

# What Keeps You Up at Night?

*Will I outlive my money...  
When can I retire comfortably...  
Will I have enough money  
when I retire?*

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## **WHAT KEEPS YOU UP AT NIGHT? By Fred Dunbar**

One thing we ask our new clients is: What keeps you up at night? When you were young, it might have been the bogeyman, or perhaps waiting for Santa Claus to deliver toys to your home on Christmas. In adolescence, it might have been a date for the prom, or the acceptance letter from your top college choice. After graduation, it might have been waiting to see if you got your dream job. Maybe now it's the group party house down the street that seems to come alive after the bars close.

Retirement should be on the minds of all, especially those in their late 40s and 50s, while you still have time to accumulate assets. Maybe if you had a quiet moment, it would be something you would think about. I get it, life gets in the way. Many people today are part of the sandwich generation. You are still raising children while helping out or caring for aging parents. We get so wrapped up in life that you can't see the forest for the trees.

Maybe you can identify with one of the following individuals or couples, whose real names are not being used.

Judy, age 62, was downsized from work. She was referred to our office with only one thought on her mind: Could she retire, or would she have to find a new job? While discussing her goals, she came right out and said, "You know what? I'm done." Judy had an epiphany while sitting with us. She was tired of working, so therefore she was retiring. We discussed running a cash-flow retirement plan to make sure she could retire, but sadly that was not the case. Based on her assets, Judy ran out of money at age 77. Of course, Judy would still have her reduced Social Security income, but that's it. We recommended that she find another job and work at least four more years. This would allow her assets to grow and she could take Social Security at age 66 (full retirement age), which would be quite a bit higher. Even delaying retirement four years, Judy's money ran out at age 85. Better, but not optimal. She flat-out said, "I'm tired and I'm done. I'll worry about it when I'm 77." If she thinks she is tired now, wait until later when she runs out of money.

Maybe you are more like Nelson and Marlene. Nelson is in his mid-50s and Marlene is in her late 40s, with two young children. We met with them to prepare a comprehensive financial plan. Their primary goals included maintaining their standard of living while saving for college and retirement. This high wage-earning couple really had nothing to show for it. They enjoy living in the city, the arts, eating out several times a week and two great vacations annually. We discussed reducing their lifestyle spending and moving to a more affordable home in the suburbs, which would help them with elementary and secondary education cost. Since they live in the city, they plan to send their children to private schools. They said it would be extremely hard to make changes since they really enjoy their current lifestyle. I get it, sometimes life is hard, but if you don't sacrifice now you will have to sacrifice later. Our recommendations included Nelson working to age 70, with Marlene going back to work. If they implemented our recommendation, then it might have gotten them to Nelson's age 86 before they ran out of money. Better, but not optimal.

Maybe you are like Stephen, 85, and Marilyn, 81, who have been retired for almost 20 years. Marilyn was the investment guru for the couple and has done well investing their money over the years. The purpose of our meeting was to see if they wanted to turn over the investment reins. Stephen is dealing with health issues and Marilyn said she's just getting tired. Their only goal is to maintain their standard of living. We reviewed risk tolerance and they told me they were average risk-takers. I asked him what that meant and they said they were a 5 on a scale of 1 to 10. Basically, this would be somebody who is between a capital preservation and moderate risk with maybe 50 percent in equities. As I reviewed their portfolio, they had almost 100 percent invested in stocks, mutual funds and ETFs (exchange-traded funds). It didn't match with what they were sharing with me. I asked how they held up in the Great Recession (2007-09) and Marilyn said they did great. But as we talked, she said that she sold out of all stocks at the end of January 2009 and did not get back into the market until 2010. She looked me in the eye and said, "If I hadn't sold the stocks, we would have over \$2 million in investments today versus \$725,000."

It was clear their portfolio didn't match their risk tolerance and she panicked. I mentioned that we try to help clients have a SWAN (sleep well at night) portfolio, and regardless of market volatility they could be comfortable. Marilyn said they discussed using an adviser several times over the past 10 years, but the thought of paying somebody didn't make sense to her. She said outside of 2008-09, she did a really good job. I get it. The only thing an adviser might have helped with back then was holding their hand and not letting them sell out at the bottom of the market.

Perhaps "My Way," Paul Anka's classic song popularized by Frank Sinatra, says it all: "Regrets, I've had a few." Maybe it was Marilyn selling their stocks at the wrong time or Judy not seeing the handwriting on the wall a few years back as her company changed; or that Nelson and Marlene did not start saving sooner.

Maybe "Money Changes Everything," released by Cyndi Lauper in 1984, says it better: "We think we know what we're doin', that don't mean a thing, it's all in the past now, money changes everything." Wherever you are in life now, stop and take a breath. See what you need to do now to get to the finish line.

Nelson and Marlene still have plenty of time to make adjustments, but will they? Stephen and Marilyn will make adjustments. The ball is still in the up in the air for Judy, and hopefully she will continue to work for a few more years.

Review your financial plan to make sure you're still on track. If you don't have one, what are you waiting for?

Now that you have a clear view of the forest and have made necessary adjustments, relax and head to the beach to soak up some rays and enjoy your favorite beverage. Don't forget the sunscreen and make it a super summer.

Fred Dunbar, CLU, ChFC, RFC, AIF,<sup>®</sup> is President of Planning Directions, Inc., a registered investment adviser, and Common Cents Planning, Inc. He is also a registered representative of and offers securities through Commonwealth Financial Network, member FINRA/SIPC. Advisory services offered through Planning Directions, and fixed insurance products and services offered by Common Cents Planning, are separate and unrelated to Commonwealth. Fred may be contacted at 800-647-0762, by e-mail at [fdunbar@commoncentsplanning.com](mailto:fdunbar@commoncentsplanning.com) or by mail at 239 Baltimore Pike, Glen Mills, PA, 19342. He's always happy to meet with you 'down the shore' at 6606 Central Avenue N. Sea Isle City, NJ. 08243. "This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Please contact your financial professional for more information specific to your situation."