



Negotiating With Yourself

An excerpt from *Changing Outcomes*

Creating a financial recovery plan is an iterative process. We start with realistic assumptions, accurate financial data, and a target income goal in retirement. We develop a baseline strategy, and then begin to evaluate the moving parts. This process involves a series of tradeoffs:

- How much are you willing to cut spending now to enjoy more cash flow in retirement?
- Do you have a vacation property that you rarely use, that could be sold and reinvested in economically productive assets?
- Do you want or need to retire earlier, even if it means less cash flow?
- Might you be willing to work longer than you planned, if the benefit is greater confidence you can live the life you want in retirement?

As you explore these alternatives, your unconscious thought process may sound like this: “If I save more money, as this advisor suggests, I will have much less cash flow to purchase goods, services and experiences I really enjoy. I will miss out on all those cool things, just so my advisor can make more money running my portfolio. How is that fun?”

In reality, you are not negotiating with your financial advisor, but with yourself: “Doctor Jones version 2014, may I introduce you to Doctor Jones version 2025?”

Your advisor may be sitting on the other side of the table, but she is not really a party to the negotiation. At the end of the day, your financial advisor does not have a dog in this fight. If you don’t build enough capital, it will have small effect on that advisor’s lifestyle. It could ruin yours.

As you engage in this inter-generational dialogue with yourself, make sure you negotiate in good faith. Do not make the mistake of believing your future self will value different activities or want to live a different lifestyle than you enjoy today.

We have worked with hundreds of retirees over more than three decades in practice. The retired folks we know have not taken to their rockers. They are skiing, cycling, traveling the world, driving RVs cross country, consulting, visiting kids and grandkids, attending the theater, dining out, reading (and writing) books.

Trust us. When you reach age 70, 80, even 90, expect yourself to be active, mentally sharp, and engaged with the world. You will need money to live the life you want, exactly as you need it today.

Treat your future self as you would treat a patient or a valued colleague—with attention, compassion, and respect.