

This Way to the Beach!



Signs at the beach make life sound so easy and simple. Here are a few examples:

- Relax, you're on beach time!
- Be a happy clam!
- Saltwater is the cure for everything.
- It's a walk on the beach...
- Life is better in flip-flops.
- Just another day in paradise!
- It's 5 o'clock in Margaritaville.

One day you're walking on the beach without a worry in the world, listening to the waves break onto the shore and watching the sunset over the horizon. The next week, you're back into the rat race and your vacation is a distant memory.

On the beach, you put worry aside. Back at home, you are bombarded by life choices, and those decisions often lead to financial stress. Our culture doesn't help.

Turn on the TV, for example, and you are exposed to a seemingly endless barrage of advertisements. There's Chevy Silverados, Ford F10s, BMWs with German engineering, Cadillacs for those who dare, Jeep Grand Cherokees exploring American, Sleep Number beds, the perfect pillow, lawyers who don't charge unless they get money for you, Cialis for when the moment is right, prescription drugs of all kinds, wireless networks and on and on.

And then there are taxes, insurance, home maintenance, education, healthcare costs and more to pay. A June 2015 Government Accountability Office analysis found that the average American between the ages of 55 and 64 has accrued only about \$104,000 in retirement savings. That amount translates into only about \$300 per month in retirement. So how can you simplify your life, and at the same time, accumulate enough money for retirement?

Here are a few tips:

Don't be an impulsive consumer. That new Porsche might be pretty cool. There's also home goods, jewelry, clothing, phones, and computers to buy. Or, how about a grande, non-fat, white chocolate, Frappuccino® with whipped cream and caramel on top at Starbucks for \$4.45?

Where does it end? It's so easy to be a consumer of products and services. But you don't have to play that game.

Of course we all spend, but a different mindset regarding spending could reduce your spending and help you accumulate more wealth for retirement. The virtue of living below your means should not be underrated. In the famous book entitled, "The Millionaire Next Door", the author makes the point that many of the wealthiest people in the country lead a rather humble life. They can often be found in small

towns, living in their first house, and going to work every day. They don't drive expensive cars and they don't eat out in fancy restaurants. These are the people who tend to build real wealth.

Save. Pay yourself first. Put money aside in whatever savings vehicle is most convenient for you. Funding your 401(k), IRA, or mutual fund should be your primary focus. Seeking the highest rate of return (or Alpha, as we call it in the investment business) should be secondary. Saving 10 to 15% of your income each year and earning a reasonable rate of return should get you to where you want to go financially. The earlier you start the better, but it's never too late. Trying to time the market never works. It's always best to invest as cash becomes available. Analysis has shown that the difference in investing at a high point versus a low point in the stock market is not as great as you might think. Since the stock market is up 70% of the time, odds are in your favor over time. Few of us are covered by a defined benefit pension plan these days; therefore, it is really up to each person to save for their own future financial security.

Plan. A sound financial plan can help you quantify your financial goals. Having a plan, and tracking and monitoring the results over time, should lead to success. Hiring a financial professional will provide you with some objectivity and possibly prevent you from making any big mistakes. Again, having a well thought-out financial plan helps you establish priorities and gives you a track to run on. People don't plan to fail, but they sometimes fail to plan. By focusing on your financial goals, you may be less likely to become an impulse buyer and be taken in by the daily and incessant sales pitches. You may be more likely to save a portion of your income and to pay down your debts.

It's a simple formula, and I understand life gets in the way, but your financial life can again be as simple as a walk on the beach. You just need to put yourself first, recognize the propaganda of our consumer driven society, and focus on your financial goals.



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