

middle class millionaires

specialized retirement planning advice ■ by Clark Kendall

As Lewis Schiff and Russ Allen Prince chronicle in *The Middle-Class Millionaire: The Rise of the New Rich and How They are Changing America*, during the past 20 years, a portion of America's middle class has been pulling away from their neighbors by amassing significant wealth.

Through disciplined saving, shrewd investing or timely inheritance – or a combination of these – an increasing number of individuals and families throughout the Washington, D.C., metro area have accumulated \$1,000,000 or more in investable assets. This includes doctors, attorneys and even thrifty schoolteachers who have \$1 million to \$2 million in net worth.

Most of these Middle Class Millionaires are making \$150,000 to \$300,000 a year. Many are 50 to 70 years of age.

You might be one of them. If so, it is safe to say that you are aiming to have a balance during your retirement years that enables you to continue enjoying a multifaceted life. Whether or not you consider yourself a millionaire, your finances are significant and require informed decisions to preserve and strengthen what you have worked so hard to achieve.

For Middle-Class Millionaires, today's market is bursting with different investment opportunities and management styles, as well as a copious amount of retirement and estate planning tools and techniques. Sorting through the options to discern the best choices for your situation can be overwhelming.

If you are a Middle Class Millionaire, here are some important things to know about retirement planning.

Retiring for the Long Haul

If you are part of the generation born between 1946 and 1964 – the “Baby Boom” generation – then increased longevity is by far the most significant new retirement reality you have to deal with.

In our grandparent's generation, life expectancy was in the 70s. Now, for a married couple age 65, there is a 50 percent chance that one of you will live past your 90th birthday. This stretches your time horizon for thinking about when to retire.

With increasing longevity, you not only need to save for retirement but also be prepared to save in retirement for the decades ahead. This will involve more than budgeting and frugality. You will need to invest with growth and tax efficiency in mind, year after year, because

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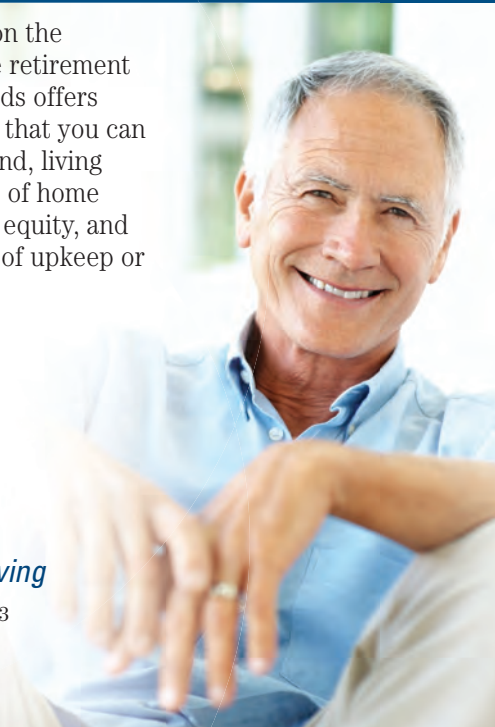


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the purchasing power of your million dollar portfolio may have to last for 25 years or more.

In developing a retirement investment strategy, you need to break things down into short-, intermediate- and long-term segments. In the short term, one to three years out, you need highly secure investments with predictable return on principal. Short-term investment products that are highly secure with predictable returns include money market funds, CDs and U.S. Treasury bills.

The intermediate investment term is four to 10 years. In this segment, you are looking for higher yield by focusing on high-quality corporate bonds backed by companies such as IBM, Procter & Gamble and AT&T.

While planning for ten years and beyond, your number one challenge is maintaining long term purchasing power. Investment products that are appropriate for this segment are common stock, mutual funds and exchange-traded funds

(ETFs, which are traded much like stock).

Getting the Best Investment Advice


Middle Class Millionaires like you need an investment advisor who understands that you have unique questions weighing heavily on your mind and are looking for targeted advice. Your investment advisor should be able to guide you through sound financial strategies that will help you sleep at night, knowing your concerns are being addressed and your interests are being guarded.


One of the best ways to ensure that your investment advisor has your best interests at heart is to choose a fee-only advisor. Fee-only advisors do not receive commissions or compensation of any kind for the products they recommend. They have no allegiance to or conflicts with other financial services organizations for trading or product selection. As a fiduciary, a fee-only advisor's interests are directly aligned with yours.

These days, especially with all the angst related to the "fiscal cliff," it's hard not to be focused on the short-term when it comes to financial planning. But if you are a Middle Class Millionaire nearing retirement age, it will pay to have a long-term strategy and plan in place. If you are constantly worried about short-term market swings, retirement will be less than enjoyable. But if you have a balanced approach that protects the purchasing power of your portfolio, retirement can be a breeze. **GRL**

Clark Kendall, founder of Kendall Capital Management in Rockville, Maryland, has more than 20 years of experience in investment management and wealth management strategies. He is one of a select few professionals in the world who has earned the triple designations of Chartered Financial Analyst, Chartered Financial Planner and Accredited Estate Planner. Kendall focuses on providing independent financial direction to Middle-Class Millionaires in and around Montgomery County, Maryland.

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