



Mindfulness, Spending & Retirement Income

by Advisor Voices on June 11, 2014 | posted in Advisor Voices

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I have been a wealth manager for nearly 20 years, but before this I was working on a master's in Tibetan Buddhism—specifically phenomenology, the study of how we perceive and experience the world.

It is through that lens that I've come to see that perhaps 95% of client issues are related to spending. And because of this, I believe it is *the* problem of our age. We receive so many more signals to spend and buy, it is a wonder we save anything.

I think what mindfulness lets us do is slow down our thinking. I teach my 9-year-old son a form of sitting meditation where we watch our thoughts arise and fall away, as a method to help him create mental space that will allow him to make better decisions. I tell him that if he can slow down his thoughts and find space to pause before an action—throwing a ball across the room, pushing his sister, sneaking a cookie—he will have an opportunity to see clearly the consequences of that action and decide whether the consequences are worth it.

The same is true for spending: If you have a base of mindfulness, you can create a mental space between those impulses, and the more experience you have with meditation training, the larger the space you can create. Once you have a moment to see the end results, you can really decide if this is a good purchase. It isn't about *not* spending. It is about making good choices, spending smartly and understanding the tradeoffs you are making (before you make them).

It helps to have a few things to refer to:

1. A budget or spending plan
2. The lesson that if you can't afford it, you can't afford it. FULL STOP.
3. An understanding of "opportunity cost"—that if you spend on this, you will not be able to spend on something else

The most important, and difficult, financial planning issue I face with clients is retirement income. It is important because it will cover the period when he or she will have no other options for income, and difficult because it is the furthest removed from our thinking at the moment when we have the most power and ability to do something about it.

Without the trade-off discussion inherent in the financial planning process, you simply do not know what you are really saving for. This makes the immediacy of taking a vacation, buying the more expensive car, paying up for the better neighborhood overwhelm the distant importance of retirement. Whether we calculate for it or not, retirement is the final trade-off. When it comes time to retire and we do not have enough ... well? What then?

It's simple—we continue to work (assuming we are able), live with less (assuming this is possible) or rely on sources outside ourselves (our kids, neighbors, government programs).

None of these are very good options. A little mindfulness of personal finance early on can help us avoid a serious retirement income fail later in life.

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