

Just Do It

Stanley Greenfield, RHU

Is it 4%? Some feel it's running closer to 6%, and still others feel if you take all into account, 8% is a more realistic number. A few will argue 35 is correct. What am I talking about? No, it's not your net return on your investments or the I.Q. of the congress; far from it. I'm talking about inflation. An interesting word, inflation. It will make a balloon go up, while at the same spelling will make your buying power go down. If your lungs do it, it brings you life, while at the same time if your adjustments don't adjust to it, they will die. However it affects you, both good or bad, you have to hedge against it (another interesting word!).

I am asked many times what is the best hedge against inflation. Over the years my answer has changed based on what is going on at that time. I have now been able to narrow my advice down to a simple statement, and I am sure it will withstand the sands of time. Are you ready for this priceless piece of advice? This definitely rates as the number one "Greenfield Rule of Economics." The only hedge against inflation is knowledge. It bears repeating. The only true hedge against inflation is knowledge. I would suggest that you write that statement on your checkbooks and read it carefully before you open that checkbook to "the investment of a lifetime that will pass you by if you don't act quickly."

To carry that thought one step further, I have always said that you must take control and responsibility for your financial future. Just remember this one thought, "if it is to be, it's up to me." As Ralph Waldo Emerson put it, "It requires a great deal of boldness and a great deal of caution to make a great fortune, and when you have got it, it requires ten times as much wit to keep it."

Henrik Ibsen helps us keep things in perspective by stating, "Money may be the husk of many things, but not the kernel; it brings you food, but not appetite; medicine, but not health; acquaintances, but not friends; servants, but not faithfulness; days of joy, but not peace of happiness."

By the time you read this another year has become history. Have you paid everyone for all the work they did for you in 1989? I will bet you a dollar to your dime you missed one. That overlooked person is who you will be in a few years, a person who has worked very hard and never got around to putting away some money for your retirement. It's never too early to start unless you have some reason to not let compound interest work for you. Whatever type plan you use, use something. Even an IRA is better than no tax savings at all. Don't let the complexity of retirement programs scare you away. Decide how much money you don't want to send to I.R.S., and then find someone who can show you how to do it, legally. There are lots of different plans, IRAs, SEPs, pensions, profit-sharing, 401-Ks -- it really doesn't matter what you use. Just make sure it fits what you want to do. When you go into a shoe-store, before they bring out some shoes for you to try on, they measure your foot. That's exactly what I'm talking about. Decide what you can afford to put aside for retirement. Do you want to put that same amount away every year or only when you have some excess cash? Do you mind tying up that money for a long period of time? Do you or don't you want to put away money for your employees? Do you want to put this money away before or after taxes? In other words, do you want each dollar you save to cost you \$1.50, or \$0.67? When you can answer those questions you are ready to try on some "shoes." Make sure you get a "comfortable"

pair; you will be wearing them for a long time.

The choice is now yours. Do you give that money to the I.R.S. for all the wonderful work they are doing, or do you put it into your pocket to make your golden years truly golden?

Follow the advice of the Nike shoe commercial that I'm sure you have seen on television many times. At the end of the commercial, the screen fades to black and only three words are left, "Just Do It."

We now begin another decade, the '90's. How can we position ourselves to be financially successful? This too will be an era (or maybe a better choice of words would be error!) of numerous tax law changes. Congress will still be grubbing for money, and everything that resembles a tax deduction will be up for grabs. Don't be scared away, though. That is just what Uncle Sam hopes you will do. If it's not immoral or illegal, and it fits your wants, needs, and desires, take a good look at it and remember what Nike says, "Just Do It!"

Inquiries and comments may be directed to:

Stanley Greenfield, R.H.U.
7420 Swansong Way
Bethesda, Maryland 20817

Please include your self-addressed stamped envelope.

JANUARY 1990