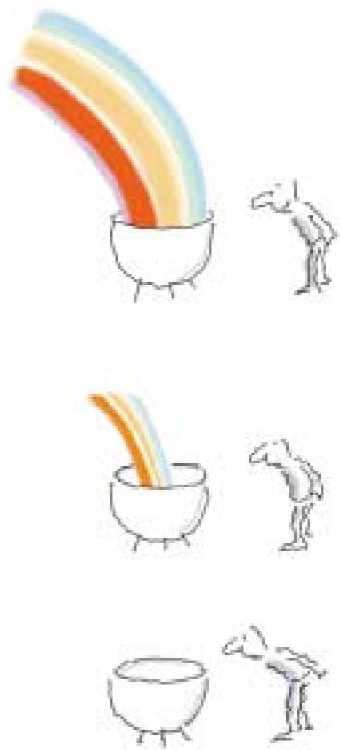
Beyond the Dreams of Avarice

When the going gets tough, the tough examine what it was all about and find a better way to go

Mary Rowland



Illustrations by R.O. Blechman

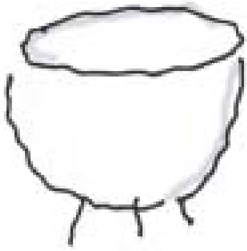
IN MID-FEBRUARY, *THE NEW YORK TIMES* ran a front-page story comparing the troubled economy of 2003 in the metropolitan area with the economic conditions of the area in 1989 to 1992. The chief difference, according to the *Times,* is that the severest problems this time around are focused in the five boroughs of New York. If you get up to Westchester County or across the Hudson River into New Jersey, it's life as usual.

I lived in Manhattan during the 1989–1992 recession and I, too, think the situation in 2003 is different, but for none of the reasons detailed in the *Times* article. I live 100 miles north of New York, and the economy doesn't look any better here. Nor did I see a particularly rosy picture on a recent trip to Chicago. It's worse for all of us this time around because of the unrelenting disappointments in the stock market, the concerns about war, and the eroding employment picture. What's different this time is that people are learning to manage their expectations.

Financial advisers have been talking about managing client expectations for at least 15 years. Not many of them will say they found attitudes changed much after the October 1987 stock market crash. Baby boomers simply thought they'd been dealt a bad hand. Psychiatrists reported a thriving business treating patients with money-related disorders. Investors felt guilty. They felt stupid. They felt as if they should have stayed in the commune and not bothered with investing in the first place. They claimed they'd never invest in stocks again. In short, they felt sorry for themselves. They didn't think they deserved such rough treatment once they'd conformed to settling down, getting a job, and having kids. Now their toys had been taken away.

The recession of the early 1990s was a tough time in New York. The real estate market dried up, and our real estate agent became a dental technician. Friends were out of work and out of money. I got calls every day from people who were networking by calling up everyone listed in their Rolodexes. Yet I didn't see many people lowering their expectations. There was no need to. Things turned around so quickly.

By the morning of March 19, 1999, the Dow Jones industrial average had broken through the 10,000 mark, and the newspapers were full of stories about how the bull market had changed people's lives. *The Wall Street Journal* told us: a man in Asheville, N.C., who makes parachutes, said the market had provided him with a backup chute, enough money to put his daughters through college and to provide for his own retirement. In Chicago, market winners were buying perfectly beautiful homes and leveling them to build bigger ones, stuffing them with antiques and silver tea services. The *Journal* story ended with the thoughts of a 45-year-old investment manager who had become a multimillionaire. The reporter had found him



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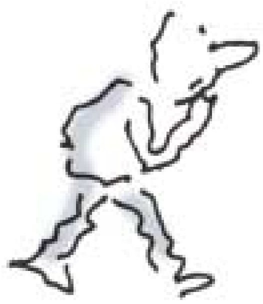
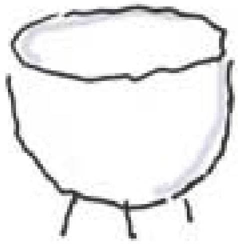


especially those who were close to retirement.



Instead of buying a Bentley, they're looking for satisfying ways to make a difference

shopping at a fancy jewelry store in Washington, D.C., where he was eyeing a diamond and emerald ring and some bracelets for his wife. With these prizes, his money would buy him a look of joy on his wife's face. "Jesus, that makes me happy," the man said.

But that's what I think is different this time. Lots of people have realized that the big homes and the jewelry haven't made them happy. People don't expect things to return to normal if normal means a return to decadent consumption for its own sake. On the contrary, many of the people I talk with want to make fundamental changes in their lives. One friend who brought in about $650,000 working for herself in 2001 saw her business dry up last year. Now she's giving serious thought to what she really wants to do: sell her large, expensive home and become a baker.

Many have been forced into similar quandaries. Couples in their 50s and early 60s are rethinking retirement plans because they've lost 80 percent of the value of their portfolios. So the question is no longer which sunny place they should choose for their golden years, but how they'll continue to make a living as they get older.

The sense of entitlement and the bratty immaturity I saw a decade ago seem to be gone. Lots of people have changed their expectations, especially baby boomers and those who were close to retirement. Instead of buying a Bentley, people are looking for satisfying ways to make a difference in retirement (see "Charity Begins at Retirement," March). Many of the wealthy are getting more actively involved in philanthropy, especially in organizations such as Social Venture Partners in Seattle, which contributes management skills as well as money to help charities perform more like businesses.

Obviously, firms like BBR Partners in New York and Charles D. Haines, LLC, in Birmingham, Ala., which serve very high-net-worth clients, don't believe the people they serve are in danger of having to stand in line at soup kitchens yet. Still, the breadth and depth of the changes to the economic outlook we've seen in the past two years are making people bolder and more thoughtful. More and more people are talking—not about how to find another job but about how to find work that's rewarding to do that will also bring in enough money to pay the bills. Some of them are willing to sweep everything off the table and start fresh, maybe even start the career they wished they'd had instead of the one they got into by happenstance.

Trends like these seem to present a golden opportunity for financial planners like George Kinder and Elissa Buie and Roy Diliberto, who see their role as helping people create satisfying lives. Indeed, these changes look as if they might offer a window of opportunity in which more people, with the right guidance, could find their true paths. I'm not sure how much of a difference this new chapter in the pursuit of happiness will make in the greater scheme of things. Bob Veres, planning industry guru and publisher of *Inside Information,* a newsletter for financial advisers, is one of those ever-optimistic people who sees humankind climbing onward and upward on the path to progress. Veres believes that people can become better and freer and that financial advisers can put the frosting on the cake by helping clients to see just what it is that they can do in the world.

I'm not quite there yet. To me, history moves in waves of action and reaction. But the wave right now is crashing against consumption and mindless spending and moving in the direction of deeper satisfaction, of spiritual searching. I know it's pointless to generalize about such things, but even our tiny church, which was in danger of going down the tubes a year ago, received a 50 percent increase in donations over the previous year's. When my daughter and I signed up for training sessions to teach English as a second language, the workshops for the volunteers filled up quickly. Sometimes there are more tutors at the drop-in center than students wanting to learn English. Of course, no one would argue that people have suddenly gotten nicer. But folks do seem to be looking more deeply for what's important.

Even the fashion cognoscente have reined in their superficial excesses. *The New York Times* in late February reported that models at the spring designer fashion shows are wearing junk jewelry. Well, maybe not exactly junk but necklaces of brightly colored stones, "chunky bohemian beadings" that can be bought for fifteen bucks at a trade show. Diamonds are out.

I don't want to start sounding too much like Veres and suggest that every adviser is in a position to create happiness for his clients. Nor am I inclined to get preachy. But groundbreaking times like these are when people get their best shots at making radical changes. Nearly everyone I talk with feels ready to explore something new, to take risks and think about what they really want to do. I certainly feel that way. If a financial adviser or coach could help me identify where I might best put my talent both to benefit others and to draw the most value from it, I'd be delighted. You don't have to look far to find others looking for more meaningful alternatives. They've already tried the moneymaking route. Not only was it unsatisfying, but they've lost most of their money to boot. Now they're ripe for suggestions that will help them to use their skills in new ways that might have more lasting value.

Many financial advisers are working on ways to help clients identify their right path. Some, like Sherry Hazan-Cohen of Dream Achieve in Plano, Tex., use various personality tests as well as the help of a psychologist. This is fertile ground for any planner who takes an interest in it. George Kinder's "Seven Stages of Money Maturity" workshops are another way to get going. So are coaching seminars. But advisers who want to help may need to be a bit more proactive. They need to identify a process that will bring clients closer to where they'd like to be rather than just being available to listen. Because most clients just don't know yet what they want to say.

Mary Rowland is the author of Best Practices for Financial Advisors *(Bloomberg Press). She speaks regularly to financial advisers about practice-management issues.*