

Saving for Retirement Requires Humility and Perseverance

By Laif Meidell – American Retirement Planners

www.FinancialHealth.com

Published October of 2004 in the Sparks Tribune, Sparks, NV

This past week I participated in a local event called the Tahoe Triple. The event is basically three marathons (the marathon distance is 26.2 miles) over three consecutive days which roughly covers the distance around Lake Tahoe, plus a couple of extra miles. Probably the hardest part of the experience is getting up the day after you have run your first marathon, putting on your shoes, knowing you still have two more marathons left to go. The experience is primarily mental. When a friend commented to me after finishing the event, "Not many people can run three marathons in a row", I responded, "No, not many people think they can run three marathons in a row." That's the difference.

Looking back at the race, for me the most memorable part was not the race itself, but some of the people I met and spent hours with each day. I will never forget Larry from Utah, or Paul Piplani, the India born, 49 year old PhD. in bio-organic chemistry from Phoenix, AZ. I met him on Thursday around mile 7 and we stayed together until roughly mile 19. During our time together I found out that Paul was running his 529th marathon (or ultra-marathon) that day, he had only started running marathons eleven years earlier (that's nearly one each week). Because he ran so many races he slept in his rental car to save money. After spending a couple of hours together that day I felt impressed to ask him if he would like to stay at my home so he could get a good nights rest. At the end of the first day, Paul took me up on the offer. Paul spent the next two evenings in my home which turned out to be a real treat for me and my family as we got to know more about Paul.

You are probably asking yourself, "Why has Paul run so many marathons?" Well for Paul, running a marathon is more about learning humility and perseverance. It's not about how fast he runs each marathon as it is how well he meets the challenges of the day. Among the people who run a lot of marathons it is not perceived as good manners to ask other participants about their marathon time. If you do happen to ask someone like Paul you will likely be told something like "I had a good day." If you ask Paul who his heroes are he will tell you about a gentleman in North Dakota that has run over 830 marathons or another friend that has run over 750. None of them ever win the races they enter, but they are all very humble and nice people, these are Paul's heroes.

So what does all of this have to do with finance? Well, for some people the year 2004 has been emotionally difficult to deal with. Some haven't seen their investments grow much, if at all, and again they are wondering, "Should I continue to save money in my 401(k), or should I be buying real estate, etc?" I believe that it is human nature to look at your experiences over the recent past and project them indefinitely into the future. In reality, I don't think life works that way, so why go down that road?

In my opinion saving for retirement is about humility and perseverance. The humility can come from not taking above average risks. I will never forget the client who invested all of his retirement money with a broker in 1999 because he was told he could earn 100% per year buying technology companies. Some people reduce investing to winning and losing. If they don't have the highest return possible they feel they have lost. To me this kind of thinking is like the

marathoner who runs too fast early in the race. He may be ahead for a couple of miles but he is risking dropping out and not finishing the race having used up all of his energy too soon. Even if you own an individual bond with a fixed dividend, it is very difficult to have a "guaranteed" return and consistently force a specific return out of your money. Whether you are running a marathon or investing, leave your ego at home.

It is no surprise that saving for retirement also requires perseverance. Due to the proliferation of information available today, the financial distractions appear to be endless. Usually the hottest industry sector gets the headlines after having gone up for several months, just about the time it's on its final leg and ready to turn down. You have to be careful not to let the media influence you out of a perfectly good investment or retirement plan. Even if the returns on your 401(k) or other qualified retirement accounts are not impressive in 2004, where else can you put your money that reduces the income you pay taxes on each year? Focus on the longer term goal for those dollars which is to produce income at retirement.

If you want to finish a marathon you must find a pace that you can maintain for a long period of time. This means that your heart is beating at a comfortable sustainable rhythm. Just like the marathon, you have to be consistent in your monthly contributions and the amount you contribute should be one that you can continue for a long period of time. This may require you to create a budget. In creating a budget you will know how much money you can save as well as where your money is being spent.

I can't think of any worthwhile goal that doesn't require humility and perseverance. Whether running a marathon or saving for retirement, it isn't always easy, but it is certainly achievable with the proper frame of mind and stick-to-itiveness.