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This commentary marks the first anniversary of *DocOnomics*. We are pleased that *DocOnomics* has achieved readership among nearly 1,500 physicians in the Dallas/Fort Worth Metroplex and is fulfilling our objective to keep physicians in a positive and proactive state of financial health. This is of critical importance as physicians are faced with the challenges of serving growing numbers of aging healthcare consumers while grappling with declining reimbursement rates and a government that is under increasing pressure to pare back entitlements.

In the past year, we have given you AARP as an all-encompassing financial framework. *Accumulate, allocate, react and protect*. We hope you are invoking these principles to ensure that your future quality of life is what you expect it to be. AARP is a call to action for reducing uncertainty about one's financial future. If uncertainty is pervasive and one is not confident that proper steps have been taken to eliminate both predictable and unpredictable threats to one's wealth, a sense of disquietude can creep in.

As a society, we dwell on the future. From a lifestyle perspective, we want our future wants and needs to be satisfied. However, we tend to lose sight of the ongoing effort that must be expended to accomplish that which we innately desire, even if it is only a good night's sleep.

The ensuing commentary is longer than the usual fare. We hope that you will read it in its entirety. It offers our best guidance on how to view the future so that your present actions can be better aligned with reality. It also is our intention to look at the past in order to understand how to best formulate one's financial action plan, but that will come in a subsequent commentary.

BACK TO THE FUTURE

The future is a grandiose abstraction. It exists in daily thought, writings and conversations but is something that we cannot reach out and touch. The best we can do is to envision the future by utilizing some unique combination of information, knowledge, experience and wisdom.

By inference, planning for the future is an exercise in abstraction. To undertake and accomplish any type of planning, the future must be viewed as two interactive dimensions. The first is a non-personal dimension. The second is a personal dimension.

Let's start with the non-personal dimension. This dimension is the world in which we live and what it is likely to resemble months, years and decades from now. Even though we have no direct control over this dimension, it helps to have an idea or even a working model of what our future world will hold in store for us and why.

The second is a personal dimension. It encompasses everything that we can attempt to control months, years and decades from now. Since the non-personal dimension can exert a tremendous influence over the personal dimension, planning for one's future must incorporate a set of outlooks and assumptions that constantly must be reviewed and adjusted in accordance with real and perceived changes in global, national and local environments. This is a daunting task and more often than not involves the counsel and expertise of one or more outside professionals.

To grasp what the future may hold in store for us, we have identified 10 primary trends that should be assimilated into the planning process. We have been plotting these trends over the past several years and they have guided our thinking in planning assignments undertaken for our clients. We are only too happy to share these with you:

1. Escalation of religious wars across the globe. This trend encompasses the inevitable fallout from the manner in which Western powers carved up the Islamic oil-producing regions after World War I and World War II. One of the primary goals of the Islamic religious leaders is autonomy from the control of Western nations. If episodes of war are played out on Western soil as occurred in September 2001 with the attacks on the World Trade Center and Pentagon, in March 2004 with the Madrid train bombings and in July 2005 with the London mass transit bombings, it will have a profound dampening effect on Western economies.

2. Use of expensive military force to protect oil supplies. This trend is a by-product of the aforementioned religious wars and the stubbornness of the US Government in abandoning the oil platform. In the long run, this is likely to become a political and economic death trap for the United States. Meanwhile, the entrance of China and India as heavyweight contenders for world oil supplies plus the acceleration of weather-related threats to US energy production raises the stakes for the US in the ongoing energy turf battles. In addition, there are emerging signs of political solidarity between China, India, Iran, Russia and Venezuela. These dynamics eventually will produce a great amount of stress in the conventional global energy markets and will make alternative forms of energy more attractive.

3. Aging of the Baby Boomers in World War II countries. This trend encompasses the United States, Canada, Japan, England, Germany, France, Italy and the Netherlands. In these countries, an enormous segment of the population will begin to reach formal retirement age between 2008-2011. This can be expected to create a drag on consumer spending and a net liquidation of investments as longer life expectancies combined with inadequate retirement savings, rising living costs and shrinking job markets and will push many consumers into adopting a financial survival strategy.

4. Emerging markets of Brazil, China, India and Russia. This trend is gathering steam and embodies a shift from socialism to capitalism in highly populous countries. In order for the world economy to grow, these countries will need to nurture a consumer middle class to pick up the slack from the aging Baby Boomer economies of North America, Japan and Western Europe that increasingly can be expected to retrench on their spending. The blossoming of capitalism in these countries will be in stark contrast to the increasing degree of socialism in the Baby Boomer countries as aging populations develop an increasing dependency on government financial-assistance programs.

5. Decline in stature of the US Dollar. This trend is rapidly unfolding as most recently illustrated by record highs reached by the Euro, British Pound, Chinese Renminbi and Canadian Dollar. This could result in the US Dollar losing its role as the world's reserve currency in much the same way as the British Pound lost its leading currency role following World War I. The cost of fighting an extended war and financing a global empire left England in dire financial straits. Similarly, the massive cost of wars and social programs since the 1930s has left the US mired in debt. Nevertheless, the US Dollar is the pillar of the dominant American global empire and likely will be defended down to the last buck.

6. Stagnant incomes and rising prices. This trend is gathering steam and is reminiscent of what occurred during the Vietnam War era. It is marked by stagflation, i.e., a loss of purchasing power and a subsequent decline in living standards for many. The US economy has exported many high-paying jobs and is replacing them with low-paying jobs. This is creating a drag on income and forcing consumers to take on more debt in order to maintain their desired lifestyles. At the same time, prices of key goods and services are rising in US Dollar terms.

7. Dependence of the American taxpayer on the housing market and stock market as critical sources of cash. There is now an implied mandate for US economic policymakers to sustain home values and stock prices lest American consumers lose much-needed spending power. The American consumer drives not only the US economy but the global economy. That may change in the future but it is safe to assume that this will remain the case until the Baby Boomers hit their retirement years in full throttle. The more immediate threat to this delicate order is an external shock or deteriorating fundamentals that causes real estate and/or stock prices to fall, investor confidence to erode or both. This is now happening in residential housing as prices have eroded in many markets. To the extent that people view their home equity as a piggy bank or personal ATM, this could have a devastating impact on consumer confidence and spending behavior and hasten a business slowdown and possible recession.

8. American consumer addicted to low interest rates. This is one of the most dangerous trends of all since the global economy is so heavily reliant on the spending prowess of the increasingly debt-laden American consumer. Interest rates are no more of a one-way street than tech stocks were in the late 1990s. In fact, people have become accustomed to using adjustable rate mortgages, home equity loans and credit cards to boost consumption in the same way that they used margin loans to load up on tech stocks that supposedly were poised to skyrocket in price.

9. Global climate change. There is irrefutable evidence that temperatures are rising in every nook and cranny of our planet. Only the root causes of this warming trend are being debated. The increased potential for destructive weather, airborne diseases and disruptions in food chains and worldwide agriculture is enormous. The elevated risks to society increasingly will be managed by a web of environmental policies, human health practices and evolving shifts in demographic patterns, i.e., how and where we choose to live.

10. Socialization of healthcare. The projected demands of 80 million aging Baby Boomers on the US healthcare system combined with the deteriorating state of US Government finances and the escalating cost of life-enhancing and life-extending surgical procedures and wonder drugs is setting restrictions on the volume and quality of healthcare that can be delivered to the average American. This means that a much greater share of the healthcare spending burden will shift to the consumer and it will be necessary for the consumer to save aggressively for healthcare needs required past the age of 65.

With these illustrations, you now understand why we have labeled the future as a grandiose abstraction. In our view, the wealth planning process can be viewed as a fishing expedition. Even though we often must cast our line into murky or unfamiliar waters, it helps if we know something about the ocean, lake or river in which we fish. Maps, guides and weather forecasts are useful.

In future commentaries, we shall bring you back from the future and look at how the past influences our present actions and/or inactions. It will become clear that our personal dimension includes thought processes and biases that are rooted in our past. Concurrent with our individual behavioral patterns is the world flashing warning signs that past trends cannot be extrapolated into the future and that we must alter our planning perspectives.

For now, suffice it to say that doing no planning until the future reveals itself is like waiting for a fishing boat that already has left the dock. Fishing from shore is never very gratifying or rewarding.