



Randy L. Flink, Principal ❖ Christopher M. Gregory, Principal
Robert I. Kramer, M.D., Medical Advisor

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If you are a regular reader of *DocOnomics*, you have seen frequent mention of 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 but often ignore the past, usually at our own peril. From a lifestyle perspective, we strive to satisfy our future wants and needs but tend to lose sight of the ongoing effort that must be expended to achieve those desires. Because we tend to view both the present and future according to what we would like to see, serious errors in judgment can result. The best remedy is to reconcile past assumptions and decisions, but retracing one's steps and missteps is a difficult course to follow.

For now, let us attempt to take one step back to the past so that we can take two steps forward to the present and future.

BACK TO THE PAST

One's future can be envisioned as a journey to a personal destination. By contrast, one's past can be construed as a collection of anchors. As we attempt to diligently chart our financial futures, it is wise to cast a backward glance and understand where we have dropped financial anchor and why. This amounts to an exercise in probing the validity of past assumptions and personal biases that underlie one's current wealth planning and wealth management strategies. Consider the following assumptions that might have been made when your wealth strategy was conceived:

- A powerful bull market in stocks would persist without significant interruption, producing reliable double-digit annual returns
- The US economy would continue to dominate the world, producing steady domestic employment growth and prosperity
- Energy, food and healthcare costs would remain relatively benign
- Oil would remain plentiful
- The average life expectancy was 75-80 years, underpinned by a secure pension and entitlement benefits system

In all honesty, how many of us looked into our crystal balls 10 years ago and saw the following trends and events on the horizon:

- An incredible global outsourcing wave moving toward Asian shores, resulting in the emergence of China and India as world economic powers
- A major downdraft in the US stock market followed by a gradual but incomplete recovery
- A major terrorist attack on US soil followed by prolonged US military troop commitments in the Middle East
- A collapsing US Dollar tied to previously unimaginable levels of Federal debts and deficits
- A target life expectancy of 85-90 years, underpinned by shaky pension benefits and a technically bankrupt entitlement benefits system
- An inflation rate for basic essentials that is nearly twice the US Treasury bond risk-free rate of return.

If you haven't adjusted your wealth planning strategies and tactics to reflect any or all of the above realities, you have drifted off course and should radio for help. If you are of the opinion that the USS Government will come to the rescue and transport you to your desired destination, you might be right. However, your ticket may be in steerage class and your journey could be filled with long bouts of queasiness.

In our next *DocOnomics*, we shall take you back to the present where the following awaits us:

- Residential real estate as an unpredictable and perhaps declining store of value
- Federal and state governments in dire need of revenue
- Millions of Americans in dire need of secure and decent-paying jobs
- 80 million aging Baby Boomers that are poised to place unprecedented demands on healthcare service providers and the entitlement system
- Tens of millions of aging Americans that have grossly inadequate savings to sustain them in their elderly years
- The US Dollar being downgraded by all major world governments from the *de facto* reserve currency to a secondary currency (following in the footsteps of the British Pound).

In conclusion, it is said that our future is rooted in the past. Since people generally are resistant to change, history has a strong tendency to repeat itself. We hope our commentary will motivate you to buck this trend. Please have a peaceful holiday season and reflect on the need to incorporate our AARP action steps into your life. *Accumulate, allocate, react and protect.*