

ON PURPOSE

WHAT'S YOUR *LIFE*-WORTH?

By John M. Busacker

We've been duped!

Over the last several decades, we've been led to believe that net worth (financial assets minus liabilities) is a precursor of happiness and success at each critical life transition, especially retirement. Armed with sophisticated calculators based on artificial time horizons, assumed rates of return and guesstimates of inflation, the people and publications of financial planning have scared us into believing that financial "enoughness" is the primary goal of planning and that we can never have enough money. Both are false assumptions.

Money is no more the criterion for a successful transition to the next life stage than is age. We can be wealthy financially but impoverished spiritually, just as we can be chronologically an elder but emotionally an adolescent. The confluence of an aging population, technology, world events, medical advances and a spiritual awakening all serve to fuel a new set of assumptions and demand a new level of planning. The primary metric of a fulfilling life at



each transition is not merely net worth but also *life* worth—a measure of the health of all aspects of our lives, including financial.

Life worth trumps net worth. Net worth is an important measure of financial success—am I getting what I need? *Life* worth measures life fulfillment—am I wanting what I get? We have entered a time when fulfillment, the sense of living a meaningful life, has taken center stage. This is exemplified by the success of *The Purpose-*

Driven Life, Rick Warren's book that attempts to answer the question, "What in the world am I here for?" It is now the second best-selling book of all time in the United States, surpassed only by the Bible. Thirty million copies sold and it is still going strong.

Os Guinness, author of *The Call*, captures the point, "The trouble is that, as modern people, we have too much to live with and too little to live for. For many of us, in the midst of material plenty (i.e. net

worth), we have spiritual poverty (*i.e. life worth*).” As the old adage goes, you get the results you measure. And we’ve been schooled to measure and pile up net worth, with *life worth* only an afterthought. As we plan for each life transition—whether it is going to college, getting married, having children, launching children, changing careers or retirement—both net worth and *life worth* matter.

The transition that is central to the ad campaigns, research and publications of the financial services industry today is the “new retirement.” It all seems logical given that two-thirds of all the people who have lived past age 65 in history are alive today. But it feels a bit like the “new economy.” Now that the luster has clearly burned off the dot.com era of the late 90’s, we have come again to understand, technology notwithstanding, that making a profit and producing a real product in business really do matter. We are back to the “old economy.”

In the same way, we will come to understand that the “new retirement” is not so new either. Despite the best marketing efforts of DelWebb (original architects of Sun City, which ushered in the golden age) and the financial industry (authors of pension plans which ushered in golden handcuffs), we never were built for a life of leisure. We are wired as humans to learn, grow and contribute until we die. This is not new.

In the past several years, I have introduced thousands of financial advisors and their clients to a deeper, more substantive conversation to include *life worth*, especially as they plan their retirement. This may seem odd to some: financial advisors talking about relationships, work, family, health and faith. But why not financial advisors? Money is a spiritual issue most often addressed at times of transition. Financial advisors have long realized that transitions are opportunities for essential conversation.

One of the tools we have created to help guide this deeper conversation is the *Life-Worth Statement*[™]. The ten dimensions in the *Life-Worth Statement* are grounded in over 15 years of life-planning experience by The Inventure Group. These

dimensions, when totaled, form the basis for our *Life-Worth Statement*.

Consider a few current findings related to each dimension at the time of the life transition we currently call “retirement:”

HEALTH

Health represents the greatest fear of boomers in retirement. Fifty-three percent are afraid of healthcare costs and 48% fear a major illness and/or an extended stay in a nursing home. Retiree health insurance is perhaps the biggest single determinant of retirement. So health is both an economic and quality-of-life issue.

LEARNING

Twenty-three percent of boomers indicate that they plan to go back to school in retirement—nearly four times those who plan to live in a retirement community. Pulte Homes, owner of DelWebb, have replaced shuffleboard courts with computer labs and accessibility to golf courses with close proximity to colleges and universities. Learning is replacing leisure in retirement.

FAMILY

According to Harris Interactive, 62% of boomers say they are looking forward to spending more time with children and grandchildren. The exodus to warm climates is being replaced by movement or travel to be close to family. At the end of the day (and life), relationships are what matter most.

WORK

A 2004 AARP study of over 1,200 baby boomers finds that eight in ten expect to take a job in retirement. Whether it’s to stay mentally active, physically active, connected with others or for the health benefits or pay, work matters.

LOVE RELATIONSHIP

The Merrill Lynch New Retirement Survey finds that 71% of men and 60% of women look forward to spending more time with their spouse in retirement. However, 19% of men and 12% of women fear the breakup of their marriage in

retirement. “For better or for worse, just not for lunch everyday!” In a recent Quicken study, 40% of couples say financial matters put the greatest strain on their relationship—edging out compatibility issues (27%) and the dreaded in-laws (19%). Knowing and being articulate in our own money story impacts intimacy.

SPIRITUAL

With *The Purpose-Driven Life* only one of countless indicators of the search for purpose and expression



of calling, stewardship becomes the theme of retirement. Stewardship is a worldview with God in the center that holds that everything (money, relationships, work and health) is a gift and we are merely caretakers for a while.

That “while” is getting shorter each day we live. Our spiritual health is the ultimate determinant of our joy and fulfillment in retirement.

FRIENDS

Where you live, how much money you make, job titles and even health have surprisingly small effects on satisfaction in life. A bigger factor appears to be strong personal relationships with friends and family. Research supports that replacing work colleagues with another network of friends is critical to a successful retirement transition.

PLACE

The biggest percentage of Americans who move for business or pleasure are 30 to 44 years old. However, the 50+ crowd is increasingly comfortable with moving because they are a generation of travelers with children who are geographically dispersed. “Active adult” housing—low maintenance condo-like homes with extensive recreation facilities on-site— is the fastest growing segment of

the residential construction industry. Place matters in retirement.

INTERESTS

New Retirement expert Nancy Schlossberg states that fewer than 10% of people over age 60 have had any preparation on how to spend their time outside of work in retirement. Interests have everything to do with longevity and health. But interests and hobbies can also drastically impact required savings for retirement. If you plan to travel extensively or volunteer in depth, the accepted income replacement ratio can easily jump from 60% of pre-retirement income to over 100%.

FINANCIAL

Factoring in blended life cycles of work, education and leisure as well as the possibilities of downsizing and inheritance, the money equation in retirement is often more optimistic than portrayed. A 2004 Vanguard Center for Retirement Research survey found one in three retirees were on track to generate 70% or more of their current income while another 30% were close enough to reach that goal by merely tweaking their savings habits. Money matters—but not as much as the previous nine life dimensions.

The value proposition of CBS MarketWatch online is “to help you live the good life when your working days are over and your freedom and fun days begin.” How about living the good life now? Investing in *life* worth is not merely a retirement planning issue. The time to invest in net worth is never better than the present. Is now the time to systematically invest in a diversified *life* worth portfolio, resulting in peace of mind, freedom and fulfillment?

Why not approach the next meeting with your financial advisor or the next conversation with a loved one prepared with your *life* worth as the foundation of sound planning for your next life transition? Use the assessment on the following page to measure your current *life* worth. The accompanying three questions can help stimulate essential conversations for action with one key person in your life.

LIFE-WORTH STATEMENT™

What is your *Life-Worth*? Score yourself on the following ten life dimensions on a scale of +3 (strongly agree) to 0 (neutral/doesn't apply) to -3 (strongly disagree). By totaling the scores, you have an indication of whether you are currently living your life in the black or in the red.

<u>Life Dimension</u>	<u>Score</u>
Health —I am in great health: feeling energized and vital.	
Learning —My learning is stimulated daily by my environment and others.	
Family —I am deeply involved and interested in the lives of my family.	
Work —I am fully engaged in the right work for my gifts and passions.	
Love Relationship —I am in harmony with my partner's dreams and goals.	
Spiritual —I rely on a higher power for guidance and purpose in my life.	
Friends —I have a healthy number of intimate friendships.	
Place —I live in the ideal community for my interests and work.	
Interests —My hobbies and volunteer work are a fulfilling expression of my passions and/or desire to serve.	
Financial —My finances are well ordered and understood: a source of confidence and joy for both others and myself.	
	<u>Total Score</u>

SCORING

15 to 30: Congratulations! You are living your life in the black with a healthy *Life-Worth*. Continue to monitor and invest in your life dimensions in order to enjoy a life of fulfillment.

0 to 14: You are in positive territory with your *Life-Worth*, but may have life dimensions which, with some systematic investment, could significantly increase the overall quality of your life.

-1 to -14: You are in the red with your *Life-Worth*. Where can you invest time and energy in order to increase the quality of your life?

-15 to -30: You are significantly in debt with your *Life-Worth*! Take time now to review the life dimensions and begin to invest in those dimensions that represent liabilities for your quality of life.

LIFE-WORTH DIALOGUE

1. Which life dimension causes you the most anxiety? What about it makes you feel that way?
2. Which life dimension gives you the most fulfillment? What about it do you find fulfilling?
3. Which life dimension, if improved, would significantly increase your overall *life-worth*? How can you begin to improve it today?



John Busacker is co-president of the Inventure Group. He is a catalyst for bringing new wisdom to the dynamic relationship between life and money. Building on 14 years as a top sales leader and manager in the

financial services industry, he is the author of Life-Based Financial Planning, a comprehensive process for aligning financial plans with life values and choices.

The *Life-Worth Statement* is one of several tools in the *Life-Based Financial Planning* system. Additional tools can help you clarify financial values, articulate your money story, align plans with life dreams and assemble your life board. For more information on *Life-Based Financial Planning* &/or to order the system, visit our website at www.inventuregroup.com or call our office at (952)249-5222.

VOL 9 NO. 2 A JOURNAL ABOUT TAKING CHARGE OF YOUR LIFE/WORK

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Minneapolis, Minnesota
55305-5212
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On Purpose is published by The Inventure Group
601 Carlson Parkway, Suite 375, Minneapolis, MN 55305
Telephone: 952-249-5222

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Its purpose is to support your purpose. . .to empower. . .to inform. . .to identify lifestyle and workstyle possibilities.

