

The New York Times

Spending Well

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WORK AND SUCCESS

Talking Points



TT NEWS AGENCY/REUTERS

Low-Fare Carrier Offers \$175 Trans-Atlantic Flights

Norwegian Air Shuttle has entered the trans-Atlantic market by offering low-fare, no-frills service on long-haul flights with an expanding fleet of fuel-efficient planes. By the summer, it expects to offer at least 37 nonstop routes between Europe and the United States — more destinations than any other foreign carrier. It recently announced plans to start new flights between Paris and New York, Los Angeles and Fort Lauderdale, Fla., with one-way fares starting at \$175.



KARSTEN MORAN FOR THE NEW YORK TIMES

Go Ahead, Have the Eggs

A new study in Finland provides more evidence that eating high-cholesterol food does not increase the risk for heart disease. It followed 1,032 men ages 42 to 60, and about a third were carriers of a gene variant known to increase the risk for heart disease. The men consumed an average of about 2,800 milligrams of cholesterol a week, and ate an average of four eggs weekly. Researchers found no association between cardiovascular disease and total cholesterol consumption in either carriers or noncarriers of the gene variant.

Oil Production Cut Rejected

Saudi Arabia's petroleum minister on Tuesday ruled out the possibility that an oil production freeze by several countries might lead to cuts to reverse the plunge in oil prices. "There is no sense wasting our time seeking production cuts," Ali bin Ibrahim al-Naimi told energy executives at the annual IHS CERWeek conference. "That will not happen."

PBS/THE FRED ROGERS COMPANY,
VIA ASSOCIATED PRESS

PBS Channel Just for Kids

PBS is starting a new 24-hour channel dedicated solely to children's programming. The channel, which will be called PBS Kids, will be free and is expected to debut in the fall. It will also be available online with a live stream. PBS will use the channel to broadcast popular shows like "Daniel Tiger's Neighborhood," "Dinosaur Train" and "Wild Kratts."



EMILY GOODNIGHT

LEAVING MISERY BEHIND DeJuan Stroud of New York had an existential crisis 20 years ago, so he left his Wall Street job to turn his floral design hobby into a business.

Leaving the Steady Job Behind

WORKING
PAUL SULLIVAN

For some, giving up a career is not an option, but it's risky in any case.

Some people dream of leaving a career to follow a latent passion. For a dose of reality, though, consider the tale of DeJuan Stroud, a former Wall Street broker and compliance officer.

Mr. Stroud said he had a true existential crisis sitting in a car late one night 20 years ago. After more than a decade working on Wall Street, he was miserable.

"Everything was negative," he said. "A lawsuit. Brokers complaining. Clients losing money. It was that constant negative. It just began to wear you down. I couldn't imagine feeling fulfilled."

But he had four children and a wife who stayed home. "My wife and I sat down and said, 'Can we? Should we?'" Mr. Stroud said.

They decided to put their modest savings at risk to turn a hobby — floral design — into a business.

Two decades later, Mr. Stroud is one of the most sought-after floral and event designers in New York.

But these changes pose big risks in following a similar path — giving up a regular salary and losing your savings for one; throwing away the security of a career is another. For those who go forward, the payoff may be more psychic than monetary, and they need to feel comfortable that the chance of a more modest lifestyle is worth it.

"We have this myth that is still following us that you prepared for one career, you got a job in it and you stayed there for 30 years," said Helen Harkness of Career Design Associates, near Dallas. "We're still dealing with that with midcareer people even though most know it's a dead myth."

Myth or not, trading a well-paying, secure career for the chance to try something different is not an option for a lot of people, particularly for those who do not have a hefty bank account as a backstop. "We financed the business with some savings we had and a small-business loan guaranteed by our home," Mr. Stroud said. "It was kind of scary. But when you reach that point of, 'I can't do this another day,' you choose that fear over that misery."

A Gallup Poll in October found that when American workers make a career change, they almost always leave their employer instead of taking a new job within the company. Some 93 percent said they took a new role elsewhere.

"The people who come to me who have the easiest time are people who recognize this is an opportunity for them to gain what they didn't have before," Dr. Harkness said. "They're accepting the fact that life will be better after this. It's their expectation. They don't doubt it, even though this is not an easy process."

Robert Cox, a former bond salesman, is on his second big switch. In 2000 at age 40, he left Wall Street to go into real estate on Long Island. He and his wife bought and renovated homes. In 2012, they divorced, and he began looking for another career change.

He had been a vegan since 2000,

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DEJUAN STROUD

Broker turned floral designer

and he said he struggled to find good vegan food when he moved back to Manhattan. That gave him the idea for a fast vegan chain, VBurger, which opened in Manhattan last fall. "I am mindful of the fact that restaurants don't always work out," he said. "It's good to have some sort of backup plan. I do have some reserves that I can fall back on, but I would breathe a lot more easily if it was profitable at a certain amount of time."

Mr. Stroud said it wasn't clear for at least the first seven years that he was going to keep his business afloat. And he counsels others thinking of making a switch to be sure they understand the risks.

"Career and financially, are you really at that place where you're that unhappy with what you're doing that the remembrance of that unhappiness keeps you pushing ahead?" he said. "I interviewed with other firms and thought I'd go somewhere else. But it was still the same unfulfilling day-to-day job."

That was how Kathy Andersen felt 16 years ago. She had risen quickly within Ford Motor in Aus-

tralia and was earning a six-figure salary and living in a nice apartment. "I realized I was really suffering and not happy and I needed to make a change," she said.

She sold most of her possessions and had enough money for six months of travel. In Miami, near the end of her trip, she heard about a nonprofit organization that taught children sailing. She volunteered. That led to work in Haiti and eventually to the John F. Kennedy School of Government at Harvard for graduate school.

"I needed to see life differently," she said. "I saw it like a chessboard. If I made this move, I'd get here. It gave me a sense of security. I was a planner."

"When I stopped, when I saw life as a piece of art that takes shape with each step we take, something happens that we can never plan for," she added.

Ms. Andersen is now a life coach in South Florida where she helps people leave their jobs — or at least find something they can enjoy in their present career.

"People say, 'How could you leave your job? I could never do that,'" she said. "My work with people is to say, 'Start where you are and write down the things you want. It gets you to the things you need. Then it gets to what one thing could you do today?'"

These are people for whom a second or third career has paid off. That's not always the case.

Mr. Stroud, who said he earned more than he did on Wall Street, was cautious. "My wife and I say all the time, 'Thank goodness we didn't know what we didn't know,'" he said. "It was truly such a jump."

Whatever Your Age, Invest in Stock

INVESTING
DAVID A. LEVINE

When I went to work on Wall Street in 1972, it was an article of faith that older investors should own less common stock than young ones. One rule of thumb suggested that your equity exposure should equal 100 percent minus your age: 70 percent for a 30-year-old, but just 35 percent for someone who is 65.

Since then, investment practice-

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es have evolved considerably, but on the question of how much common stock to own it is still the view among investment counselors that people should reduce their holdings of common stock and beef up their ownership of bonds as they grow older. It wasn't good advice then, and it's still poor advice today.

Let's begin with the standard view today. When you log in to your account at Vanguard, you will see two pie charts. One shows your current asset allocation and one shows what Vanguard's algorithm (based on your age) thinks that allocation should be. For a 69-year-old like me, the default suggestion is 45 percent

stocks and 55 percent bonds. This is standard for the industry.

This consensus view, though, rests on a fallacy: the belief that as people grow older, their investment horizon shortens and, therefore, their ability to withstand volatility diminishes. I would argue there is an insufficient appreciation of just how apt the metaphor of the "investment horizon" is. Just as a sailor sees but never reaches the horizon, the same is true for nearly all most investors. A just-retired 66-year-old might expect that her assets will need to support her for only 20 to 21 years. But what happens if she treats that actuarial expectation as



GORKA SAMPEDRO

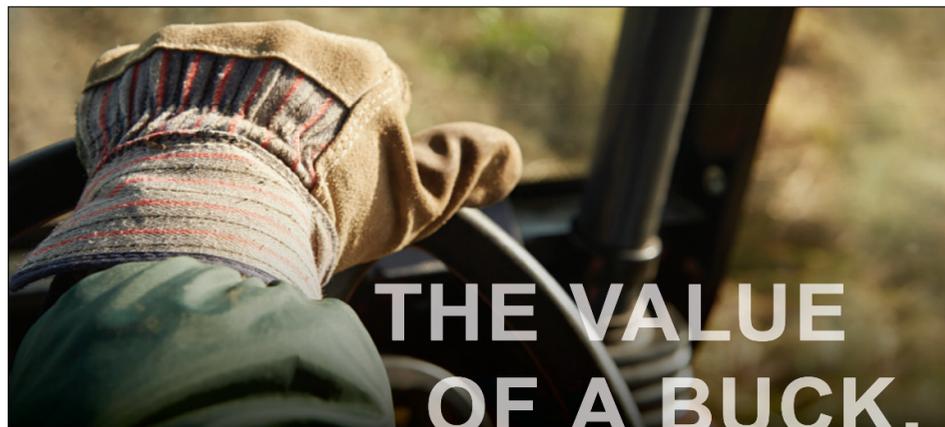
a certainty, spends too much each year, and ends up healthy and vigorous at age 87 with no assets left?

The prudent course for any retiree is to plan on a longer-than-nor-

mal life. Retirees typically liquidate only a small portion of their assets every year. But what if there's a bear market? As long as you don't panic and sell most of your holdings at the worst times, your annual withdrawals are limited. As a result, you should not worry about fluctuations in the stock market.

Sometimes you'll be selling when the stock market is depressed, but at other times you'll be selling when the stock market is elevated. On average, you'll be liquidating your positions at average prices and, over time, you will earn the average market performance.

And the long-established truth is that a diversified collection of stocks, over any reasonable time period, will outperform the average performance of bonds.



You understand the value of a dollar. Early mornings. Late nights. Tenacity, wit, and a work ethic that means you never quit, you never settle. Neither do we. Our team honors your lifelong effort with the same level of dedication—and the same work ethic—that it took to realize your dreams.



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