



PREFACE

The Truth

Winston Churchill wrote, “In wartime, truth is so precious that she should always be attended by a bodyguard of lies.”

In wartime, much is at stake. The blood and treasure of nations. So, there are certain national truths that must be kept secret, and are rightly surrounded by deception, propaganda and outright lies. Deceits, all cast forth in a noble effort.

However, what if certain truths were attended by a bodyguard of lies for less noble purposes?

According to the United States Department of Labor, in 2014, the financial and insurance sectors of our economy represented about \$1.3 trillion, or roughly 7 percent of America’s gross domestic product. Combined, these two sectors employ nearly 6 million people. I have been one of those people for more than 30 years.

Given all that, I think it is safe to conclude that the financial service sectors of our economy have “*much at stake.*” As a consequence, there are certain truths about our economy that are protected by bodyguards of deception and orchestrated complexity.

It is a form of business propaganda, designed to confuse and complicate a reality. It is an effort to justify a business model that is based upon chance, not skill.

The truth is, investment markets cannot be predicted. Markets hold randomness. Virtually every day, there are unforeseen, unpredictable events that occur. At times, these events may prove serendipitous but, other times, they are disastrous. Markets move up and markets move down, influenced by surprise events beyond anyone's ability to foretell.

Famed economist John Maynard Keynes wrote in 1935:

"It is generally agreed that casinos should, in the public interest, be inaccessible and expensive. And perhaps the same is true of the stock exchanges."

Gambling is a game of chance. It is a game of probabilities and odds. A slot machine can return a windfall to a first-time player. Yet, someone else can play for years and never begin to recover their outlay. Separating one player from the other is just chance.

If someone tells you that investment markets can be predicted, simply ask them one question... Where will the market finish tomorrow? If they cannot tell you where the market will finish tomorrow, how can they be believed when they make financial plans projecting where the market will be in five, 10 or 20 years?

Their projections are nothing more than guesses. Their projections are nothing more than prophecies, and they will ask you to become one of their followers. And, the *truth* that markets cannot be predicted will be masked with a maze of complicated financial charts and graphs that, to the average investor, will appear to add certainty to the uncertain, predictability to the unpredictable.

Armed with cleverly designed sales material that they hope will justify their fees, the Prophets of Wall Street will lure you to put your assets in their custody. Whether markets are up or down, their advice will be to stay in the market, allowing them to keep control of your assets. Fee income is the foundation upon which their corporate revenue models are built.

They will sell you on the “past performance” of investments, but will hand you disclosure documents containing deep-seeded language stating that “past performance is no guarantee of future results,” protecting them from responsibility for their claims that markets can be predicted.

The Prophets will expose you to investment scenarios calculated using average returns, creating an inflated picture of market performance. They will use glamorous locations such as Monte Carlo to paint images that will disguise an ugly truth. It is a seduction that would make any member of the world’s oldest profession proud.

Over a prolonged period of time, an astonishing 96 percent of actively managed mutual funds underperform benchmark indexes. Yet, as I watch financial shows on television, there are investment companies who have built advertising campaigns upon their active management strategies, luring you into believing something that has rarely proved true.

As Charles Ellis wrote in “Winning the Loser’s Game”:

“Even though most investors see their work as active, assertive and on the offensive, the reality is and should be that stock and bond investing alike are primarily a defensive process. The great secret for success in long-term investing is to avoid serious loss.”

The consequence of loss is seldom discussed by the Prophets, and the excitement of gains is oversold.

In this book, much of what you believe to be the truth will be exposed to be nothing more than sales hype, created by people and institutions whose goals are not aligned with yours. In fact, they are in conflict.

Your goal is to make money for yourself and grow your retirement nest egg. An institution's goal is to make money for itself, and grow its revenues. As a result, customers and products are misaligned. Corporate revenue goals can conflict with what is in your best interest.

In the pages of this book, financial concepts are demystified and explained in simple English. My great hope is that this information will provide the average American with an understanding to make better retirement decisions. Decisions that will allow you to protect your retirement nest egg and live your Golden Years as you once envisioned.

So, what did you envision? What are you looking for in life? If you ask the average American, they will likely tell you that they want to be rich or famous. But, when you probe a little deeper about their life, asking questions such as: What kind of job do you have? How are you compensated for work? Do you take chances or avoid risk? You will likely find that most people work in salaried, 9-to-5 jobs, and live fairly conservative financial lives.

The reality of the average American's life is told in their actions. Often, there is a difference between their actions and their stated ambitions. More often than not, the two are contradictory. People are not intentionally lying; they are just not tapped into their true feelings.

I have learned that most people's desire to be rich is outweighed by their fear of being poor. Because of that, I have always

been frank with my clients. Upfront, I tell them that I cannot make them rich but I can prevent them from ever being poor. In my decades of providing financial service advice, I have witnessed that a person's fear of being poor has provided the greatest motivation in determining choices in their life.

Most people understand their reality; they will not be retiring to the south of France to live in a villa with servants and a chauffeur. To the contrary, if they were guaranteed a comfortable retirement lifestyle, most would readily grasp it.

What most people do not know is that a comfortable retirement is indeed within grasp. Most retirees can achieve a retirement lifestyle that is similar to what they experienced during their working years. As long as you follow some basic financial principals and allow yourself enough time, anyone who has been consistently employed can retire comfortably and with dignity. It is all a matter of understanding how the game is played and having a game plan.

This book is very different. It is very direct and specific. Yet, it is simple and easy to understand. Within its chapters, I discuss retirement strategies and concepts. As you read, I would like you to ask yourself one, overriding question, "Why am I doing what I am doing with my retirement savings?" Some of you are likely using bank products to invest your retirement savings. Others are likely using stock market products. Today, our country has more central economic planning than ever before, and the world is filled with geopolitical threats. As a result, during the past 10 or 15 years, the feedback that I have received from clients indicates that neither the bank or stock market approach has worked out particularly well for the average American retiree.

It has been said, “People don’t plan to fail. People fail to plan.” If you do not have a plan, how will you know what you should be doing? Obviously, you won’t. Moreover, if you put together a plan too late, the odds of success are greatly diminished. Having a plan and having time to execute your plan are two vital ingredients to achieving a comfortable retirement.

This book is designed to provide you with the know-how to plan. But, this book cannot roll back time. My great hope is that people discover this book early enough to have time to execute the know-how it provides.