When the stars align…

> *"When the moon is in the Seventh House, and Jupiter aligns with Mars, then peace will guide the planets, and love will steer the stars."*
>
> From *Aquarius/Let the Sunshine In**

You might remember these lyrics from the musical *Hair*, the hippie, free love, irreverent rock hit that was produced in the late 1960s. For live theater, it was groundbreaking back then. I recall that Mary and I attended a performance of the show at the Schubert Theater in Chicago in 1969, our freshman year in college. We were feeling pretty cool.

After spending more than 11 years in the money management business, it's more and more apparent to me that a lot of people who probably don't know the Seventh House from the house on the corner are counting on the planets to align so they can have a nice, secure retirement. This, despite the fact that they don't save enough, don't use insurance to protect their family, don't have emergency funds, and so on. Somehow, they hope, when they reach retirement age, the years of neglect will suddenly be OK, the universe will move in their favor, and all will be well financially. Well, love might steer the stars, but, the last time I checked, you couldn't buy groceries with it. YIKES!

If hoping for the stars to align weren't bad enough, a lot of people make even more mistakes with their money along the way. Try to avoid these financial minefields for yourself:

1. **Borrowing money from your 401(k) account.** This is a popular feature in some qualified plans, especially 401(k)s. While it's not inherently wrong to borrow money from a retirement account, I can't imagine a good reason why anyone would want to do it, and here's why. Rather than having your money work for you in your account, it's being spent on something else that likely has nothing to do with your retirement plans. Plus, if the stock market is on an upward tear, you could miss out on big gains. To make matters worse, many plans say that if you get laid off or leave the company voluntarily for another job, you have to pay off the loan right away. If you don't have the money to do that, you could be hit with taxes and an early-withdrawal penalty. Ouch! Some 401(k) plans offer hardship withdrawals, but a new jet ski probably doesn't qualify. If you have to borrow money, your bank or credit union is a better choice.

2. **Not using life and disability insurance to protect your family.** If your family's financial well-being depends on the money that comes from your job, you need insurance. For most people, the best time to get it is when you are young and healthy, but older people can get it, too. It just might cost more. Call me to figure out how much you need to protect your family – and, perhaps, your retirement – from potential ruin.

3. **Thinking your children will take care of you when you are old and sick.** I've written in this magazine about my mother-in-law several times, describing her need for assisted living. It has worked out well for her and everyone else involved, and, although she is not thriving, she receives excellent care. Prior to that, while she was living with my sister-in-law and coming down to Slidell for long visits, not so good. The last time she stayed with us, she passed out in the bathroom. Mary's mom is a small woman, but Mary and I had to use all of our strength to get her into a position where we could evaluate her condition. She ended up at the hospital because she had crushed a bone in her back. We realized then and there that we were coming to the end of our ability to care for her. So, here's the lesson: if you think your family will drop everything to take care of you – not to mention their very ability to handle it physically and financially – you are probably thinking wrong. Even if they want to do it, they might not be able provide the care you will need. Either buy long term care insurance, or set aside the money and have a plan to pay for someone to take care of you. The long term care insurance landscape is

changing dramatically, and for the better. I can help you figure out a strategy that might work for you.

Here is a picture of my one-year old grandson, Hudson. We recently celebrated his first birthday. It occurred to me while I was writing this article that Hudson likely has 60 or 70 years or more to amass a financial nest egg to get him through his retirement years, whatever they might look like all those years from now. If he takes advantage of the gift of time – and the mathematical miracle of compounding – there's a good chance that he won't have to rely on the stars aligning, magic wands, or wishful thinking.

You might not have as much time to save and invest as Hudson does, but it's never too late to begin. Call me today for a free review of your money life.