

When it comes to your money, time is on your side.



Back in February, my family – all 14 of us – travelled to Pigeon Forge, Tennessee, to spend a week in the Smoky Mountains during the Mardi Gras holiday. We rented a six-bedroom house, drove up in four cars, and enjoyed seven wonderful days of hiking, sightseeing, knife-making, eating and drinking, and enjoying each other's company. Here is a picture of

the sunrise on one of our beautiful mornings, taken from the balcony at the house.

I spent the first 13 years of my professional life as a petroleum geologist, and, even though I haven't done much geology during the past umpteen years, I still like to look at rock formations, and the Smokies are full of them. The Appalachian Mountains, of which the Smokies are a part, are an ancient formation, dating back almost 500 million years. One can find many different types of rocks in the Appalachians, all of which were deformed and built up into a mountain range as a result of plate tectonics. In the distant past, the Appalachians were as tall and rugged as the Rocky Mountains are today, but they have been eroded by wind, rain, and other natural forces over millions and millions of years into the more gentle slopes, hills, and valleys we see in Tennessee, North Carolina, and elsewhere along the Appalachian range.

Geological processes take time, lots of it. We humans, who have an average lifespan of around 85 years, have difficulty getting our arms around geologic time, which operates over millions of years.

Fortunately, none of us – not one – has to wait millions of years to achieve financial success.

For example, when I work with young clients, I make sure they know that the greatest gift they have as investors is time, decades and decades of it. Here's how time can work:

I recently began working with a young guy. Let's call him George. He's 25 years old and the son of one of my long-time clients. George has a nice job for a young guy, and he's ready to start investing. He already has a cash emergency fund that's adequate for his simple, single-guy lifestyle. We agreed that a Roth IRA, in which his money will grow tax-free, would be good for him. George is contributing \$50 a month to start, although he might be able to swing \$100 before the year is out. His goal is to increase his contribution by 10% every year. For this example, let's assume that George sticks with the \$50 bucks per month. Let's also assume that we're going to get a hypothetical, average rate of return of 7% over the next 45 years (there are no guarantees on this, of course, but let's just assume it for now; see my disclaimer below).¹ If he sticks with the plan, George will potentially have a retirement nest egg of about \$1,000,000. Inflation will take its toll a bit, but, still, it's a lot of money. And, George started with just fifty bucks a month! Do you know a young person, maybe your daughter, son, or grandchild, who might want to do this?

The problem with getting time to work for us is that we often won't let it. Ours is a culture of overnight delivery, instant messaging, and other I-want-it-now stuff. We've all read about how drones will someday deliver the goods we've ordered online just a few hours after we've clicked the Send button, and it's already happening in a few places. The idea of waiting 30, 40, or 50 years or more for a saving and investing plan to work doesn't compute in that scenario. However, there aren't many other realistic ways I'm aware of to potentially gain and grow wealth.

The good news is that you don't have to wait a million years to achieve financial peace of mind, but you do have to get started in order to give it a chance. Call me today for an appointment. It will be time well-spent.

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¹This is a hypothetical example and is not representative of any specific situation. Your results might vary. The hypothetical rate of return used does not reflect the deduction of fees and charges inherent to investing. Investing involves risk, including loss of principal.

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