

Be brave and face reality

WRITTEN BY RENÉE E. CABOURNE

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Financial planning procrastination plagues every aspect of my client relationships, so I'm going to try something different. I'm going to be brave, face reality, and emphatically urge my clients to do the same. That is, face the reality that financial and estate planning are inescapable if we want to lead the life we've dreamed. Two cases illustrate this point.

Jack and Jennifer are a bit older than most boomers, and proper planning a few years earlier would have all but eliminated their plight. Jack's pension will end with his death, something the couple has known about from the first day of his retirement, yet they put off devising an alternative solution for the past 17 years. By the time they sought my help, Jack had diabetes, which prohibited a cost-effective replacement for the pension portion of his income. Jennifer worked part-time in a boutique, and until our meeting, spent this income on gifts for their grandchildren and world travel. This income now must be diverted for a time when she's without Jack, which hampers the joy and freedom they once took for granted.

Then there's Justin and Erica, a young couple who were in need of a comprehensive plan that addressed their retirement, tax planning and life insurance requirements. Soon after a plan was developed, money became tight. Despite my objections, they allowed their life insurance to lapse. After a period of struggle, their situation once again improved. They purchased a rental property in addition to their primary residence and had a child, but neglected to reinstate their life insurance. Over the next 10 months, I called, sent notes, and short of showing up on their doorstep, did my best to get them to once again address their life insurance needs. "We're

busy with the baby" and "We'll see you after the holidays" were typical replies. Justin then died unexpectedly.

Thankfully, Erica will be able to sell the rental property to create a revenue stream that replaces a portion of Justin's income. But had the life insurance been reinstated, Erica could have focused on her sorrow and loss without added financial strain or the need to abandon their original plan. If they initially faced the dual realities that life can and does end unexpectedly, and that with family and wealth comes responsibility, Erica wouldn't have found herself in this situation.

Want more evidence of this alarming procrastination trend? Consider how many parents put off proper college planning until the child is taking his entrance exam. Refinancing a primary residence or getting a line of credit is not an acceptable solution. With tuition costs on the rise, it's not hard to imagine what a college education costs when left to the last second.

We see these common examples in our practice all too often. If I neglect to create a sense of urgency for my clients to plan now, I can expect to see more pain and suffering. What are you going to do differently to positively impact your clients and practice? What are you going to do to compel them to act now?

Again, my focus, for my clients' sake, is to be brave and face reality. With some forethought and discipline, the rewards are gratifying: dreams can be realized, legacies can extend for generations and lifestyles can be preserved during good times and bad. Isn't that what planning is all about? **EM**

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