



## The Number

Posted by Mitchell Kauffman, CERTIFIED FINANCIAL PLANNER™, Managing Director | Apr 28, 2011

Now that tax season is past, it is important to refocus on our big-picture goals. Regardless of your level of affluence, studies show that you need to know what you want out of life before you can get it. So states the wisdom of Lee Eisenberg in his recent bestseller "The Number: A Completely Different Way to View the Rest of Your Life."

Eisenberg's number refers to that amount of savings that a person or couple must accumulate to enjoy their post-career lifestyle. His "completely different view" is based on the premise that the clearer your goals, the more likely they are achievable. Establishing a precise goal, analogous to business planning, is the best assurance of its attainment. It may also be important to refocus our goals depending on how the economic downturn has affected you.

In practice, The Number is typically not a single number but rather a series of numbers. Many affluent local residents often grapple with how much to leave for their heirs versus charitable causes that may be near and dear to their hearts.

The clarity provided by this approach may prove consistent with the normal aging process.

"As people mature, their cognitive patterns become less abstract and more concrete," said psychologist David Wolfe. Research shows this is due to a normal shift from left to right brain orientation during the aging process. The result is a sharpened sense of reality, increased capacity for emotion and an enhanced sense of connectedness.

Recall the left hemisphere helps us with "rational" functions, such as logic and organized, quantitative processes. The right hemisphere is the intuitive side that gives us creativity and analogic reasoning. Theory suggests that many of us may be slightly dominant in one side or the other, which may lend insight into how best we learn.

"In other words," as Daniel Pink notes in his recent book "A Whole New Mind," "as individuals age they place greater emphasis in their own lives on qualities they might have neglected in the rush to build careers and raise families; purpose, intrinsic satisfaction and meaning."

Certainly it makes intuitive sense that as we age and face our own mortality, we would become more sensitized to higher level emotional issues. That there might be a neurological or bio-chemical reason for this seems intriguing.

Evidence of this trend may be found in the fact that more than 10 million US adults now engage in some form of regular meditation, double the number a decade ago. Further, 15 million currently practice yoga, twice as many as in 1999.

While greater specificity is needed around the quest for money, Eisenberg cautions that we need to know ourselves and spend some time determining what makes us happy before we can make informed plans for leaving the world of active income.

What do you want your retirement to be? Who do you want to be in retirement? Eisenberg's research shows that even the affluent tend to procrastinate on addressing these issues.

Thus, it would seem that when tackling the three main questions we each must address — What will my retirement look like? When can my retirement plan happen? How much will it cost? — the traditional financial services approach makes a fundamental error in attempting to address the last one first. Eisenberg muses that we need to know what we need the money for before we can estimate how much we will need. Hence, the rise of various types of “life coaches” to help us wrestle with these more elusive issues.

The bottom line is that, regardless of your state in life, better planning can often help both from an aesthetic and practical standpoint. As Eisenberg notes, “an unexamined life may or may not be worth living, but it is certainly more expensive.”

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