The Five Forces of Portfolio Demise!

By Mark E. Charnet

I make the assumption that everyone reading this article, at one time in their life, had the goal of a financially secure retirement in their future. Furthermore, once fully retired, that their nest egg would be secure enough to withstand any threat and simultaneously grow to out-pace inflation while providing an income for you and your spouse for the rest of your lives. I believe these thoughts to be universal to all Americans. What is not universal, however, is the commitment to make regular, systematic additions to one's retirement account, whether through a qualified plan with their employer or as non-qualified retirement plan supplement outside of your workplace. A secure and satisfying retirement is **a privilege not a right!** Yet, so many people feel, as survey after survey reveals, that they are either saving adequately to accomplish their goal or that somehow everything will just be "OK" when they get to retorement. These people are in La La Land.

In repeated articles in this paper, I have written about how the children of today must be deca-millionaires to enjoy any degree of a retirement that we would call comfortable today. I've written about time value of money calculations and how the erosion of purchasing power over long periods of time can render a portfolio worthless, especially if the intent of the invested funds were to provide a lifetime income.

In 1967, the US government created the CPI, Consumer Price Index. In other words, in 1967 a dollar was declared a dollar and the government would track the devaluation of that dollar, when measured by certain key components. I am unhappy to report, that the 1967 US dollar, based on the CPI, today, only purchases 17 cents of stuff! This exceeds a 4.3% inflation rate over the last 40 years. Using the same inflation rate figure of 4.3%, for another 40 years will bring down the "17 cent dollar" of today, to only 3 penny's in the year 2048!

This brings us to the subject at hand, the title of this article. If you have been lucky enough to provide yourself and your spouse and children with a comfortable lifestyle while growing your retirement portfolio, is it NOW safe from, "The Five Forces of Portfolio Demise?" Let me list them for you:

1. **Liability Risk**
2. **The cost of Health Care**
3. **The potential cost of Long-Term-Care**
4. **Taxes at Death**
5. **Losses in the stock market and bond market**

Any one of these negative forces can wipe-out your portfolio! Number 4, taxes at death, doesn't look so bad, until you learn the numbers. Assuming you are worth $3,000,000 or more and $1,000,000 of the $3,000,000 is your IRA and you live in NJ, the state and federal government combined, will take nearly 75% of the account value for their general treasury, leaving your kids with only 25%. You can see that item number 4 represents a chilling reminder of the confiscatory tax nature of our government, at the expense of diligent, forward thinking, fiscally responsible Americans. It reminds me of the local tax assessor. You and your neighbor live in the same type of house, built at the same time by the same builder. However, your neighbor lets their home get run-down and leaves it falling apart, where you keep-up and maintain your property, both structure and grounds. Without fail, you will be rewarded for your efforts by paying higher taxes, penalized by the taxing authority for doing such a fine job! Your financial road to success is paved with the same backward thinking. The penalty of wealth states make more and they tax you more, accumulate more and you also have to face the "Five Forces of Portfolio Demise!" For if you accumulate nothing, there is nothing to protect!

The more you have, the more you can be sued for if there is an altercation involving either you or your property. Just stay a few days in a hospital and you will get a crash course in the costs of health care. Call your local nursing home for the price per day for a stay in our area and you will find a cost range of up to about $500 a day or $182,000 a year! We've already discussed taxes at death and what about losses in the market when you can least afford them, when you are no longer adding to the portfolio, rather, withdrawing an income for life!

I am pleased to report that strategies do exist to insulate retirees from **all of these negative forces** including providing a guaranteed* income for the life of the retiree and his or her spouse. To find out how this can be accomplished costs nothing more than an investment of an hour of your time. If you find the subjects of income for life and protection for your portfolio, coupled with the potential for growth, exciting and necessary, especially in these economic times, give me a call toll-free, and we can arrange a mutually convenient time to discuss this. I call it: "The Trinity Method of Investing©" and it is exclusive to American Prosperity Group representatives. The information is free - the call is free - the education, priceless! Speak to you soon? Yes?

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