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Putting Money in the Context of Life™

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WHAT YOU APPRECIATE APPRECIATES

The word "appreciation" has at least two important meanings and applications. In the world of finance, it refers to the increasing value of an asset. In the inner realm of thoughts and emotions, appreciation involves recognizing the value of and feeling gratitude for specific people, experiences, and circumstances.

In her book, *The Soul of Money: Transforming Your Relationship with Money and Life,* Lynne Twist teaches that appreciative thinking is the opposite of scarcity thinking: "When your attention is on what's lacking and scarce—in your life, in your work, in your family, in your town—then that becomes what you are about."

In contrast, appreciation is the healthy mindset of looking for the good in what is around you and focusing on the value of what you already have. The result is, according to Twist, "What you appreciate appreciates."

Similarly, author Jackie Kelm explains, "What you focus on grows." In her book, *Appreciative Living,* she applies the principles of Appreciative Inquiry, a model for organizational change, to creating success and fulfillment in personal life.

However, because of past programming, the appreciative "way of being" may not be an easy transition. Kelm writes, "Finding what's right with others and whatever shows up in our lives is a thinking habit that can be learned through experience, but it must be deliberately learned and practiced."

One way to develop a more positive frame of reference is to change your internal questions. For example, rather than asking yourself what is going wrong in a given situation, ask instead what is going right. Kelm also suggests creating a gratitude list in which you write three to five things each day for which you are grateful. "Over time you will begin to notice the good more naturally."

In *The Soul of Money*, Twist explains that we can also change our thought habits in regard to personal finance. She writes, "If your attention is on the problems and breakdowns with money, or scarcity thinking that says there isn't enough, more is better or that's just the way it is, then that is where your consciousness will reside." If so, the result will be that no amount of money will ever be enough to buy the happiness you desire.

The antidote, Twist writes, is appreciation—the conscious thought and intention required to develop mastery in the arena of money and to transform your feelings about your relationship with money. "In the light of appreciation, your prosperity grows."

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STRATEGIES FOR THE SANDWICH GENERATION

A growing number of individuals and couples are entering the ranks of the Sandwich Generation. What they have in common is that they are "caught in the middle" between the competing needs and wants of their dependent children and aging parents. In addition, they also need to prepare for their own retirement years and potential long-term care needs.

For example, most members of the Sandwich Generation value higher education and feel compelled to provide that opportunity for their children. Other "sandwichers" are pressed into service by providing financial resources to a divorcing adult child or helping to raise a grandchild. In addition, as life expectancy increases, parents are likely to survive well into their 90's and require increasing assistance.

As a result, it is the middle generation that bears most of the responsibility for addressing the financial needs of both the younger and older generations. Unfortunately, the unintended result is that their own financial needs and wants are squished, squelched, and squeezed out.

As an alternative, think of ways to balance financial responsibilities across generations. Are their ways we can help our children and our parents without sabotaging our own long-term financial security and quality of life? There is no magic formula, but a proactive approach can improve communication, build financial resiliency, and nurture resourcefulness in all family members. Here are a few suggestions:

Start Early— The negative impact of major life transitions can be mitigated by planning ahead. Expenses like college tuition for kids and long-term care for mom and dad can be huge. Therefore, with the help of a trusted financial advisor, it is essential to research options and make preparations well in advance of important life events.

Expect Contribution & Cooperation— Involve both offspring and parents in planning and preparation for their future needs and wants. Ask and expect them to contribute what they can. For example, children can assume responsibility for a portion of their higher education expenses. In addition, encourage the older generation to think about their eventual needs and to plan ahead both financially and emotionally for their later years.

Encourage & Reward Resourcefulness— In an effort to demonstrate our love, we often do too much for our children and parents. The more we do for others that they can do for themselves, the more we undermine their autonomy. Instead, it is important to nurture a sense of self-confidence in those we love, for that is the very best gift in life that we can give.

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ADDING MORE LIFE TO OUR YEARS

Advances in health care have added years to our life. However, Laura Carstensen, founding director of the Stanford Center on Longevity and author of *A Long Bright Future*, proclaims **it is time to add more life to our years**.

In a recent Op Ed piece for the *Wall Street Journal*, Carstensen issued this challenge:

> *Given the option of a 30-year life extension, who would apply it only to old age? Yet, this is precisely what we're doing. Life expectancy nearly doubled in the 20th century, with all those extra years tacked on at the end. Instead of thinking imaginatively about this unprecedented opportunity, we tend to wring our hands at the thought of populations top-heavy with the elderly.*

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Laura Carstensen, Ph.D.

Others have laid the foundation for a new perspective on our longevity revolution including Helen Harkness, Ph.D. who wrote nearly two decades ago that we should reject the view that living longer extends old age:

> *If these extra years are handled wisely, our middle age will double dramatically into a new second midlife, while our 'old' age shrinks.*

Because of this, Harkness advises that we think about these extra years as a precious gift and to "take an active hand in managing our windfall."

Similarly, in an article titled "The Resolution of a Lifetime," Carstensen explained that "people are happiest when they feel embedded in something larger than themselves and when they are needed."

"Our record-length lives afford us the chance to redesign the way we live, and write a life script for lifetimes that last a century."

Laura Carstensen, Ph.D.

Therefore, she encourages everyone living in the second half of life to envision the steps—large and small—that they can take to ensure a bright future:

> *Our record-length lives afford us the chance to redesign the way we live, and write a life script for lifetimes that last a century. It won't be a story about old age—it will be a story about long life.*

In addition, Carstensen has come to believe that the actions of today's generation of older people will set the course for decades. New perspectives and positive change on the individual level can have a transformative influence on the societal level. Her best advice for living a long bright future is the following:

> *Invest in yourself by learning something new. Design your world so that healthy habits come naturally. Diversify your social network by befriending a person from a different generation. Start a business that puts others to work. Think creatively about ways that an unprecedented number of mature, talented, healthy adults can address society's great challenges.*

RETIREMENT EXPECTATIONS & REALITIES

The Retirement Confidence Survey (RCS) is the longest running annual retirement survey of its kind in the United States. Since 1991, the RCS has gauged the views, experiences, and attitudes of Americans regarding retirement preparation and related issues.

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The 2016 RCS found that the recovery in retirement confidence, following the 2009-2013 economic recession, continues to hold. In fact, 2016 results demonstrated that 21 percent of workers are now "very confident" they will have enough money to live comfortably throughout their retirement years as compared to just 13 percent in 2013.

Not surprisingly, retirement confidence is higher among workers who have a retirement plan in place such as a company pension, defined contribution plan such as a 401(k), or individual retirement account (IRA). Among those with a retirement plan, the percentage that responded "very confident" increased from 14 percent in 2013 to 26 percent in 2016.

In contrast, the percentage of "very confident" responses has remained statistically unchanged among those without a retirement plan. In addition, workers without a plan are more than three times as likely to say they are "not at all confident" about their financial security in retirement (11 percent with a plan vs. 38 percent without a plan).

Furthermore, workers who are not confident about their financial security in retirement reported that they plan to retire later, on average, than those who express confidence. However, as in previous years, the RCS found a considerable gap exists between workers' expectations and retirees' experience in regard to remaining in the workforce.

A comparison of results show that the number of workers who expect to retire after age 65 has increased from 11 percent in 1991 to 37 percent in 2016. However, only 15 percent of retirees responding to the 2016 RCS reported that they actually retired after age 65, and many reported leaving the workforce earlier than planned for reasons beyond their control such as health problems or changes within their companies.

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On the brighter side, 33 percent reported retiring earlier than expected because they could afford to do so, and 25 percent wanted to do something different. In addition, almost all retirees who reported working for pay in retirement gave a positive reason for doing so. Of this group, 82 percent reported that they wanted to stay active and involved, 80 percent enjoyed working and 49 percent took advantage of a job opportunity.

Other retirees reported financial reasons for working, such as wanting money to buy extras (57 percent), needing money to make ends meet (51 percent), and a decrease in value of savings and investments (43 percent).