

Funding

U.S. Department of Health and Human Services—Grantees provide financial literacy training to help low-income individuals and families achieve economic self-sufficiency. www.acf.hhs.gov/programs/ocs/afi/.

FINRA Investor Education Foundation—Subscribe to the e-mail newsletter for periodic updates at www.finrafoundation.org/newsletters.asp

Beginning Farmer and Rancher Development Program (BFRDP) RFA—Visit the National Institute of Food and Agriculture's Web site at www.csrees.usda.gov/fo/beginningfarmerandrancher.cfm to view the funding opportunity, and the Grants.gov Web site for the application package.

Calendar of Events

February 21–28, 2010

America Saves Week 2010— Planning can be viewed online at www.ebri.org/pdf/ChairSpring09

March 3–5, 2010

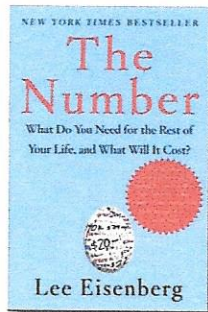
EFERMA (Eastern Family Economics & Resource Management Association) Conference, Chattanooga, TN. Contact Michael Rupured at mrupered@uga.edu for more information.

April 15–16, 2010

2010 ACCI Conference, www.consumerinterests.org/conference/2010conference.html

May 4–7, 2010

CYFAR 2010 Conference, San Francisco, CA. Details available at www.csrees.usda.gov/nea/family/cyfar/announcement.html



The Number

Written by Lee Eisenberg

Reviewed by Barbara O'Neill, Ph.D., CFP®, Extension Specialist in Financial Resource Management, Rutgers Cooperative Extension

The subject of this book, “the Number,” refers to the amount of money needed to have a comfortable retirement. Many people refer to this as a nest egg. However, rather than focusing exclusively on finances, *The Number* explores broader issues as well, including the meaning of life and how to achieve fulfillment after downshifting from full-time work. Aimed at baby boomers, the book explores a wide variety of topics including the concept of “enough,” later life debt, the shift from defined benefit to defined contribution plans, the future of Social Security, increased longevity, financial gerontology, behavioral finance, Monte Carlo simulations, new financial industry retirement planning tools, retirement housing options, and more.

One of the most noteworthy quotes from *The Number* is “Everyone wants to live long, but no one wants to grow old.” How true.

Many baby boomers want to live to a ripe old age, but in the body of a 50- or 60-year old. Guilty as charged. Another thing that caught my eye about this book was the number of people with ties to AFCPE who were quoted or profiled within it, including members (Sally Hass and Steve Shagrin), journal article authors (Michael Roszkowski), and past conference speakers (George Kinder and Sheryl Garrett).

Does *The Number* tell readers how to calculate their “Number”? In a short appendix at the end of this 268-page book, author Lee Eisenberg, a financial author and for-

mer magazine editor, includes an 8-step “quick and dirty” calculation of the amount that readers can safely spend each year for the rest of their life. This amount is based on factors such as total invested assets multiplied by .04 (i.e., a 4 percent annual withdrawal rate), home equity, inheritances, expected Social Security and pension benefits, and post-retirement earnings. Eisenberg cautions, however, that readers should go beyond the formula to tally the cost of what they really want to do to achieve life satisfaction. People may spend less than they do now if they focus on inexpensive activities instead of continued acquisition.

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The Number is an interesting and entertaining read filled with quotes, stories, and research findings that illustrate key concepts. Below are some nuggets for financial educators and counselors to use in their work:

- ▶ Of U.S. workers age 55 and older, only one in four has invested assets over \$100,000. The biggest segment of higher income people who interest Wall Street firms as potential clients are the “mass affluent” with investable assets between \$200,000 and \$1–2 million.
- ▶ Number chasers fall into four basic personality types: (1) Procrastinators who avoid thinking about old age, (2) Pluckers who aspire to numbers “plucked out of thin air,” (3) Plotters

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Book Review: *The Number*

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- who are “numbers people” that test alternative scenarios, and (4) Probers who see the Number not as an end, but as a tool to finance fulfillment.
- ▶ One out of 125 Americans is a true millionaire but some have not been that wealthy for very long. However, many people who are millionaires on paper don't feel they have enough money to get through life. Invested conservatively, \$1 million yields \$50,000 a year in income.
 - ▶ Many baby boomers have gone through “lost years” (sometimes decades) without a serious look at their finances. They are now in serious need of financial education and strategies to make up for lost time.
 - ▶ Case studies, which Eisenberg refers to as “crash dummies,” are used to illustrate later life planning issues. A major retirement “crash” is spending too much too soon and running out of money. Another is widowhood. The biggest determinant of poverty in old age is whether a woman remains married.
 - ▶ Financial gerontology is described as a discipline focused on the financial aspects of increased longevity, specifically analyzing the “wealth span” of older persons. As people live longer, they have more “distribution years” relative to “accumulation years.” In addition, “the morbidity curve is flattening out” as people live longer despite various “health issues.” A flatter morbidity curve costs more than a steep downward curve where health deteriorates quickly and ends with an abrupt death.
 - ▶ Some helpful advice for retirement investing includes: value investing works better than growth investing over long time periods, don't be afraid of volatility, fees can kill you, and low mutual fund portfolio turnover is key to performance.

The Number will get you thinking about your future. It is witty and includes valuable insights about the aging process and the mindset, behaviors, and foibles of people in their second half of life. As one reviewer quoted on the back cover states, the “book will definitely make you think about where you're going and why.” ☺

The Number

Author: Lee Eisenberg

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Defibaugh at cdefibaugh@afcpe.org.

Thank you.

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