

## Security

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Ah yes, security - the security of knowing that you are going broke safely and without any risk. Doesn't that make you feel warm all over? It should make you sick, but that is exactly what a lot of you are doing: going broke safely.

Last year was a crazy year for investors. It seems like everything lost money. I know, I know, you weren't in the market. You had your money safe and secure in the bank. Wonderful! Let's take a look at the action you went through via my "instant financial replay." Hold onto your hat; here we go!

Life is good for you in Anytown, U.S.A., with trees along the street, flowers blooming, birds singing and patients just flowing into your office with big subluxations and insurance policies to match! Ah yes, life is good. You get that dollar from your patient and you feel good - real good! Not so fast! You have a few little items to deal with first: rent; salaries; telephone bills; utilities; advertising; etc. (One *et cetera* was having to do battle with an insurance company or managed care, which is neither managed nor cares!)

That's right, the ugly "O" word has just stepped forward to take at least 50 cents away from that wonderful dollar that your appreciative patient just gave you - overhead! Yes, overhead can and will take its toll, and that toll is around 50 percent, if you are lucky. But who cares? The trees are still there, the flowers are still blooming, and you are happy, right? You have 50 cents and you will take it to your friendly banker and he will say hello and wish you well. Life is good!

Excuse me, but aren't you forgetting one small item? I hate to rain on your parade (although the trees and flowers enjoy it!) but a relative would like to talk to you about that 50 cents. That relative is Uncle Sam and he wants his share and a share for your state and the local "uncles" as well. Forty percent should do just fine, and that leaves you with three shiny dimes: 30 cents.

But who cares? You skip off down the block enjoying the trees and flowers on the way to grandma's house - I mean the bank! Mr. Banker greets you at the door and welcomes you (almost like the story about the spider and the fly!) and offers you coffee, tea or a calendar. You give him your precious 30 cents, ask that he guard it carefully and make sure it is safe and secure, and ask to be paid enough interest so you can continue to go broke safely.

Wait a minute! What's going on here? Why did the soft music stop playing? Why are the trees dying and the flowers wilting? Oh no, now the birds are flying away, too! The merry-go-round has gone into a spin that will send you crashing to the ground. What went wrong? What happened to "Father Knows Best" and "Leave It to Beaver?" Now all I see is "Beavis and Butthead!" What went wrong?

You went wrong! Under this sad tale, if you could live and work long enough, you would go broke safely. Take another good look at the math and forget about the trees and flowers for a second. You get that dollar and your overhead takes at least 50 cents, leaving you with just 50 cents. Taxes will take up to 20 cents, leaving you with 30 cents to put to work for you and to live on.

Your bank pays you interest that is less than the inflation rate and it's taxable! Let's assume that

you get three percent on those 30 cents, which is nine cents. Now, all of your uncles come back and take 40 percent of that, leaving you with a whopping 5.4 cents. Now what?

Let's go back and replay part of this story and change the action slightly. We will rewind to the point where you are left with 50 cents after you pay your overhead. We will now set up a retirement plan and put 15 percent - around eight cents - into the plan before taxes. That eight cents will grow in an environment where you get to keep all of the interest you earn and it is not currently taxed.

Your 42 cents is still taxable at 40 percent, leaving you with 25 cents. Meanwhile, your eight cents is growing and flourishing! If you are lucky enough to earn eight percent on that money, you get to keep all of it. You can now live and be happy in Anytown, U.S.A. Why are there still black clouds above? Maybe it is because your many uncles will be glad to wait until you retire and take that money out and get their taxes at that point. They will take their 40 percent or so from a much larger pile then. Maybe you should pay the taxes now and have a plan that allows you to accumulate your dollars sheltered, now and when you take them out. Which is the best plan? It is the plan that works best for you!

Where are you? Where will you be when it's time to retire? Why not take the steps now to avoid going broke safely and allow me to "direct your feet to the sunny side of the street!" Life can be good! Care to join me? What's that I hear? Ah - the birds are coming back!

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