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The Ultimate Alternative Investment: You

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Alternative investments—defined as anything other than publicly traded stocks and bonds—ironically now comprise the core of certain institutional portfolios. Typically, these include hedge funds, private equity, venture capital and direct ownership of natural resources, such as timberland.

Following the bursting of the technology bubble in 2000, many institutional investors, such as pension funds—closely followed by mega-wealthy private investors—began searching for anything to reduce their exposure to the public markets and to replace allocations with asset classes having lower correlations. The Yale University endowment, lead by David F. Swenson, is probably the most famous of these investors—having achieved outsize returns for years utilizing an unconventional asset allocation. However, in his excellent book, *Unconventional Success: A Fundamental Approach to Personal Investment* (2005, Free Press), Swenson cautions us average investors *not* to try that approach at home—but to stick instead to the more conventional path of traditional asset allocation, using low-cost index funds.

Time will determine whether and to what degree such investments will contribute to investors reaching their goals. But there is an alternative asset class well worth your considerable attention and investment: your own unique genius and energy.

Summary: The Ultimate Alternative Investment: You

Education, ingenuity and hard work are time-tested methods to find personal, financial success

We are experiencing a profound transformation in the traditional career path from upward within an industry, profession and/or company to lateral—involving unprecedented entrepreneurial activity



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Your Way to Prosperity

Cultivating Human Capital.

The surest road to wealth in a capitalist society is via education, ingenuity, and hard work. Financial security is most likely gained through successful achievement in your career or profession—or starting and growing a business.

But the skills and talents that will be rewarded change rapidly. We are experiencing a profound transformation in the traditional career path from upward within an industry, profession and/or company to lateral—involving unprecedented entrepreneurial activity, especially in the over 50 generation. The Bureau of Labor Statistics now estimates that we will each have nine different jobs in our adult lives.

The key is maintaining self-discovery and awareness to plan for these changes. Unfortunately, the social and corporate infrastructures are not yet generally supportive of this need. We are responsible for our own lifelong learning—attending classes, reading professional journals, consulting with a career coach and taking the occasional sabbatical (if only in our minds) to assess where we are on life's journey.

Managing the Career Asset.

Lifecycle finance—both an academic and practical discipline within financial planning—views a person's earning power to be a major asset to be considered in developing a financial plan. Technically, when considering a career, planners either capitalize the value of the career and consider it an asset or, alternatively, project your income stream into the future and integrate the cash flow into the plan.

Either way, focusing on this component can reveal critical needs: for example, for disability income insurance to protect you and your family in the event you are unable to work for an extended period. Or, recognizing the extent to

which your profession may be leveraged to a particular industry and trying to reduce exposure to that industry in your diversified portfolio.

Retirement Fulfillment and Satisfaction.

Retirement—if that's what you still want to call it—is undergoing a metamorphosis at least as profound as the career years. Life expectancies are pushing the century mark. The traditional three-legged stool—a pension, social security and accumulated savings—is becoming an increasingly fragile basis upon which to completely rely to fund a longer life. For financial reasons many of us will need to work into our sixties and seventies. Job satisfaction, therefore, is critical to preempt an early retirement from a dysfunctional career.

Even if we don't *have* to work during our later years, the search for meaning and fulfillment will steer us toward staying engaged in career type activities, whether paid or volunteer. Preparing for this stage of our lives—utilizing all of the available self-assessment tools—will be essential. One excellent resource for this kind of planning is www.civicventures.com.

Crossing Generations.

Every parent who has sacrificed financially to help a child fund an education knows—at least intuitively—the value they are extending.

Family wealth management can benefit from investing in education as well. For parents fortunate enough to be leaving an estate, training heirs in the skills of stewardship is perhaps the most essential ingredient to increasing the odds of preserving and enhancing the estate through successive generations. This can include the difficult task of fairly and securely passing on a family business, deciding how to manage risk in an inherited portfolio and how to choose and evaluate a team of advisors.