

Ten Retirement Lessons from the Smartest People I Know

By Paul Merriman

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Since the mid-1960s, I have helped people manage their money and their lives before and during retirement. I have seen the good, the bad and the downright ugly. A successful retirement, like a successful life, rarely happens by accident or default. It happens by design. I've had the good fortune to know thousands of very smart people. Here are 10 lessons they taught me.

Lesson One: Happiness in later life is not a direct function of how much money somebody has.

This is hard for many folks to accept, but it is never a surprise to the smartest people I know. Happiness depends much more on attitudes and behavior than on the numbers in somebody else's computers. In today's world, essentially that's what money is: numbers in distant computers.

Lesson Two: Wealth comes from choices people make, not chances they take.

Smart people do not wait for luck to make them wealthy. Every day, they cultivate habits and follow rules that others don't. Live below your means if you want to be wealthy. Pay yourself first and build wealth, not a lifestyle that saddles you with expenses. When you save and invest, make your money work hard for you. My new book contains eight chapters that tell exactly how to do that.

Lesson Three: Those who plan also prosper.

Smart people plan for retirement – in writing. I know a written plan has no magic of its own. People who are serious enough to put their plans in writing are likely to identify where they are, where they want to go and what they must do to get there.

Lesson Four: Don't wait to start saving.

Smart people learn early in life how to defer gratification. If you are in your 20s, retirement seems pretty remote, but time gives you an opportunity to do a lot, for a little. A one-time investment of \$5,000 when you are 25 will grow (at 10 percent) to \$140,512 by the time you are 60. If you wait until you are 45, you need to invest \$33,638 to get the same result.



Lesson Five: Retirement belongs to those who are still with us.

Smart people take care of their health. If you want to retire rich, you need to live long enough to retire and be healthy enough to live it up. Smart people see their doctors periodically and follow the doctor's advice. They do not neglect their mental health, either.

Lesson Six: The quality of your life is shaped by the quality of the people in your life.

The happiest people I know seem to have many favorite people in their lives – including some who are younger than they are. At the end, life can sweep our dignity and money away, but if we have friends with whom we can share joy, pain and respect, we are blessed.

Lesson Seven: We older folks could learn some common sense from high school students.

That may surprise you, but it should not. Every year I speak to high school students. I ask them if they had money to invest, would they invest like millionaires or like poor people. They never get this wrong, but I'm continually amazed why so many of their parents continue to invest like poor people. In a nutshell, here's the difference:

If you invest like a millionaire, you carefully choose an advisor who has no conflict of interest with you. You invest in hundreds or even thousands of stocks. You take a long-term view, and you keep your costs low and your expectations realistic.

There are many ways to invest like a poor person. One popular route is going to a broker and buying some "hot" individual stocks, hoping to get rich by exploiting insight and knowledge that you believe you or your broker have, and everybody else on Wall Street is too dumb to recognize. Yeah, right!

Lesson Eight: Active trumps lazy, every time.

Smart people of all ages keep themselves active mentally as well as physically. People who regularly challenge their brains live longer than those who get intellectually lazy. Do you want to have a long, happy retirement? Then do stimulating things like reading, crossword puzzles, taking a class or teaching one. If you can, travel to unfamiliar places and try new things.

Lesson Nine: Smart people do not wait around for "real life" to start.

The happiest people I know, whether retired or still working, would have no trouble making a list of 100 things they would love to do if they had the time. Places to go. People to see.



Books to read. Golf courses to master. Smart people know that all the tomorrows we assume are ours can be snatched away in an instant. They identify their passions, their dreams and their goals, and then find ways to make those dreams reality, starting now.

Lesson Ten: The very best investment you can ever make does not cost a dime.

This is not news to the smartest people I know. Every person who reads this article has something valuable to give which they have not given, yet. It might be money. It might be time or volunteer work. It might be a helping hand. It might be as simple as the gift of listening.

If you take the time to discover what this gift is for you, and you give it generously, two things will happen: Your life will be richer and more satisfying, and you will make the world a little better place. You might be surprised by how few people purposely and consciously live their lives this way.

Those who do are the smartest people I know.

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