When it Comes to Money, Father Knows Best

My dad never attended high school, but what he lacked in education, he made up for in common sense.

Especially when it came to money.

He haggled for almost everything he bought, never, ever paid retail if he could avoid it, and was especially proud of his skills in finding fine (and some not-so-fine) wines at fire-sale prices at our local drug store. He could sniff out a bargain a mile away.

As a housepainter, my dad did not earn a lot of money, but he started saving and investing early in his career. Neither of us knew that he was teaching me, but much of what I know today about conservatively building and protecting wealth for my clients (and myself), I learned by watching what he did. Thinking back to those days, my dad's approach to achieving financial well-being was based on four common-sense rules:

Rule #1. Spend less than you earn. Money was always tight for our family of five, but my mom and dad managed to save a bit every month. I don't think my parents were able to hit this number, but a good target for many of us is 15% of gross income per year. Where you actually put your money is less important than making sure you put it somewhere, just to get it out of your hands.

Rule #2. Don't pay attention to what everyone else is doing (including your neighbor). Today, this translates into ignoring the "financial entertainers", whose incessant drivel seems to be everywhere – TV, popular magazines, and, most annoyingly, plastered all over the Internet. Financial information was a lot harder to get during my dad's time, but I remember him reading *The Kiplinger Letter* when I was young. He said he got some good ideas from Kiplinger's common sense approach to investing, but he always made his decisions based on his own circumstances – and financial means – rather than someone else's.

Rule #3. Protect your family with insurance. And, don't forget disability insurance in case you can't work because of an accident or long-term illness.

Rule #4. Work with a financial advisor. My dad's advisor was a life insurance agent who also sold investments. We called him "the insurance man." He came to our house a couple of times a year, and I remember him sitting at the kitchen table with his plug-in adding machine, going over figures with my mom and dad. I remember my dad saying, "My advisor can't paint, and I can't do what he does. I've never regretted working with someone I trusted."

My dad's rules worked well. Did he have his share of financial missteps? Absolutely (I recall a less-than-stellar farmland investment in Wisconsin, for one). However, despite never earning more than $19,000 a year, he and my mom enjoyed a long and dignified retirement.

There are many signs in the financial markets these days that suggest we are entering a time of turbulence, uncertainty, and lower returns than what we've seen in recent years. I hope I'm wrong, but what if I'm not? Do you have a trusted advisor to help you, like my dad did? If you are a DIY financial person, would your spouse know what to do if you die unexpectedly? This is not something you want to leave to chance. Call me today, and let's set up a time to meet.

Pontchartrain Investment Management
Mike Rich, CFP®, 2065 1st Street, Slidell, LA 70458
985-605-5064
mikerich@mypontchartrain.com