until it actually happens to you. Learn from the many baby boomers before you that have learned this lesson the hard way.

Finally, be sure to store your will in a safe place where it can be easily accessible. This is documentation that your beneficiaries and inheritors cannot afford to lose. You never know when they will need it, so you are highly advised to inform them of its location and have them choose a place where it can be safely stored for safekeeping.

You'll notice that the act of creating a will does not have much to do with planning for your retirement from a financial perspective. This is true, but it is something that affects the financial and personal life of the people who are close to you. Thus, you are well advised to act on this step immediately.

Here are a couple statistics that I pulled from LegalZoom regarding testaments and last wills. I think you will be rather surprised to see the staggering amount of people that fail to properly fill out a will. Of course, that assumes they actually took the time to set up a will well in advance.

- 55% of Americans have no wills or plans for their real estate set in place. This number only gets higher amongst minorities, particularly blacks (68%) and Hispanics (74%).
- Only 41% of people in the United States currently have a living will that dictates the medical care they will receive should they find themselves incapacitated.
- 90% of the wills created are done by people that are 60 years of age or older.

I don't know about you, but that's some pretty serious stuff. Can you imagine that so many baby boomers are unprepared to have their assets properly distributed to the people that they love and care for? It is a situation that rarely ends well.

It saddens me to say that I have seen this situation play out many times with my clients. People will act surprised when unexpected taxes coming up during the process of acting out a person's will, or when their will does not fulfill their wishes. Even if they don't lose out on anything, their loved ones certainly will.

Another common surprise on the subject of wills is when an individual learns that they have been appointed as the executor or the guardian – without having been asked or informed at all beforehand. You really want to make sure that the people you appoint take care of key duties after your passing, are well aware of their responsibilities, and feel comfortable with performing them.

Sounds like a lot of work, doesn't it? If you don't have the funds to pay an attorney I would highly recommend looking into LegalZoom or LegalShield as resources for helping you complete your will.

Do you remember when I had you write out a time-based plan for your goals? If you have not done so yet, you should - it was one of the action steps I asked you to do in the earlier chapters regarding goal-setting. Rather than try to overwhelm yourself and take on everything at once, divide your plan for completing your will into smaller chunks and do them one at a time. Figure out what needs to be done with regard to setting up your will and who needs to be called. Here is an example of how you might go about it:

WEEK 1: Look for attorneys and do some online research on them. It is extremely important to ensure that they have years of proven experience in successfully drafting wills and dealing with any conflict resolution that comes about in the process. By the end of the week, you will want to narrow down your choices to 3 or 4 attorneys.

WEEK 2: Start gathering information that is already available to you. I provided you with a brief list in the beginning of the chapter that was somewhat comprehensive, but you will need far more than this. You could spend a day tracking all of your financials, and then the next day deciding who will be your executor. Following that, you could dedicate another few days to creating a comprehensive inventory of every possession that is under your name. Some people may need more than a week depending on how much they have, and that's okay. Remember that this is a general framework for people to follow. If possible, try to have your meeting with the attorney.

WEEK 3: Once you have talked to your attorney and received their approval, you can start making calls. The person you need to be talking to right now is your executor to discuss the decisions you have made with your attorney. You will want to review your plan and ensure that everything has been accounted for.

WEEK 4 AND BEYOND: At this point, the direction you head will depend on what needs to be done. Some people will have to go back and retrieve additional information, some will have to spend some additional time until they can find a suitable executor, and so on. Whatever you need to do in order get yourself prepared for the will in a timely fashion, do it. The first time you have a will done, it will be the most strenuous. After the intial will is complete, the revisions are not nearly as difficult.

Out of all the things I will recommend baby boomers do that is written in this book, completing your will is one of the easiest things to procrastinate on. I still find it strange that people will be much more eager to set up an investing strategy or their monthly budget than take the time necessary to set up a plan for getting their written will done.

ACTION TIPS

- **Take an inventory of everything that belongs to you and have it recorded in an easy-to-access place.** You may find that a computer spreadsheet is best for this task. Every single possession that you own no matter the size, every single financial investment you have, every family member that you can reliably trust on – write it all down and record it. This will save significant time when you are seeing your lawyer and completing the will.

- **Seek professional help from a lawyer.** Don't think that you can read up on all the laws on your own. This is a legal matter that requires the guidance and expertise of a legal professional. Lawyers are becoming increasingly busy nowadays, and with the rise in retired baby boomers, you're going to want to ensure that you schedule an appointment as soon as possible.

- **Have a thorough discussion with your executor and guardian of choice.** These will be the two most important individuals in your will, and therefore you want to ensure they are on board with everything. There is no need to alarm them. Simply explain to them what their roles would be, and ask if they can consensually agree to fulfill them. If you really want to make sure they are on board, you can bring them with you to your meeting with your lawyer so that they can know the important details.

- **As stated before, arrange everything to avoid conflicts as much as possible.** It will likely be impossible to avoid all conflicts, because you cannot predict with 100 percent accuracy how people are going to feel about inheriting certain possessions of yours. All you can do at this point is try to increase the odds of reducing conflict as much as possible.

- **Schedule a time on your calendar to review your will and update it with any new information.** New laws, a change in mind over who should inherit certain things, marriage, or any other serious life events should be a good cause for reviewing your will as well. As always, if you are unsure, contact a lawyer before you make any adjustments to your will.

Chapter 10

MISTAKE No. 10:
Paying Excessive Fees

Excessive fees is one of those 'hidden' items that you need to have prior knowledge about in order to discover. People with a financial background will be able to pick up on this. However, those who follow good financial practices without necessarily reading up on investing strategies might very well miss this. It's really easy to make this mistake, and quite frankly, I don't blame anyone for making it. But now I am going to show you how this mistake affects the bottom line of many baby boomers and what they can do to avoid it.

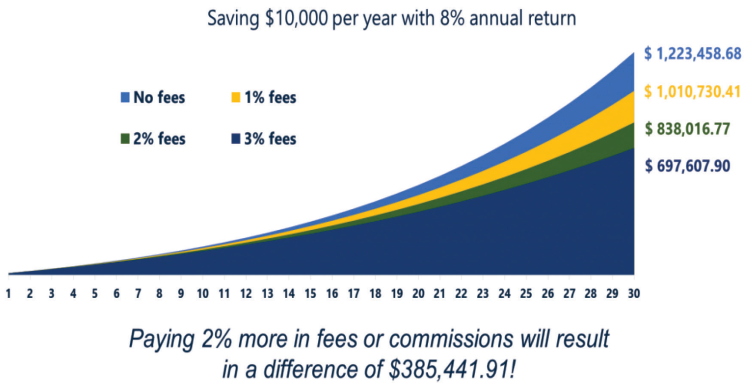
So what do I mean when I talk about 'hidden' fees? I'm talking about those hidden fees that you know about when you read the fine print and understand the technical jargon that is being thrown at you. You may not think that they have a substantial effect on your overall investment returns, but I feel confident this chapter is going to convince you otherwise. I will be using graphs and data to make my point, so don't worry about the technical details. Focus on the take-home messages that I will provide you with.

Hidden fees can be defined as those extra costs that are taken away from your account balance. Let's say that you have a certain amount of money in your retirement savings account. Here, the fees consist of expenses associated with operating a fund and cover investment management.

Now this can happen in any kind of account. It could be in a portfolio that is diversified with several kinds of stocks, or something as simple as a 401(k). Whenever you see fees of 2 or 3 percent, it can be tempting to think that they will make a negligible difference. Unfortunately, many baby boomers do not review their fees because they think they are miniscule, irrelevant, or all the same. Wrong! I know financial advisors out there who put their clients in investment plans with high fees due to the fact that they often times pay a better commission. What they might not realize (or don't care to) is that this is costing their clients tens, if not hundreds of thousands of dollars down the road.

It only takes ONE percentage point in either direction to see a drastic difference in the money that ends up in your bank account.

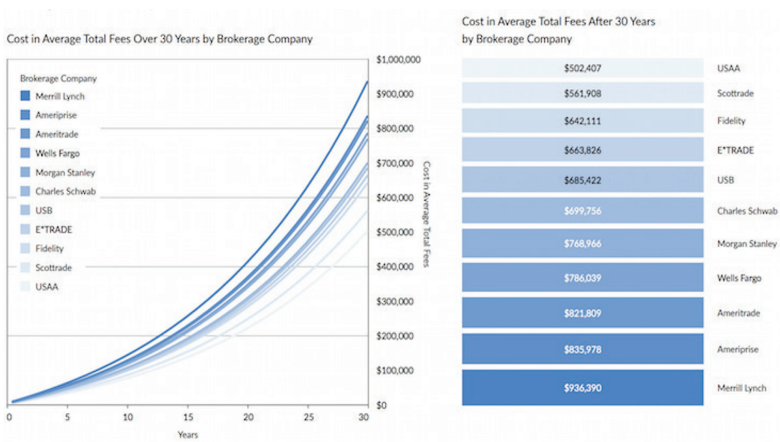
Don't believe me? Take a look at this:



What you are seeing here is a chart taken from an article called "The True Cost of Owning Mutual Funds" featured on the website Art of Thinking Smart. The associated quote explains the message that this graph is attempting to convey:

"Over the long-haul fees are what determines the performance of your investment portfolio. Paying 2% more in fees or commissions will result in a difference of $385,441.91 (assuming a $10,000 per year investment with 8% annual return) over 30 years. From the graph, you can see the impact different amount of fees have on an investment portfolio. Cutting 1% in fees can give 10 extra years of retirement income!"

Can you believe that? All it takes is 1% compounded over time to see a difference in hundreds of thousands of dollars when it comes to your returns. Do you now see why I'm creating such a huge fuss about this issue? You're losing valuable money on your investments and you may not even know it. If you're losing that much over $100,000, imagine how the numbers add up when millions of dollars are being wasted through these hidden fees. To expand on this point further, here is another example that focuses on the fees charged by several major brokerage companies:



The image is taken from an online article at FinancialSamurai.com entitled "Average Adviser Fees Charged By Brokerage." The example assumes a $500,000 account balance with the big brokerage firms mentioned, and extrapolates their fee structure over time to see how much you would end up paying if you spent 30 years with any company. At this point, I think the main takeaway message is abundantly clear: Hidden fees make a BIG difference in how much money you will make on your investments.

By now, you can probably see how this ties in with the chapter about investing your money and letting it grow. The first part involves laying down an effective investment strategy with a qualified professional. The second part involves ensuring that you are not losing out on extra money due to hidden fees.

This means that you are going to have to do some looking around to find the person or team that will give you the maximum return on your investment. You are better off taking extra time to find the right combination of investment strategy and fee structure instead of jumping in blindly with both feet.

ACTION TIPS

- **Get a complete breakdown of the fee structure involved before you sign up with ANY financial advisor or financial planning firm.** By law, the fee structure must be available for a prospective client to examine before they decide to have the advisor/firm manage their money. If you find that they refuse to do so or provide an excuse as to why this is not possible, do not do business with them.

- **When you get a report of your commissions and expenses, add everything up to ensure that you are being quoted fairly.** This is your money, and you need to be diligent about ensuring that each and every penny was distributed correctly. If you find that you are not getting a satisfactory explanation, don't hesitate to report this behavior to the higher authorities and inform them that your money is not being managed properly.

- **Check your investment profile on a monthly basis to ensure that nothing has changed without your permission.** You probably won't have this happen to you, but it is better to be safe than sorry in this regard. If you happen to catch a change due to a glitch or technical error, inform the firm/advisor immediately so that they can correct the mistake.

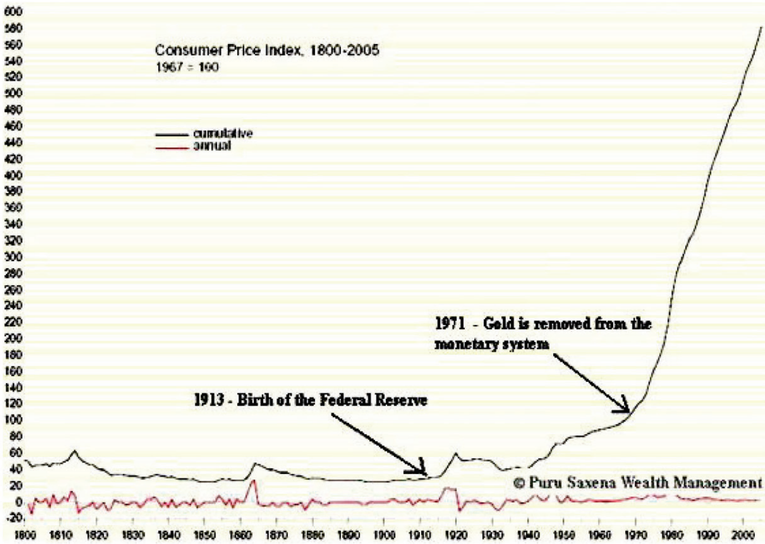
Chapter 11

MISTAKE No. 11: Underestimating Inflation

Everybody, on some intuitive level, is familiar with the concept of inflation. It's a steady increase in the price of goods and services over time within a given economy. To put it into further layman terms, it's the phenomenon that explains why everything seems to get more expensive as time passes by.

As I have mentioned in the blog posts on my website and in some of my other books, inflation will rise, more often than not. Baby boomers can follow this as a general rule. Even if the rate of inflation growth is a little faster or a little slower from year to year, or even goes down, you can make the assumption that it will go up over the long term. This gives you ample room to prepare for the future.

The graph below is a great example of inflation in action. As you can see, inflation continues to go up over time and there is no sign of this trend changing at anytime in the future.



The above image is taken from the article “US Dollar Overview: Declining Internally And Internationally” published at cashbackforex.com. The Consumer Price Index (CPI) is a percentage increase of a standardized basket of goods. It is a good representation of how inflation affects the cost of everyday goods.

All of this information is great, but it doesn’t really answer the question of the effect that inflation that will have on baby boomers. Moreover, how does it relate to financial planning and preparing for one’s retirement? That’s the main question that this chapter aims to answer.

If you are a baby boomer, the best I can do to illustrate the effects of inflation is that I'm willing to bet your last car cost more then your first house. As many of you laugh and nod in agreeance, the reality is that just because you retire doesn't mean that inflation stops. It will continue to make your money's buying power decrease. To drive this point home, I'd like to share with you the rule of 72. It is a financial rule that can tell you many different things but I'm going to use it as a tool to estimate how long it will take for your money to have half the buying power it did before. The way that if works is that you take the number 72 and divide it by the rate of inflation, you will see how many years it will take for your money to have half the buying power that it does in the present moment.

We will use a rate of 3 percent, which up until the last few years has been pretty accurate. So 72 divided by 3 percent is 24 years. Your money will have half the buying power 24 years from now. That sounds like a long time, but if you retire at 66, when you're eligible for full Social Security benefits, 24 years later you would be 90 years old. If you're married, there is actually a very good chance that one of you will make it to 90. Let's say that you have an income from your retirement accounts of $40,000 a year. When you're 90 years old the $40,000 a year you receive is now equivalent to you receiving $20,000 a year when you retired at the age of 66.

What does this mean for you? When planning your income for retirement, you need to have a plan that allows for you to increase your income over time, or have a plan to reduce your expenses over time. You could even do both at the same time.

When considering the former option, there are really two ways to achieve a rising income in retirement. You could pick some extra hours at work to help put additional funds away. By doing so, the initial percentage that you withdraw from your retirement accounts are low and you have some wiggle room to increase your withdrawal amount over time. Another option is to initially delay your full retirement. You can consider taking a part time job that you enjoy or even work as a consultant for your former employer or other companies when you initially retire. It would give you something to keep you busy but you wouldn’t have to take the full brunt of working a full 40 hours a week. This part time job, once you retire, will allow you to withdraw a lower percentage of your retirement savings to allow it to continue to grow for several years while you work. When you are ready to retire, you have more savings to pull an income from with some wiggle room to increase your income over time.

On the other hand, reducing your expenses can also help maintain your standard of living. The best way to do this is to do some of the exercises I’ve mentioned previously in this book. If you’re able to put together a budget you’ll often times find things that you don’t need, but the one that I prefer is simply paying off your debt. If you are able to pay off your debt, including your mortgage, it will feel like you received a pay raise because you freed up money you didn't have before.

As I have mentioned previously, you should not worry too much about certain things in life because they are inevitable. Inflation is certainly one of those things. Rather than get stressed out about it, simply accept that it will always be around and re-direct your focus towards working on your financial goals.

Even though we have two more chapters ahead of us, you are now starting to see how all of these tips are intricately linked to one another. Every tip can be taken separately, but is much more powerful in effect when it is combined with the other concepts taught in this book.

I could spend much more time with more diagrams and statistics about inflation, but I believe the few things that I have provided do more than an adequate job of explaining the concept to you. You don't need a ton of information - just the basics so that you can start taking action immediately.

ACTION TIPS

- **Take the advice that I gave halfway through the chapter: Use the Rule of 72 to determine how long it will take for your money to have half the buying power that it does now.** Do the math and see what happens. You'll find that you're going to need a lot more money than you thought.

- **Develop a plan to increase your income in retirement.** If you can develop this plan prior to reaching retirement, you are ahead of the game. As we discussed a few paragraphs ago, there are multiple ways you can go about this. You can put in a few extra hours at work, set yourself up for a part-time position or even become a consultant. It's really a matter of choosing the option that works for you and your situation.

- **Examine your expenses and see which ones if any you'll be able to cut out in retirement.** If you have set up a budget as advised in previous chapters, you should have a good idea of what expenses you can eliminate. With that being said, you will want to do this examination again once you reach retirement.

Chapter 12

MISTAKE No. 12:
Not Properly Preparing for Rising Healthcare Costs

It looks like we are one step away from the last chapter of the book. I have definitely covered a lot of material and there is a lot for you to take action on if you want to take full and complete ownership of your retirement. It's not easy but it is most certainly worth the effort and sacrifice.

Each of these mistakes was intentionally presented in the order that you have seen in this book. The solutions provided to avoid and prevent these mistakes are supposed to build upon one another, and allow for a seamless transition into fixing the next mistake commonly made by baby boomers. Once you have incorporated all of the actions steps in the book, you will find that they become second-nature to you. They will simply be a part of your everyday behavior.

We have covered many of the mistake baby boomers make going into retirement, and during their retirement. Whether it was due to a poor mental attitude or a lack of technical knowledge, we dove deep and unraveled many things that are crucial to know. With the insights and the action steps that I have provided, there is no reason why you shouldn't be able to address the mistakes in a timely fashion.

Let me now jump into the topic of rising healthcare costs. Healthcare can be a very scary subject for many baby boomers to talk about, and it's understandable why this would be the case.

The fact is that you are at the age where needing medical assistance is substantially higher. Some boomers will injure themselves out of nowhere and find their quality of life severely restricted by a lack of mobility. This would require a comprehensive plan of physical rehabilitation and medications in order to alleviate the problem. You may find that friends of yours suddenly get diagnosed with terminal diseases that will soon start to take a toll on their health if it hasn't already done so. Whatever it may be, you know that you aren't getting any younger.

And I'm not saying all of this to put you in a gloomy mood or frighten you into thinking a certain way. You have seen this happen with others when you were far younger, and now you are dealing with the reality that it might happen to you.

So why do I bring this up? Largely because of the fact that healthcare costs are only going to keep rising as you live throughout your retirement. In case you don't believe me, take a look at the graph below:

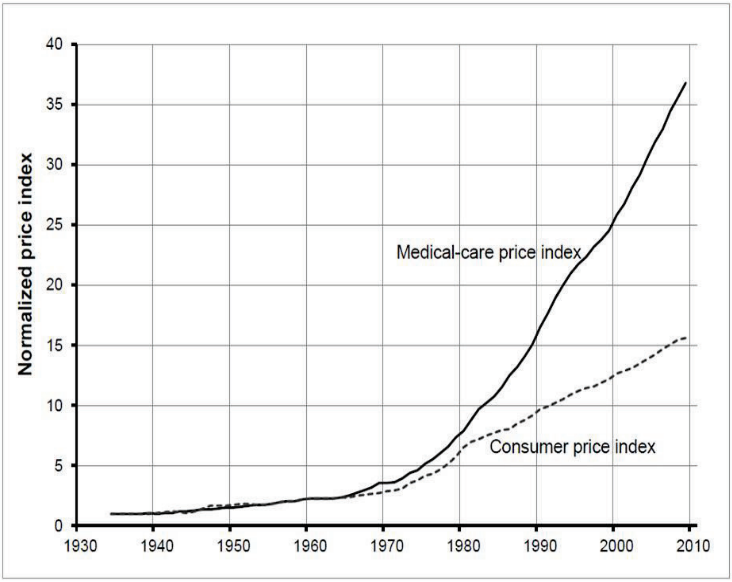


Figure 1

Image taken from "How Government Regulations Made Healthcare So Expensive", published in Mises Institute

Your eyes are not fooling you – health care inflation is skyrocketing through the roof compared to the overall consumer price index for people in the United States.

How can this be? This is explained by the ever-increasing demand for health care in combination with supply that has not increased in proportion. It makes sense when you think about it. A well-drafted insurance plan is now the bare minimum that you need to be able to afford the proper care and treatment that you need. There are limits to what insurance can cover for you before you have to use your own money to pay for the treatment you need.

Additionally, consider the nature of the diseases and injuries that baby boomers go through. Cancers and decreased mobility requires special equipment and therapy to treat, the increased number of visits, and the medications needed to cure or treat all of these disease states. All of the medications and treatments are far more expensive in nature, which explains why baby boomers quickly find themselves unable to cover many of their healthcare costs. Based on the current trends, they will not be getting any less expensive anytime soon.

If you are not in the retirement phase of your life, and you still have time left in the workplace, I would like to recommend that you start creating an emergency cash fund specifically for healthcare costs. Because more than likely, you will not have the freedom to do this once you stop working full-time.

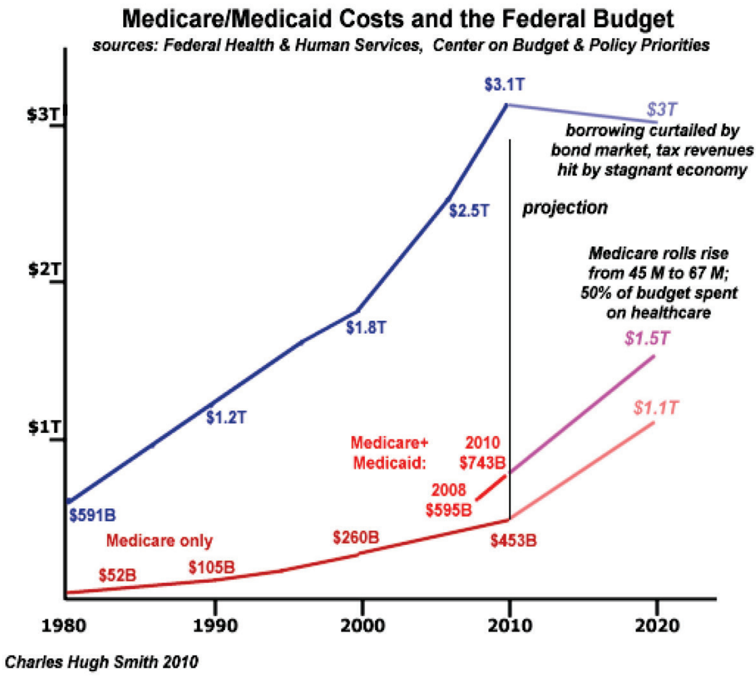


Image taken from "Is Fee-For-Service What Ails America's Health Care System?" from AOL.com

As you can see from the graph above, both Medicare and Medicaid are sharp on the rise and are only projected to get higher, increasing at a rate that has never been seen in the history of the United States. For your own financial safety and stability, do not expect that trend to change at any time during your retirement.

This isn't necessarily a tip related directly to your finances, but you may find that it helps your bottom line with reduced costs if you lead a healthy and active lifestyle to stay fit.

That means that you need to get in regular physical exercise, eat a healthy diet, and get a good amount of sleep each night. You need to treat your body with the activity, rest and rejuvenation it needs in order to function properly.

This kind of lifestyle has been touted by many medical and fitness professionals to be a great preventative measure towards physical and mental ailments, or at least reduce your risk of obtaining them. When you are a fit individual, you have far less health problems to worry about.

How does this translate towards money? You're not spending as much money on treatments and medications that you don't really need anyways. Therefore, you are saving a lot of money that can be better put to use elsewhere. For example, you can add more funds toward your retirement savings accounts.

The best part about exercising and eating right is that it is never too late to start. Anybody can start at any time they would like and maintain this lifestyle for as long as they choose. Nobody is asking you to be a world athlete at anything, but you should be able to move around relatively pain free and engage in the physical activities of your choice. This is a great goal to strive for!

Here is something that I want to impart with you before I close off the chapter: The exercise and nutrition guidelines I have suggested are not guaranteed to protect you from all ailment out there.

All I can do is suggest things that will give you a high probability of keeping your health in tip-top shape. This is one of those exercises where I am trying to get you to take conscious control of your life and your outcomes.

If you have been following my advice and doing all of the action steps that I have laid out for you in each chapter, you have started to slowly but surely realize your financial future is in your hands. I understand if things don't work out exactly the way that you expected them to. But I want you to know this: Even in the event that you happen to fall short on your goals, you went much farther than you would have if you had not set those goals in the first place. Literally, the worst-case scenario is that you made an improvement compared to your past circumstances.

Sales expert and bestselling author Grant Cardone is famous for advocating that people take massive action by setting goals that are 10 times higher than what they think they can achieve, and take 10 times the actions that they think will be necessary to achieve their goal. It sounds insane until you hear him out. He talks about the difference between setting a goal to make $100K/year, and $1 million per year. He prefers to set the latter goal, because he will make a lot more money falling short of the second goal than he would if the first goal was his 'limit', so to speak. In recognition of this insight, there is no point to beating yourself up for not reaching the $1 million goal.

Now you don't have to set goals that are that high if they are not congruent with the retirement lifestyle that you are looking to achieve. After all, they are your goals and your goals only. However, his point still holds. Don't let falling short prevent you from making the effort necessary to achieve your retirement goals.

If I could sum up the important points contained within this chapter, it would come down to putting away a lot more money than you would expect to account for inflation in health care costs and living a healthy lifestyle in order to minimize or prevent conditions that may arise due to older age. This allows you to adjust and account for unexpected expenses - not just in healthcare, but in other aspects of your life.

ACTION TIPS

- **Save up at least 6 months of your income and set it aside as an emergency fund for rising health-related costs.** While this is one of the more ambitious goals that I will ask of you, it is also arguably one of the most important. You simply cannot afford to be skimping out on health care. Good health care costs a lot of money, and without that you cannot hope to receive the treatment that you deserve in order to improve your quality of life.

- **Speak with your physician about health care plans and what they are going to cost you.** Your doctor, or their assistants, should be familiar with the insurance plan you are under and how much of the total cost will be covered by the insurance company. Make sure you do everything you can within your means to ensure that you are not paying overly expensive fees for your medications. Your finances may be tight when retirement comes around.

- **If you are intimidated by the idea of living a healthy lifestyle, take small steps and gradually build up your efforts from there.** It can be something as simple as eating more of a healthy fruit per day, or doing 15 minutes of exercise during your lunch break at work. Be creative and see which options work best for you and your circumstances.

- **BONUS: Get a friend to join in with you on your new activities!** I've mentioned the benefits of healthy competition multiple times in this book, but I've found that it works wonders when you are trying to get healthier. You are far less likely to eat poorly or skip out on gym sessions when you have someone depending on you to be there!

Chapter 13

MISTAKE No. 13:
Not Making Any Efforts to Educate Yourself

In all of the chapters thus far, I have done my best to provide you with practical and time-tested information on how to protect your retirement savings and retire comfortably. It is always a good idea for you to go out and do your own independent research. As time changes and things evolve over the years, so too does the finance industry. Alternatively, you might have unique goals and specific needs that are not addressed in this book.

Although I have done my best to touch on what I feel are the most important topics, it is impossible to cover every single piece of information you are going to need. Nobody will ever be able to get a complete financial plan unless they have a one-on-one sit down with a financial advisor. Like I said in the previous paragraph, everyone has unique goals and desires that applies distinctly to them. What you can do is use this book as a general guide to help you along the way.

With that being said, one of the biggest mistakes that anyone can make in their life is to assume that learning stops the second you leave the classroom. Or once you graduate college and get the degree that lands you in that permanent career, all you need to do is show up to your job and do well, and that's all there is to it.

This could not be any further from the truth. In fact, it is this exact kind of thinking that leaves many baby boomers unprepared for the retirement challenges that they will soon face. Because there are no active efforts on their part to learn about financial safety and success, many are hit with the cold reality of their situations after I review their circumstances and say:

You do not have enough money to survive through your retirement. You will either have to work past your planned age of retirement, ask for financial assistance, or seriously consider altering your lifestyle during your retirement years. (I think you heard me utter this words in the Introduction of this book)

In all fairness, many baby boomers are led through life being convinced by others and those close to them that there isn't a need for education outside of the school building. Things seem to be going well at their jobs, they come home to a family they love, and nothing is going wrong. What's the point?

What baby boomers and those younger than them are waking up to is that a lack of self-education is the 'silent killer'. You won't see the negative effects of it the next day, or the next week, or the next month. You probably won't even see it within the course of an entire year.

But compound that mistake over 2, 5, 10, 20 years…and now you begin to see how all of this begins to unfold in the form of a retirement that will not be abundant and prosperous. By the time you fully realize what you have gotten yourself into, you realize how much effort you would need just to make up for the lost time.

Perhaps it's not your fault that you didn't learn these lessons earlier. Not many people talk about these subjects very often, and it becomes easy to think that everything is going all right for you in the present moment. Nobody's perfect, and I've made these same mistakes when I was getting started.

What will make or break your success at this stage will be the attitude and the mindset that you consciously choose to adopt for yourself. Okay, so things didn't work out the way that you wanted them to. What are you going to do about it? Are you going to use your time constructively and educate yourself? Or are you going to give up and convince yourself that everything is hopeless?

Of course, if you are reading this book and taking action on the tips included at the end of every chapter, you are in the former camp. However, it's important for me to remind you that your mental game during your retirement can be a big deciding factor in how successful you are.

With that said, let's jump right into the types of sources that you can extract information from. There are going to be advantages and disadvantages to each kind, as you will soon see. This is why you should be reading a wide variety of sources and weighing insights against one another to see what will be best for your particular situation.

BLOGS

Many people are surfing the Internet on their computer for a couple of hours each day. That doesn't mean they're using it productively! Many people would rather waste hours of valuable time on social media and entertainment that doesn't really do much except keep them hooked onto the screen. The same goes for smartphones and tablets, which give us virtually unlimited access to the Internet.

Why not take that time and educate yourself on finance instead? There are many personal finance blogs that are geared towards those entering the retirement phase of their lives. One of the great things about the blogs is that they publish new content, and do so in the face of information and facts that change over time. If a certain piece of advice ends up being bad because of some external event, you'll be the first to hear about it.

You also have the privilege, assuming it is available, of interacting with writers and fellow readers via the comments section. A solid community is one of the big drivers in goal achievement, and you will be motivated to succeed alongside individuals who are like-minded and share similar aspirations. People can comment on blog posts while having productive discussions about retirement planning.

Be careful, though. One of the downsides to blogs is that they can only cover so much within a single blog post. You will have to go through multiple blog posts in order to get complete information, and sometimes you will find that the concepts are not tied together properly. This can be extremely daunting for anyone who is new to the topic and cannot piece everything together by themselves.

Another thing to watch out for is credibility. Not everyone that you read about online has the credibility, expertise, or experience to be espousing financial information. Always consult with a financial advisor first before you implement any piece of advice that could potentially be harmful. Plus, bloggers tend to have their own agenda in the form of products they sell, companies they work for, and so on. Always do what you can to research for unbiased information.

BOOKS

Yes, the age-old source of wisdom and experience. Books have been around for as long as we can remember, and to this day they continue to be a great source of information for those who are looking to learn about something new.

Books are certainly longer than a blog post, and it will take you a while to get through them. However, one of the key benefits is that they tie concepts together into an integrated system where each thought builds upon another or works in synergy with the author's other thoughts.

This means that whenever you are following the book’s advice and you get stuck on a particular topic, you just simply go back to the relevant chapter to refresh your memory and get back to taking action. With time, you will eventually synthesize all of the important concepts and apply them to your life on a daily basis.

So what are the downsides? Aside from the obvious fact that you will take much longer to go through a book, books are generally limited by their publication date. Life is extremely dynamic, and things can change following the publication of a book. That is why books often have multiple editions, but even then you’re not going to sit and wait around for a book to get updated.

If the book happens to be an electronic book from somewhere like Amazon's Kindle service, there is a greater chance that it might get updated with newer editions. But don't place your bets on it. By the way, these same rules and benefits hold true if you are listening to the audio version of a book. Some prefer to listen to a book instead of reading it. If you are stuck, try both and see which medium helps you learn the material better.

PODCASTS

Another option is audio podcasts. Every once in awhile, someone will record themselves talking about new insights or featuring a guest to discuss a particular subject. In the past decade, podcasts have seen a tremendous surge in popularity across all niches. Retirement planning and personal finance are now one of the hottest topics in podcast history.

This form of media has the same advantages as blogs, except that you also have the benefit of listening to these while in the car. Instead of listening to unpleasant talk radio on your commute to and from work, or running errands, you can educate yourself with new insights from experienced experts. Simply download the podcast episode of your choice onto your smartphone and press play.

Just like blogs, the downside is that podcast episodes are typically about a single subject or two. And the concepts might not be linked together into a synergistic system that you can use for your own good. They may also have their own agenda at hand with respect to certain methods and products.

ONLINE LEARNING COURSES

There are specialized online platforms dedicated exclusively towards online learning. Credible experts will create their own comprehensive courses on topics and people are free to take them for an affordable price. Students will leave reviews about the course and recommend them to newcomers if they feel that they obtained any kind of value from the course. This is something that has recently come to fruition thanks to advances in Internet technology and a cultural shift away from traditional academia.

Places like Udemy, Coursera, Khan Academy, and The Great Courses have now started offering the level of education that you would normally receive in a university. The benefits are you can take these courses at your own pace, and there aren't any graded tests or assignments. The worst thing that could happen is that you will have worksheets to fill out that will help apply the material to your own life. I personally can't think of something greater than an educational format where you learn as fast or slow as you want, receive real-time feedback, and actually use the material to improve your own life. What more could you possibly ask for?

My only recommendation is that you do not sign up for too many courses at one time. You want to avoid the 'information overload' phenomenon that I discussed in the chapter involving goal setting (Mistake number 4). Add on the fact that you will be spending your own money to take these courses, and now you have a good reason not to take so many at once. Take some time to read the reviews left by former students, pick a few classes, and focus on one at a time.

Additionally, I would recommend that you turn off social media or any form of distraction that will get in the way of learning while taking these classes. It is very tempting to have one tab open for your class and 5 other tabs open for YouTube and other social media. Do not do this.

YOUTUBE/VIDEO

This is one that I am slightly hesitant to recommend, but nevertheless I have seen people use it as a valuable educational resource. The same place where you go to watch cute cat videos is a surprisingly good place for people to upload educational tutorials on a wide variety of topics.

You might be asking why I am so hesitant to recommend something like YouTube in the first place. The reason is because I know that for 99% of people, it ends up being a convenient distraction and a good excuse for not taking meaningful action on your goals. It's really easy to say "I watched 8 hours of educational material on

YouTube" versus "I spent 8 hours taking non-stop action on my goals by putting money in its proper place." Plus, if you fall prey to the "Recommended Videos" section, you will quickly find yourself watching cat videos...lol and realize that you had just wasted 3 hours of your time doing nothing. Believe me when I say that this is a very common occurrence.

I will not go as far as to completely dissuade you from using YouTube as a source to learn more about personal finance and retirement planning, but be cautious with this. I would recommend the other 4 educational sources much more highly than I would a platform like YouTube. Try to set yourself a time limit or a limit on the number of videos that you watch so that you don't spend your entire day on the computer.

SO WHAT SHOULD I USE?

The simple answer is "all of them". When you combine books, blogs, podcasts, online learning classes and YouTube videos into a comprehensive learning program, you get all of the benefits of each source while accounting for the downsides that come with them. This is your learning time. That means that all of the learning that you will be doing will fall entirely into your hands. Whether or not you choose to self-educate yourself on retirement planning, it is entirely up to you.

I will mention this in the action tips at the end of this chapter, but it is imperative that you limit how many sources you are learning from at any given time. I know it's tempting to have hundreds of blogs and podcasts to follow at once, but it quickly leads to information overload. You will feel like there is too much to handle and as a result you will stop learning. As always, the best way to go about the learning process is to use one thing at a time.

ACTION TIPS

- **Seek advice from qualified professional sources.** Now is not the time to be asking for opinions from your friends and family. As discussed in the chapter, despite their best intentions, they do not know what will be best for your situation. Moreover, unless they are certified professionals themselves, you should be avoiding their advice. You also want to look for things like experience. What specific results have they achieved with clients? Is their advice still relevant in today's age? Ask yourself these questions and many more before choosing the source you decide to take advice from. These questions alone will help you identify the valuable information sources that are pertinent towards achieving your retirement goals

- **Be proactive, but avoid information overload.** I would personally recommend that you follow no more than 3 blogs, 3 books, 3 audio podcasts and one online learning course at a time. As much as it is tempting to get all the information out there, you simply won't. Plus, you don't want to spend all your free time reading at the expense of not taking action. I recommend following the first tip before implementing this one so that you get to choose from a variety of educational sources.

- **In your goal journal, write down one important thing that you learned from each source that you read that day.** Remember that journal that you started to write down your goals and keep track of the actions you are taking towards their achievement (I sure hope you started it already)? On the same daily page where you write down what you did, write down at least one important thing that you learned from each source and how you plan to implement it in your life. If this is too much for you, simply write down the most important thing you learned in general and decide how you will take action on it the very next day. This exercise forces you to consciously think about what you just listened to and what you got out of it. When you do so, you are more likely to retain that knowledge for a long period of time.

- **Schedule times in your weekly calendar for learning.** If it's not on your calendar, often times it's not getting done. We talked about this principle for taking action on your goals, and the same holds true for taking the time to learn about retirement planning. If you map out the 168 hours that are available to you within the week, you will find that you have an hour or two per day that you can dedicate to reading. With around 7 hours of learning per week, imagine how that adds up over the course of a YEAR! That's a grand total of 364 hours invested into your own education.

- **Remember that you are never too good to ever stop learning.** Even though I am a qualified financial advisor and I continue to consult clients on a daily basis, I am continually learning about my field and its inner workings. If I find something that I've learned before, great. It reinforces my core knowledge and ensure I'm on the right path. If it's new? I critically evaluate it against my standing experience and decide if I need to change my mind in the face of new information. If a professional has to continually re-educate himself, then don't think that you're too good to do the same.

CONCLUSION

Congratulations on having made it to the end of this book. You could have easily put it down at any point and chosen to give up, but you didn't. Instead, you persevered and learned a lot. Some of it was probably re-assuring, and some of it was probably harsh truths that you needed to hear (even if you didn't want to).

I really hope that throughout this journey, you have reflected on what you want out of your retirement and how to it a reality for yourself. You have had the opportunity to absorb the entirety of my experience and wisdom in conjunction with many of the past mistakes other baby boomers have made. Please put this comprehensive guide to good use!

And who knows? Throughout the efforts you will make to set yourself up for a financially successful future, you can teach others about what you have learned. In other words, you can make a significant difference in the world by paying it forward.

Do you have any children or grandchildren that would benefit from the financial wisdom you have gained?

Share it to them. Let them learn equally from your successes and your mistakes. Tell them what you wish you had known and ensure that they set themselves up early for success.

If you have any friends who are going through financial hardship, share this book with them and talk about your own personal experiences. Whether you have reached a single individual or millions of them, your knowledge will have made the world a better place.

As sad as it is to go through tough times on our own, it's just as daunting to see people that we love and care about go through the very same thing. Can you imagine the pain of seeing them suffer, knowing that your insight could help them get out of the rut and finally live their lives like they have always wanted to? That's why I have suggested several times in the book that you share this information with your loved ones. It could be the catalyst that makes a big difference in their lives!

To recap what you have learned, let's briefly go over the main points in each chapter. This is meant to be a brief summary, and not a comprehensive overview of the book. Don't think that you you skip the entirety of this book, read this one page, and think that you will have the information you need to live out a successful retirement. If you do, you will have missed out on the various nuances and explanations that otherwise bring the concept to light and provide a complete understanding.

CHAPTER 1:

We tackled the phenomenon of Social Security, how many baby boomers depend on it to cover more than half their total retirement income, and its projections towards failure within the near future. From this, we concluded that Social Security should make up a maximum of 25% of your total retirement income.

CHAPTER 2:

In short, we learned that debt is a form of modern slavery. Your first and only priority should be getting rid of every single debt that you have. By tackling the smallest debts and moving towards the larger ones, you build the necessary momentum to become debt-free and staying that way. Nothing worse than going back into debt after escaping it.

CHAPTER 3:

You were introduced to the very basics of having a mindset that is conducive towards financial success in retirement. We went over some mental shifts to gear ourselves towards making more money and saving more money, while reminding ourselves that everything we do is a conscious choice that we are 100 percent responsible for.

CHAPTER 4:

We talked about the value and importance of having specific goals for your retirement. We learned how to properly write our goals down to improve our odds of making them happen, and discussed some basic strategies for increasing the likelihood that we would stick to them during tough times.

CHAPTER 5:

With our goals in place, we learned how to properly create an action plan that we can use to take steps that would take us closer to fulfilling our goals. We divided our big goals into realistically achievable chunks and scheduled those chunks into our calendar so that they would get done. Above all, we learned that we need to take action every single day on each and every one of our goals.

CHAPTER 6:

We tackled the issue of impulsive habits and how they can single-handedly sabotage our best efforts to achieve financial success before and during our retirement. We talked about a well-established mental framework that we can use when we feel the nagging urge to buy things we don't need, and how to reframe these urges as useless signals that provide us with no meaningful benefits.

CHAPTER 7:

In this chapter, I told you why retiring too early is a big mistake when you have several productive working years ahead of you. We learned how to ignore people selling us the 'early retirement' dream and discussed how we can enjoy the benefits of retirement while engaging in some form of part-time work to maintain a sense of purpose in our lives.

CHAPTER 8:

Here, we debunked the false assumption that our investments would continually go up over time. You learned that it was far more important to take a safe, conservative approach towards investing. Finally, you learned how to assess the exact returns you would get if you liquidated all of your investments and if it would be sufficient to fund your retirement.

CHAPTER 9:

A will is one of the most important legal documents you could ever put in place to help your loved ones acquire your assets. Through a comprehensive inventory and professional counselling from a qualified lawyer, you learned how you can set up your own will while knowing what you need to account for in special circumstances. You learned how to allocate your belongings to close family members while attempting to avoid potential conflicts.

CHAPTER 10:

You learned about how hidden fees that can exist within your investments, and how one or two percentage points can make a huge difference in your overall retirement saving. These fees can cost hundreds of thousands of dollars when compounded over time.

CHAPTER 11:

We discussed the basics of inflation and how many baby boomers tend to underestimate its rise in the context of retirement. By adding a safety buffer to whatever you planned to save for retirement, you are able to account for any sudden spikes in inflation.

CHAPTER 12:

You learned that healthcare costs are only going to get more expensive during your retirement years, and that the conditions you are prone to as an older individual are costlier to treat. You now know the importance of setting up an emergency health care fund for your retirement, while proactively living a healthy lifestyle.

CHAPTER 13:

We talked about the value of self-education and the resources that we can seek out in order to improve our knowledge of personal finance. We discovered that we learn best when we schedule time in our calendar for targeted and focused learning of specific concepts pertaining to retirement.

It would be of little surprise to me if you were able to use your newfound perspective towards creating financial strategies that were not mentioned in this book yet ends up contributing towards your retirement. That's one of the great things about this mindset as well - in addition to recognizing advice that is beneficial or detrimental, you also gain the creative capacity to come up with your own ways to achieve your goals. This is the true sign that you have achieved independence of thought.

It ends up being a self-fulfilling prophecy in the same way that bad habits and thinking end up manifesting themselves. Thanks to your newfound abilities, you end up exercising them more. As a result, you get better results and a newfound sense of confidence in your skillset and your competency. That leads to using those skillsets on a more frequent basis, leading to more results, and more confidence, which goes back to your performance.

This is why it is important to keep exercising proper financial choices on a regular basis. It is very easy for people to get complacent and think that they no longer have to work on their financial future once they start seeing success. They stop doing the things that got them to where they are, and sure enough - they end up back where they started, or perhaps even worse. This is exactly how many baby boomers eventually end up in bad shape when they enter retirement or during their retirement. And there's countless headlines in the press that proves this.

I have done my very best to provide you with everything you will need to live a successful, rich, and abundant retirement. With that, I will close the book here.

To your health, wealth and happiness!

Jeremy Sakulenzki

Social Security Administration

Checklist For Online Medicare, Retirement, and Spouses Applications

This checklist will help you gather the information you may need to complete the online Medicare, Retirement, and Spouse's applications. We recommend you print this page to use while you gather your information. We hope you find our online application easy and convenient.

Information	Medicare Only	Retirement and/or Spouses
Date and Place of Birth If you were born outside the United States or its territories: • Name of your birth country at the time of your birth (it may have a different name now) • Permanent Resident Card number (if you are not a U.S citizen)	X	X
Medicaid (state health insurance) Number & Start and End Dates	X	
Current Health Insurance • Employment start and end dates for the current employer (of you or your spouse) who provides your health insurance coverage through a Group Health Plan • Start and end dates for the Group Health Insurance provided by you (or your spouse's) current employer	X	
Marriage and Divorce • Name of current spouse • Name of prior spouse (if the marriage lasted more than 10 years or ended in death) • Spouse(s) date of birth and SSN (optional) • Beginning and ending dates of marriage(s) • Place of marriage(s) (city, state or country, if married outside the U.S.)		X
Names and Dates of Birth of Children Who • Became disabled prior to age 22, or • Are under age 18 and are unmarried, or • Are aged 18 to 19 and still attending secondary school full time		X
U.S. Military Service • Type of duty and branch • Service period dates		X
Employer Details for Current Year and Prior 2 Years (not self-employment) • View your Social Security Statement online at http://www.socialsecurity.gov/myaccount/ • Employer name • Employment start and end dates		X
Self-Employment Details for Current Year and Prior 2 Years • View your Social Security Statement online at http://www.socialsecurity.gov/myaccount/ • Business type • Total net income		X
Direct Deposit: **Domestic bank (USA)** • Account type and number • Bank routing number **International bank (non-USA)** • International Direct Deposit (IDD) bank country • Bank name, bank code, and currency • Account type and number • Branch/transit number		X

We may contact you for additional information after you submit your online application.

<u>News Release</u>

SOCIAL SECURITY

Social Security Board of Trustees: Long-Range Projection Unchanged for Trust Fund Reserve Depletion

Disability Fund Improves in Near Term

The Social Security Board of Trustees today released its annual report on the long-term financial status of the Social Security Trust Funds. The combined asset reserves of the Old-Age and Survivors Insurance, and Disability Insurance (OASDI) Trust Funds are projected to become depleted in 2034, the same as projected last year, with 79 percent of benefits payable at that time. The DI Trust Fund will become depleted in 2023, extended from last year's estimate of 2016, with 89 percent of benefits still payable.

In the 2016 Annual Report to Congress, the Trustees announced:

The asset reserves of the combined OASDI Trust Funds increased by $23 billion in 2015 to a total of $2.81 trillion.

The combined trust fund reserves are still growing and will continue to do so through 2019. Beginning in 2020, the total cost of the program is projected to exceed income.

The year when the combined trust fund reserves are projected to become depleted, if Congress does not act before then, is 2034 – the same as projected last year. At that time, there will be sufficient income coming in to pay 79 percent of scheduled benefits.

“I am pleased that Congress passed legislation, signed into law by President Obama last November, to avert a projected shortfall in the Disability Insurance Trust Fund. With the small, temporary reallocation of the Social Security contribution rate, the DI fund will now be able to pay full disability benefits until 2023, and the retirement fund alone will still be adequate into 2035, the same as before the reallocation,” said Carolyn W. Colvin, Acting Commissioner of Social Security. “Now is the time for people to engage in the important national conversation about how to keep Social Security strong. The public understands the value of their earned benefits and the importance of keeping Social Security strong for the future.”

Other highlights of the Trustees Report include:

Total income, including interest, to the combined OASDI Trust Funds amounted to $920 billion in 2015. ($795 billion in net contributions, $32 billion from taxation of benefits, and $93 billion in interest)

Total expenditures from the combined OASDI Trust Funds amounted to $897 billion in 2015.

Social Security paid benefits of $886 billion in calendar year 2015. There were about 60 million beneficiaries at the end of the calendar year.

Non-interest income fell below program costs in 2010 for the first time since 1983. Program costs are projected to exceed non-interest income throughout the remainder of the 75-year period.

The projected actuarial deficit over the 75-year long-range period is 2.66 percent of taxable payroll – 0.02 percentage point smaller than in last year’s report.

During 2015, an estimated 169 million people had earnings covered by Social Security and paid payroll taxes.

The cost of $6.2 billion to administer the Social Security program in 2015 was a very low 0.7 percent of total expenditures.

The combined Trust Fund asset reserves earned interest at an effective annual rate of 3.4 percent in 2015.

The Board of Trustees usually comprises six members. Four serve by virtue of their positions with the federal government: Jacob J. Lew, Secretary of the Treasury and Managing Trustee; Carolyn W. Colvin, Acting Commissioner of Social Security; Sylvia M. Burwell, Secretary of Health and Human Services; and Thomas E. Perez, Secretary of Labor. The two public trustee positions are currently vacant.

View the 2016 Trustees Report at www.socialsecurity.gov/OACT/TR/2016/.

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Jeremy Sakulenzki is the founder of South Texas Wealth. He is originally from McAllen, Texas. Jeremy's a proud Aggie. He attended Texas A&M University and has a Bachelor's degree from Mays Business School with minors in Economics and Psychology. After college he moved to San Antonio, Texas where he now specializing in helping baby boomers protect their retirement savings. Jeremy believes that all parts of his degree help him have a unique understanding of the stock market and assist him in developing financial plans that protect his client's retirement savings. To schedule a no cost, no obligation financial review with Jeremy or one of South Texas Wealths other advisors call his office at 210-960-7899 or visit his website www.SouthTexasWealth.com.