



Remembering Medicine for Retirement

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To say I was hyperactive as a child would be a huge understatement. I had two speeds: flat out and stop. I went a hundred miles an hour until I literally dropped from exhaustion. No kidding. I would argue with my parents that I wasn't tired, but they would hear the thud as I fell asleep on the way to my bedroom. It was my own unique way of sleepwalking. Instead of walking while I was asleep, I would fall asleep while walking. Even today my wife will remark, "When you say good night, you really mean it." In high school, I was still so hyper that I picked up the nickname "Ricochet Rabbit" when that cartoon first appeared. My very proper New England mother was always encouraging but, years later, she admitted that she had no idea how I would be able to sit still in class once I started school.

Fortunately for me, my parents only punished me for deliberate disobedience and not acts of omission or commission brought on by excess exuberance. Unfortunately, my second grade teacher wasn't so charitable. She had a ping-pong paddle hanging on her wall with the letters "RM" (Remembering Medicine) painted on it. I got a lot of that medicine because I could never remember to sit still and pay attention. To make matters worse, after two doses of Remembering Medicine the punishment for the third offense was dispensed by Mr. Brush, the principal. Mr. Brush was a master of medieval torture. Instead of immediately dispensing his spankings, he made you sit for what felt like hours in the waiting room outside his office. The wooden chairs were uncomfortable, the click of the secretary's typewriter was annoying, and the dread of his door opening was overwhelming. Mr. Brush knew that the anticipation of punishment was worse than the actual act of punishment. For the modern American worker, the opposite appears to be true because they don't seem to be at all concerned about what will happen when the door to retirement opens.

In today's work environment, most employees no longer have (or never had) pension plans that give them a guaranteed income stream at retirement. In this post-pension environment, the employee, not the employer, is responsible for the bulk of retirement savings through 401(k) plan contributions. Unfortunately, the majority of American workers haven't been saving anywhere near the necessary amounts. According to information reported by Rande Spiegelman of the Schwab Center for Financial Research, twenty year olds need to save 15% to 20% of their income, thirty-somethings -- 15% to 25%, and those in their early forties -- 35%. Information compiled by the Fidelity Retirement IndexSM shows that the actual amounts being saved aren't in line with these guidelines. Households of adults from age 25 to 40 have accumulated only \$9,000 toward retirement and are saving \$92 per month. For those from age 41 to 54, the amount saved is about \$30,000 and the monthly contribution is \$187. "Overall... only 15 percent of typical American households are on track to replace 85 percent or more of their projected pre-retirement income, a reasonable estimate for retirement planning." It appears that the majority of workers are counting on social security for the bulk of their retirement income, which is crazy since the federal government is even worse at savings than the average worker. The Feds haven't saved one dime of the trillions of dollars paid into the social security system.

To the surprise of my parents, teachers, and Mr. Brush, I finally learned to sit still and pay attention thanks to those regular doses of Remembering Medicine. Workers also need a little "RM" to get them to pay attention to their need to save. Maybe they should hang a ping-pong paddle on the wall with "RM" (Retirement Money) written on it.

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