How to have a "Pleasant" Financial "Drive"
by Paul Renfroe

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When driving, you look ahead and anticipate what could go wrong. As a result, you have a pleasant drive. Likewise, to properly manage your retirement finances, define your risks, and your goal. What could happen to take your money away, reduce its usefulness, or steal your enjoyment of life?

Those who define their risks properly can have a pleasant financial drive—today as never before, you can lay these risks to rest, and have a happy "drive."

The word "risk" makes some think of market risk. How many people have shown me statements that are half what they were, an example of the costliness of assuming market risk.

Second is tax risk. (There are eight taxes affecting seniors.) A third is longevity. With medical advancement and lengthening life, it is easier than ever to outlive your money. Fourth is the risk that the institution will fail.

Many seniors, aware of the longevity risk, tried in the 1990s to answer it by assuming more market risk in the hope of greater returns—and are now beset with worry as their original portfolio shrinks.

And that worry is the most under-estimated risk of retirement finances. Worry blinds you to the daily small delights, inclines you to fear and bitterness to others, and paralyzes you from trusting your decisions again.

An aggravating risk is complexity. A complex plan becomes harder to understand every year—and you will find it harder to resist worry and insecurity.

(Many tax and estate plans are of this nature. I wonder if the tax "tail" hasn't started wagging the happiness "dog.")

Other financial risks to a happy life include interest rate risk, competence risk, confusion risk, control risk, untrustworthy relative risk, health risk, risk of falling, legislative risk, IRS risk, and obsession risk. While unlikely to happen *en masse*, any one of them is enough to spring up and reduce the usability and enjoyment of your wealth. I have seen all of them.

Please do yourself a favor. First define your real risks, and then measure your financial management decisions by asking: "how many risks does each choice protect me against?" The more, the better.

Enjoyability of your wealth is just as important as the amount of it. When driving, you don't love the yellow lines, the gas gauge, or the speedometer. These are the methods toward the real goal: a pleasant drive. Love the goal—a happy life—and not the methods.

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