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JUST DO IT

This is the familiar phase of Phil Knights' company, Nike. The idea is that many people discuss it, dream about it, talk about it. Nothing will happen until you decide to "just do it". I don't care if it is getting in shape, losing weight, getting a new job, or whatever. Since I deal in numbers, I'll focus on the idea of just getting started so you can realize your dream of a stress free retirement.

I recently worked with a married couple who took different paths to where they are today.

Billy Joe is about 10 years older than his wife Bobbi Sue. Billy Joe is a graphic designer who recently turned age 65 and immediately cut his work week down from 5 days to 2 days. Billy Joe has not really saved much towards his retirement but is thankful that his wife "got it" when she was young. He said his boss in the first job after graduating from Shippensburg University told him to invest a small amount each pay. He didn't tell him where to invest the money but to "just do it". It's funny he said that he didn't realize it until he was almost 60. I looked back and really didn't save much. He said he never had a retirement plan in the first few jobs he worked. It is not to say that he is setting the world on fire now and investing everything he can. Like many who start out after college, material things were more important than his future security. In our society today this is more prevalent then when Billy Joe graduated.

Bobbie Sue was a whole different story. When she graduated from Penn State and started working, she "did it". She started putting money away. Originally her company had a pension and eventually a 401(k) plan. Although the pension amount has grown it was not substantial since they froze the plan when they implemented the 401(k) plan. The first thing Bobbie Sue did was contribute enough to get the full amount that her employer would pay, called the matching contribution. Her boss told her that it was like free money and she listened. Over the years as she has received raises and bonuses she always took a portion of that and contributed to her retirement.

At age 54 she was putting away close to $15,000 of what she earned. She may not have always had it invested in the right spot but she always <u>paid herself first</u>. That is truly the secret to financial success. Recently Bobbie Sue was laid off or as corporate America says, her job was outsourced. She actually landed on her feet. The good news was she worked long enough for her company that she would receive her full pension. Her former company's mantra was 25 and 55. For those of you who have never been covered by a company pension this meant if you have worked 25 years at the company and reached the age of 55 , you will be fully vested and receive the maximum benefit. This was based on her retirement plan. Others may be different. Bobbie Sue's job was actually outsourced three months prior to age 55 but she had a fairy godmother that was able to keep her employed until her 55th birthday.

Billy Joe said my wife always steps in it. He was referring that Bobbie Sue was hired by the same company that her job was out sourced to. In other words she's doing the same job for her new employer that she did for her old company.

Bobbie Sue was recommended to our company to develop and investment plan for her pension and 401(k) plans. It's funny; her husband said they could do it themselves. When she thought about it and looked and what he had done, she figured she could use some help. She is also excited in that she may contribute immediately to her new employer's 401k. She plans to continue to contribute as much is possible.

Bobbie Sue developed another good habit as she gave up a bad habit. She explained that she was up to smoking two cartons of cigarettes a week when they cost $20 per carton. When she decided to quit she would put $40 per week into what she called the "smoking envelope". If she didn't have the money she would withdraw it from the bank and place it in her envelope. She said I would have had to go to the bank if I wanted cigarettes. At the end of the first year, she had saved $2000. She was blown away that it was that much money as she never realized it each time she went to the store to buy another carton of cigarettes. She did this for the first couple years and for the life of her she cannot figure out why she ever stopped. Although she did not invest the money, each year she took a fabulous vacation with the money from the smoking envelope. The only thing she says now is I wish I had just put this money in my company's retirement plan.

Bobbie Sue explained that her family really never saved much when she was young. She is thankful that she started to save after college. When she was contributing to her company 401(k) plan her boss said don't look at the statements when the stock market was down. She was lucky to have a mentor or boss that helped her out.

They say opposites attract and that is certainly the case with Billy Joe and Bobbie Sue. Even today Bobbie Sue is the one that keeps investing and saving her hard-earned money and Billy Joe is doing the minimal. He is the spender. He is looking forward to next year when he can apply for Social Security and stop working. She is thankful she has at least another 10 years to continue to save.

If you are like the two above, seek help with your plan. If you get laid off make sure you know the tax rules when you move your retirement to an IRA. We all know people like Billy Joe and Bobbie Sue.

Remember, to just do it. If you're younger and time is one your side, you will be surprised at the way your money will grow. If you are nearing retirement age, have a plan. If you have a question please feel free to email me.

If you feel good about where you are today, they enjoy the sun and fun at the beach. Now that your retirement plan is on track, head to the beach with your sun screen, chair and book. Have a super summer!

The persons portrayed in this example are fictional. This material does not constitute a recommendation as to the suitability of any investment or investment strategy for any person or persons having circumstances similar to those portrayed, and a financial advisor should be consulted.

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