

## Experiments are fun, but not when it comes to your money.



One of the best Christmas gifts I ever received was a chemistry set. By way of my sister (who never throws anything away), it ended up – almost 60 years later! – in the hands of my daughter Heather. Here's a picture of me at her house with my old chemicals, test tubes, pan balance, litmus papers, and other scientific paraphernalia. How that set is still almost complete is amazing.

My parents (or Santa) gave this set to me when I was nine or ten years old. I was a pretty nerdy kid (Mary reminds me often that I'm a pretty nerdy adult, too), and I had a lot of interest in science and math. I had a small table in our utility room, where I worked with my chemistry set for hours at a time. A special bonus was that my dad, who was a housepainter, had a small job at a chemical plant, where he befriended one of the lab workers. He came home one day with a box full of beakers, flasks, pipettes, graduated cylinders, and all kinds of neat stuff for me. I was in heaven. It astonishes me that, in our current culture of helicopter parents who won't let their kids walk down the block alone, my mom and dad left me unsupervised with chemicals, glassware, matches, an alcohol lamp, a blowpipe made from an empty ballpoint pen refill, and other instruments of destruction.

Experiments with a chemistry set are fun, but, when it comes to money, I prefer that my clients play it safe. Consider the following:

**If you don't save and invest money today, you probably won't have any in the future.** I've run into a lot of people who, by the way they are *not* saving, must be thinking that there are special chemicals out there that will make all those years of spending, spending, spending go away, to be replaced with a bowl of money that never runs out. Well, I have looked mightily, but have not yet found the fairy dust. If you haven't either, and think saving and investing for yourself might work better, let's get together and put your plan in place.

**Many things we buy next year will cost more than they do today, so plan accordingly.** You can ignore the monthly gyrations of the government's Consumer Price Index, but you can't ignore its long-term effects. Inflation is the insidious tax we all pay and it is not going away. I don't know what the actual rate of inflation is going to be next month or next year, but I do know that my family's cost of living over the long haul will grow as surely as the crystals I made with my chemistry set. Here's a sobering thought. At a 3% average rate of inflation, \$500,000 in today's dollars will have the purchasing power of about \$270,000 20 years from now. That's still a lot of money, but the message should be clear: we all need to spend less than we earn and save the rest because we're going to need it.

**If you are not protecting your assets and income from unplanned bad events, you are setting up yourself and your family for financial disaster.** Premature deaths, disabilities that stop paychecks from coming in, and lawsuits from car accidents are real events that happen to real people (everything on that list has happened to my family). For many baby boomers, the financial bomb is going to be the potentially astronomical cost of medical and long-term care in their later years. The sad thing is that many people hate insurance companies so much that they forget how cost-effective it can be to pass off risk to them. Insurance can help you prepare for life's financial challenges. Meet with me to review your risks and address them.

Finding my chemistry set intact brought back a lot of memories, especially of Christmases past when I was growing up. Every dollar counted at my house, and my parents didn't take many

chances with their money. I know now that a special gift like that was a bit of a stretch for them. I wish they were still around so I could thank them for taking such good care of me.

Merry Christmas to you and yours, thanks for reading my articles this year, and may your holidays sparkle!

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