

Rodger on Retirement

Managing your retirement money with little to no confidence

Question #1: How do you guard against a danger that you don't even know is coming?

Question #2: How do you plan a solution to a problem that you don't fully understand?

The dangers that I refer to above can be summed up in this question: *how do you plan for potentially three decades of retirement with the prices of goods and services rising between 2% and 4% each year?*

If I want authoritative facts regarding any aspect of finance in this country, I review the reports available from the Federal Reserve. I recently studied a report issued by the Federal Reserve Board's Division of Consumer and Community Affairs in May of 2015. The study was titled [Report On The Economic Well-Being Of U.S. Households in 2014](#). Let me tell you, it was a real page-turner.

The following question the Federal Reserve asks in the report paints a very difficult future for millions of Americans: "How confident are you in your ability to make the right investment decisions when managing and investing the money in your retirement accounts?"

Answers

- 17% were not confident
- 34% were slightly confident
- 36% were mostly confident
- 12% were very confident

Here is what the report said in its conclusion: "In an era where self-directed retirement planning is increasingly expected, the survey illustrates the extent to which individuals do not feel confident in their ability to manage their retirement investments. Just over half of respondents with self-directed retirement accounts are either 'not confident' or only 'slightly confident' in their ability to make the right investment decisions when investing the money in these accounts. This lack of confidence poses a potential risk on the path to retirement for younger generations of workers for whom self-directed retirement accounts are increasingly the norm."

I cannot remember the last time I was "slightly confident" of anything. Like the fellow who insists to his wife that they are not lost and he does not need a map, you cannot afford the luxury of ego. If the government of our country is worried about you making good retirement decisions, you need to be worried too! Getting the retirement equation right is no more a do-it-yourself exercise than home root canal kits.

Check your ego at the door and seek help. The vast majority of Americans will not thrive in retirement. That is reserved for people who understand the risks they face in the later stages of their lives. They acknowledge that preparation is necessary and they do the intelligent thing – they seek help.

By the way, the answers to the questions posed above are not taught in school, or any undergraduate college course, that I am aware of.