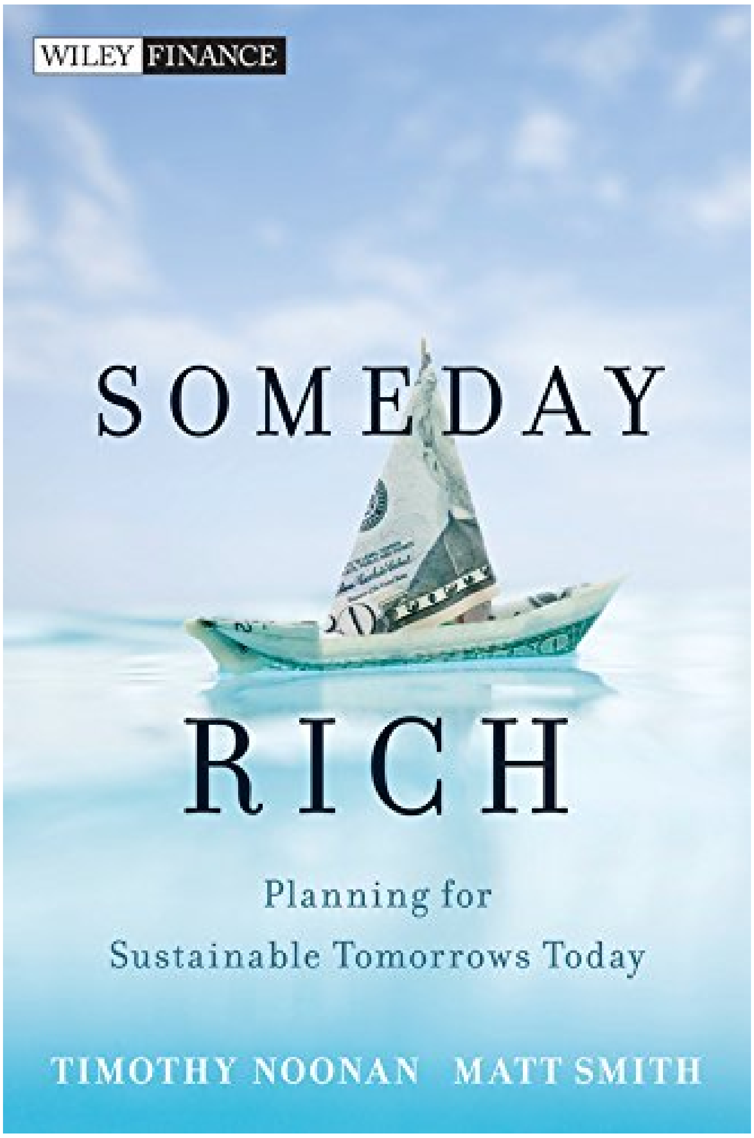
Someday Rich: Planning for Sustainable Tomorrows Today (Wiley Finance)

Timothy Noonan, Matt Smith



Timothy Noonan, Matt Smith : Someday Rich: Planning for Sustainable Tomorrows Today (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Someday Rich: Planning for Sustainable Tomorrows Today (Wiley Finance):

0 of 0 people found the following review helpful. Four StarsBy Mario V. GuffantiA good educational book for a smart financial planning23 of 23 people found the following review helpful. Great book about retirement planningBy Wade D PfauThis books has a lot of great contents about an important way to think about retirement planning. The book

introduces the Russell Investments Personal Asset Liability Model.It is a book written for advisors, but I think it can be read by pretty much anyone. People considering hiring an advisor could especially benefit as well to help improve the overall client-advisor process. The book covers two main topics: how to become a better advisor and also how their Personal Asset Liability Model works. I also really like the section contributed by Sam Pittman about how to choose a withdrawal rate and asset allocation combination for retirement income.Let me say a bit about their Personal Asset Liability Model. They focus on the real option value of waiting as long as possible to annuitize one's assets, recognizing that people are loath to give up control of their assets among other things. Annuitization exists as an important background solution that is avoided for as long as possible (possibly forever).The main idea of their model is to treat personal retirement planning in the same sort of way as a corporate pension fund. They focus on an individual's funded status. Funded status of 100% means that a person has just enough assets to meet their liabilities, while overfunded and underfunded individuals have more or less than this, respectively.Assets are the resources you have available to fund your retirement and liabilities are what you will need to pay to finance your retirement expenditures.This model can be used during both the pre-retirement and post-retirement periods to know if one is on track for a sustainable retirement. Being on track means that the assets are at least as large as the liabilities.If one is underfunded, potential solutions include working longer (increased human capital and decreased liabilities), saving more (increased human capital), or planning to spend less in retirement (decreased liabilities). Another option is to take more investment risk, but that could backfire if the portfolio drops further. If those other options are not realistic after retirement, then one must really consider about annuitizing in order to lock-in a floor of sustainable income that will meet one's basic needs and last for the remainder of one's life.In their framework, financial security means having enough assets to annuitize and create a sustainable lifestyle floor for as long as one lives. This helps reduce the impacts from the uncertainties about how long one might end up living and about what will happen in the financial markets. Anxiety about retirement can be lessened a lot, as barring a major black swan, lifestyle sustainability can be maintained for as long as one lives.Failure in this framework, then, is not about running out of money. Rather, it is about letting your funded status fall below 100% so that you can no longer afford your lifestyle floor.I must say that this framework makes a lot of sense to me. I definitely like the idea of defining failure as not being able to annuitize one's essential needs rather than as completely running out of money.I think this is a very important book which makes lots of contributions to the debate about retirement income strategies.

To truly be successful, todayrsquo;s financial advisor must strike the right balance between effectively engaging with his or her clients and finding meaningful ways to maintain their financial security. By framing your mission in this way, you can help your clients clarify their vision, build a plan to achieve it, and manage that plan so they stay on track. Nobody understands this better than authors Timothy Noonan and Matt Smithmdash;two seasoned financial professionals with over five decades of combined experience working in the asset management business. And now, in Someday Rich, they show financial advisors with clients who are rich, or have the opportunity to become rich, how to sustain a clientrsquo;s desired lifestyle to, and through, retirement. Engaging and informative, Someday Rich provides the context, description, and implementation suggestions for the Personal Asset Liability Modelmdash;a process that will allow you to determine a clientrsquo;s funded status relative to their future spending needs as well as develop and monitor their investment plan accordingly. While the methods in the Personal Asset Liability Model may not have been practically accessible to past advisors with a large number of clients, this model now brings together the technical methods to answer important client questions in a way that is feasible and includes the communication strategies that can make the delivery of the advice model more effective. Along the way, this reliable resource discusses the business of giving good advice and addresses how to incorporate these steps into a client engagement road map. Insights on various other issues associated with this discipline are also included, such as how to develop client trust and deliver personalized service when you have so many clients, and contingency risksmdash;life, health, disability, and long-term caremdash;that need to be considered in the financial planning process. And in later chapters, single-topic essays, contributed by experts in the financial planning field, cover issues ranging from target date funds and the investment aspects of longevity risk to modern portfolio decumulation. Building more valuable relationships with your clients is a difficult endeavor. But with Someday Rich, yoursquo;ll discover what it takes to achieve this goal as you put them on a path to a sustainable financial future.