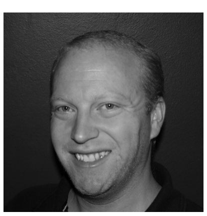
November 2020

Hello Financial Formula newsletter readers and MF Advisers clients!

Let's move on to 2021 and put 2020 in the rearview mirror!

Please read the following newsletter and forward/share with any people you think might be interested in its content (retirement-focused).

If you need help with anything, please let us know - thank you!



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THE DELICATE DANCE BETWEEN MONEY, TIME, HAPPINESS & RETIREMENT

All the time in the world doesn't guarantee happiness, just as all the money in the world doesn't always equal happiness. Here's how to budget time to find your balance of hours and finances.

Remember Benjamin Franklin's classic quote from 1748 when he said, “Time is money.” Well, while time might equal money, money does not equal time.

Money is Valuable. Time is Invaluable.

The idea is to trade time for money while young, so we can buy back time to do the things we've always wanted to do when we're older. Here's the rub: eventually health, energy or willpower runs out.

Money is not a finite resource. You can always earn more, increase what you get paid, work more hours or even switch to a higher–paying career.

Time, the great equalizer, is finite. We all have 24 hours in a day and seven days in a week. Which leads to a twist on Franklin's truism: Although our time is worth money, our money is not as valuable as our time. You can never buy more time.

We do still need some financial resources to really enjoy our time, do the things we dream about doing and live without fear of running out of money. Your best use of such resources, though, is to help enrich your time.

For example, you might be surprised to know that the happiest retirees enjoy many core pursuits, essentially hobbies on steroids. And happy retirees often find their core pursuits while still working. They can discover a balance of time and money that help them reach their goal of retiring happy.

These pursuits were in turn instrumental in motivating these retirees to be able to stop working, but not before reaching their financial goals. In the end, they had the money to retire and pursue their passions.

Budgeting Your Time

As you probably use a budget to plan how you use money, it makes perfect sense to put your time in a budget to be sure you don't over–spend. Harvard Business Review once published an article examining how people have a problem over–committing their time. The piece provides a helpful equation to see if you over–budget time.

Using the Review's formula, add up the hours in a day that you spend on the necessities of sleeping, eating and other necessary daily tasks. Once you quantify your fixed time for self–care, subtract it from 24 hours to come up with your daily time budget.

Then total the time costs related to your external and internal expectations. If this figure is less than the time left in 24 hours minus your self–care hours, your time budget will work.

Easier said than done, sometimes. Like most people, you probably must remind yourself that it's easy to over–commit in the name of growing your business or in the pursuit of financial stability for your family.

When you do remind yourself, you can realign your priorities for that particular day, whether spending some extra time with your family or catching up with an old friend. Some budgets are more important than others.

Want to Retire Happy?

It makes sense to infer that people who feel more secure about their finances are more likely to be happy in retirement. If you don't want to fall into the unhappy retiree camp, or even worse, not have retirement as an option, learn to avoid the pitfalls, and start saving today.

The financial picture for retirees in America is not great. Look at these alarming numbers from this year's Retirement Confidence Survey by the Employee Benefits Research Institute:

- A sizable percentage of workers say they have very little or no money in savings and investments. Among workers providing this type of information, 35% report that the total value of their savings and investments, excluding the value of their primary home, is less than $25,000.
- This includes 18% who say they have less than $1,000 in savings.

Plan to Retire Happy

You can avoid that gloomy future and retire happily and even early. If you are in your 40s or 50s, you still have plenty of runway left to get on the right track. Consider following these steps:

1. **Clear your debts.** Make a plan to pay off your mortgage as quickly and realistically as possible. Happy retirees typically have their mortgage paid off well before 65, while unhappy ones don't.
2. **Start saving early (or now).** Many unhappy retirees delay saving any money until they hit 55, while some never start. A penny saved today is worth a lot more than a penny saved tomorrow.
3. **Spend wisely.** Happy retirees don't necessarily own McMansions, so don’t feel like you need one, and spend a-third of your paycheck on mortgage. Instead, opt for a more reasonably priced home that requires less than 20% of your monthly income.

There are some other traits that happy retirees have too. They tend to have more social hobbies, such as volunteering. They also tend to have more children. Yes, kids might be expensive, but they keep you active and engaged. Divorcees have a higher propensity to be unhappy retirees. Divorce isn't only a separation of two people, but also of your savings and income.

Being happy in retirement is not only about money, but you certainly don't want to spend your golden years worrying about bills.

Make a plan and start saving. For happiness.

Keep Your Retirement Resolutions from the New Year

Do you remember your New Year's resolutions regarding your retirement planning? How are you coming with your to–do list?

As a financial advisor, it's amazing to see the number of people with no retirement planning at all. Just a vague “I'll get to it later” response when asked. Well, later is here. Ask yourself:

- Did you know that often the bulk of a couple's savings, or that of a single parent, resides in retirement plans?
- Have you checked both the primary and contingent beneficiary designations on retirement accounts lately?
- If you are a key breadwinner in a family or household, are you adequately insured against the consequences of disability or death?

December is upon us. Over the next couple of weeks, holiday decorations will pop up on your street. The poet Irving Layton wrote, “Time flames like a paraffin stove, and what burns are the minutes I live.” (A Wild Peculiar Joy, 1982).

Your 2020 Retirement Resolutions? Time to get cookin' and keep them.

Your Financial Advisor

The key to successful investing for retirement, of course, lies in following wise strategies. Your financial advisor understands these strategies. Further, the rules surrounding retirement plans are constantly evolving and your financial advisor is a great source of information on how the changes might affect you and your family as you plan for retirement.

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