

# RETHINKING RETIREMENT



How to Create the  
Life You Want Without  
Waiting to Retire

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# Rethinking Retirement:

## How to Create the Life You Want Without Waiting to Retire

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## Chapter 1 - Why Wait?

Several years ago I sat down with a couple to help them plan their retirement. Jeff<sup>1</sup> was a schoolteacher and Linda worked in retail sales. As we talked, I learned that Jeff was covered by a state pension program that used the "Magic 75" formula where he would qualify for full retirement benefits when his age and years of service combine to equal 75. At age 52 with 17 years of service, he was just a few years away. You can imagine my surprise then, when Jeff responded to my question of, "When would you like to retire?" by saying, "I want to leave at the end of this year."

"But why?" I asked. "You're so close to being able to retire with full benefits."

Without missing a beat he said, "Keith, I just don't love the little bastards anymore."

The unfortunate reality is that today, millions of people are miserable in their jobs. Some are merely restless and dissatisfied while others, well, the phrase "going postal" comes to mind. According to Marcia Bench, founder of the Career Coach institute, over 60% of workers today are dissatisfied with their current employment. While in a down economy many of us feel lucky even to have jobs, if given a choice, many of us would leave those jobs to do something we truly enjoy. Unfortunately, we often feel we have no other choice. Financially we are so immediately dependent on our current paycheck that the prospect of being without a paycheck or potentially earning less somewhere else is simply too big a risk to take.

But for millions of others, we stay in these jobs because we assume that doing so is the fastest path to creating the life we really

want to live. We've come to believe that we have to retire before we can finally do what we've always wanted. Over the years countless clients have told me they don't want to retire so they can sit around and do nothing. They want to retire so they can finally do what they've always wanted to do! Even those of us who enjoy our jobs often look forward to one day being able to retire - but not to the retirement of our grandfathers.

Over the years the concept of retirement has evolved. The dictionary's definition of retirement as a time "to withdraw" clearly no longer fits. Today we view retirement as a rebirth and a second chance, a time to re-engage in life and a time when anything is possible. We view retirement as a chance to recreate our lives exactly as we want them to be. That's the retirement we all look forward to. That's the dream that motivates so many of us to stay in the race.

Unfortunately, that dream is becoming harder and harder to achieve. With IRA and 401(k) account values down, home equity melting away, and, for private industry workers at least, pensions that have all but disappeared, achieving the retirement dream is becoming more and more elusive.

But it's not impossible.

In fact, the life you dream of at retirement may be achievable much sooner than you think. Creating that life means re-examining how we view our careers, work and even our perceptions of what retirement is. Specifically, creating the life you dream of at retirement can be yours today if you do four things.

<sup>1</sup> All client names and identifying information has been changed.

First, we need to challenge some of our most basic assumptions - what I call myth-assumptions - that commonly pervade our thoughts about money, retirement and how our lives are "supposed" to go. Many of us hold certain beliefs that we've come to accept without ever really thinking about them. We grow up learning certain lessons, by watching what our parents, friends and co-workers do and hearing the constant drumming of various financial marketing messages on TV, radio and the internet. Eventually we come to believe that things are supposed to be done a certain way. The reality is that many of these assumptions no longer work in today's world. We need to look at these assumptions with a critical eye and determine for ourselves if the assumptions we hold will really lead us to a better life, or if those assumptions may in fact be holding us back from achieving the life we want.

Second, we need to start looking at our lives in a more holistic sense. One of the great ironies in life is that true happiness seldom comes from a single source, but it can be blocked by a single source. Having a great job, a large bank account or a passionately engaging interest will not create happiness if your health is poor or your family life is in shambles. We need to achieve balance and fulfillment in all areas of our lives. Traditional retirement planning continues to focus solely on the financial aspects, as if having enough money to lead the lifestyle of the rich and famous is enough to create a satisfying life. I can tell you from years of witnessing thousands of people firsthand, the threats to our happiness can come from any aspect of our lives and money does not solve all of these problems. We need to begin consciously looking at those other areas to identify and mitigate those threats before they become real.

Third, we need to clearly identify what we would like our lives to be. What are our true

values and priorities? What is it we really want out of life? Only when we discover our deepest and truest answer to that question will we find lasting satisfaction.

Finally, we need to learn to manage our financial resources for maximum benefit in meeting our true values and priorities. Too many of us believe that if we just had little bit more money all of our problems would be solved. After 20 years in the financial services industry I can tell you that no matter how much you have, "enough" is never enough. Not until we learn to make financial decisions based on supporting our true values and priorities will we ever feel confident in our financial security.

If all this sounds a little surprising or a little too "soft" to be coming from a "serious" retirement book, it might be helpful to know the results of a recent retirement survey. In January 2010, Merrill Lynch surveyed a group of retirees and found that 51% wished they would have spent more time focusing on their life goals, and not just on achieving their retirement "number" when preparing for retirement. As such, this book is arranged in two sections. The first part, Chapters 2 through 7, will deal with the softer side of defining your life goals, challenging various myth-assumptions and creating a vision of your ideal life. The second part, Chapters 8-12, will examine some of the hard skills needed to manage your money in a way that allows you to make that life real.

If that still doesn't answer the question as to why a guy who spent 20 years as a financial advisor crunching the numbers and doing analysis is writing a book about the softer side of retirement, perhaps hearing my own story will help.

## ***A Wake-Up Call***

I began my financial services career in 1988, just a year after the now-infamous Black Monday stock market crash of 1987. Like millions of others just a year out of college, I was trying to find my place in the world and struggling to make ends meet. When a friend suggested I interview with a stock brokerage firm that was hiring, I decided to give it a shot.

In the early years things were pretty lean. At the time there were few formal, comprehensive training programs for financial advisors, so most of the training came on the job. This being the late 1980s however, it wasn't necessarily financial advisor training, but rather sales training that a new advisor received. In fact, I learned more about being a financial advisor by observing what *not* to do from other advisors than I ever did from any of the so-called training I received.

Recognizing I needed a more comprehensive education, I enrolled in the College for Financial Planning and by the mid-1990s obtained the Certified Financial Planner™ designation. With that came greater confidence, credibility, and a better ability to truly serve my clients. With all of that in place, my practice began to grow nicely. In fact, as my client list, revenues and overall practice continued to flourish, I began to receive national recognition. Even though the segment of the industry I worked in, banks and credit unions, was a small niche within the overall industry, I had become a pretty big fish within that small pond.

As the years progressed, however, the doubts began to creep in. For all the people I was helping and all the success I was having, it just didn't feel like enough. As happens with every job, I had days where I felt good about the job I was doing, and days where I felt I was banging my head

against a wall. Unfortunately those "head-banging" days seemed to be outnumbering the good ones by a fairly wide margin. The job that at one time had been so engaging and fun was now stressful and frustrating. I began to feel hollow inside and to ask myself, "Is this it? Is this what all the hard work is for?"

I began to realize that I, like so many of my clients, had become one of the "walking wounded," sleepwalking through my days at a job that was at best merely tolerable. But like so many others, I had bought into and even perpetuated the belief that the only reason we work today is so that someday when we retire, we won't have to work anymore. Financial independence and the ability to retire were the ultimate goals not only for me, but for my clients and millions of others caught up in the race. Now only in my late 30s however, retirement seemed a long way off.

Unfortunately I also had another problem. I was afflicted with a condition that millions of others also suffer with that I call the accumulation addiction - the feeling that no matter how much you have, it's never enough. Accumulation addiction is the belief that if I can just accumulate a little more, *then* I'll be OK. So even though I was growing restless and dissatisfied with my career, the idea of changing careers seemed too much of a risk. I assumed I would never make the kind of money I was making now, and even if I could it would take years to make up the lost earnings. "No," I thought, "it's better to keep my head down and keep striving for that financial independence. When I retire," I thought (just like my clients), "then I'll finally be able to do what I've always wanted." So I did what millions of others both before and after me have done - I started working even harder. I took on even more responsibilities, worked still longer hours, made even more money and became even less satisfied.

It all came to a head (literally) one day when I was rushing to the airport to catch a flight home after a week's worth of meetings and travel. For several weeks I had been dealing with a persistent headache that I thought was the result of a simple cold. As I descended the hillside on Highway 380 leading to San Francisco International Airport, the slight change in air pressure caused my ears to pop, and I felt the strangest sensation emerge from the top of my head. It was as if someone had just poured electrically charged molasses over me. Slowly a tingling sensation eased down from the top of my head, across my face, down my neck and eventually down my arms, torso and legs until my entire body tingled. My arms felt frozen in place until I was afraid I wouldn't be able to control the car. Slowly the tingling faded and I pulled over to the side of the freeway until I was able to pull myself together.

The next week I went to see my doctor and told him of this experience, which puzzled him as much as it had me. The rest of my symptoms seemed consistent with a cold that had been going around, so he gave me a prescription and told me to come back if things hadn't cleared up in a couple of weeks. Two weeks later, the cold was gone, but the headache persisted, so we tried another prescription. A month after that, the headache was still there, so he suggested a CAT scan. By now, the holidays were upon us so I took some time between Christmas and New Year's to have the scan.

Shortly after the New Year, I received a call from my doctor's office asking me to come in and discuss the results of my scan. "That's odd," I thought. "Normally they just tell you everything is negative and you go about your business." When I went to see my doctor after work that evening, he told me in a matter-of-fact kind of voice, "Keith, you have a brain tumor."

I don't remember much of the conversation beyond that point. I recall him saying something about this type of tumor almost always being benign, but that I should have an MRI and have a specialist take a look at it just in case. There was something about based on my age, the location and size of the tumor, he thought it likely a specialist would recommend having it removed, but I wasn't really listening. Instead, my thoughts immediately turned to the wife of a good friend of mine, Cathy, who had just six months earlier also discovered she had a brain tumor. Everything for her had turned out fine. She had surgery to remove the tumor and was back to her old self within just a few months. With my doctor's matter-of-fact attitude and having just witnessed Cathy's successful outcome, I wasn't initially overly concerned.

In fact, as sick as this sounds, I actually felt *relief*. I finally had an excuse to take some time off and step away from the rat race. I had become so stressed and had been putting in such long hours that initially I actually looked forward to the surgery. I had plenty of sick leave built up and now had the perfect excuse to use a good chunk of it. According to my doctor there was nothing to worry about. They would just cut a hole, reach in and lift it out. It's simple, nothing to worry about, right? That is, until I started doing some research.

As I began to read more and more about the type of tumor I had, a meningioma, I realized it was actually a very common tumor. As a doctor friend of mine told me, "If you're going to have a brain tumor, that's the kind to have." Frighteningly however, I discovered they don't always come one at a time; they like to show up in groups of two or three. As I sought out various opinions and support groups, I found several others in my community who had also been diagnosed with this type of tumor. For some, their experiences were

very casual, a bump in the road from which they soon recovered. For others, it had lasting implications that impacted their lives on a daily basis. The more I learned, the more apprehensive I became. Chances were very good my outcome would be positive, but by now I had learned enough to know that wasn't always the case.

As I gathered various medical opinions, the overall consensus was that while everyone agreed the tumor should be removed, the timing was not urgent. This was a slow-growing, almost always benign tumor. As long as I had it removed within the next few months everything should be fine. So before going in, my wife and I decided to take a trip to Hawaii with Cathy and her husband. While we visited the island of Kauai, the four of us decided to go zip-lining – live for today, right? We each strapped into a harness and attached ourselves to long cables stretched between the valley walls. As we stepped from the platform, gravity and our momentum sent us flying above the canopy of a tropical jungle. Time after time we flew through the trees high above the valley floor. Midway through the day, we stopped for lunch at a perfect little tropical waterfall that plunged 20 feet into a pool of crystal clear water. As our guides prepared lunch, we climbed to the top of the waterfall and dove repeatedly into the pool. As I watched Cathy dive into the pool a moment of peace came over me. Here she was, just months after having brain surgery and now living life to the fullest. In that moment, I knew everything was going to be all right. I *knew* the surgery was going to go well. I knew I would be fine. It wasn't a feeling of confidence, faith or hope, it was a conviction I felt deep within my being. At that moment I *knew* this tumor would not get the best of me.

As I recovered at home after the surgery I had a lot of time to think about my life. The little voice that had asked "Is this it?" seemed a little less persistent, as if its

message was finally sinking in. Here I was with a very successful career, but virtually no outside interests. I spent what little free time I had with my family - which was great - but between that and work I had very little social life or other hobbies. I needed to create some balance in my life but knew that would be difficult with the demands of my current job. For several years I had considered striking out on my own and if I ever expected there to be a sign from the universe telling me when to make the move, this seemed to be it. A few weeks before I was scheduled to return to work, I called my boss and resigned.

You would think this would be the turning point of the story, right? Unfortunately it is not. The accumulation addiction still held a strong grip on me. A few months after I resigned, my old boss called me up with a proposal. He had accepted a job as CEO with a new company and wanted me to join him on his executive management team at the new firm. Although the salary was actually less than I had been making before, he offered an equity stake in the new privately-held firm that had the potential to be quite lucrative. With the accumulation addiction as strong as ever, the opportunity seemed too good to pass up, so I dove back in.

But like many things that start out so promising, this new job quickly descended into something far worse than I had ever experienced. I was soon traveling 3-4 weeks every month, actually spending more nights in hotels that first year than I did at home. The rat race seemed to find a new gear and in my heart I knew I had sold out. Life had given me a wake-up call and I hit the snooze button. Instead of taking the opportunity to get my priorities in order and make lasting changes, I had fallen back into the same old routine. Instead of following my heart to create the life I wanted, I had succumbed to the accumulation addiction and jumped

back in. The universe it seemed, had actually spoken to me, but I failed to listen, and now I was paying for it.

Fortunately, a second, less severe wake-up call came one day when I had the rare opportunity to be at home for a full week. Toward the end of the week I asked my wife if I could pick up our two boys from school or how else I could help. She looked at me with eyes full of love and understanding but just a hint of frustration in her voice and said, "We love that you're home, but you're disrupting our routine. We've done it long enough without you that it's actually easier when you're gone." Ouch.

At that moment I knew I had my priorities backwards. Not only was I sacrificing my relationships with the people who were most important to me, but also with all those who had supported me during my

earlier crisis. Rather than spending my time nurturing those relationships and pursuing work that was personally meaningful, I was spending it in airports, hotels, and in the pursuit of goals that weren't even mine.

Thankfully, it didn't take long after that to leave the corporate world for good.

Even though I'd been aware of the accumulation addiction in my clients, I had failed to see it in myself. The desire to accumulate more was not helping me to achieve the life I wanted; it was actually moving me further away. I was so focused on becoming financially independent in hopes of retiring at some point in the future that I failed to create a life in the present, and as a result I neglected those things that were truly most important to me. And I don't think I'm alone.

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