

# MAIN insights

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## The Age of Transformation – or Disruption

By Darla Main

Are you old enough to remember the Dick Tracy cartoon series? More specifically, do you recall the Dick Tracy watch? How cool was it that the investigator could talk into his watch? Who could have imagined that today's technology would surpass the inventiveness of the creators of Dick Tracy? How about Inspector Gadget's shoe phone? It makes me chuckle when I think back to the first mobile phone I purchased, otherwise known as 'the brick.' The Motorola phone designer must have gotten his inspiration from Inspector Gadget.



### From Scary to Ordinary

Technology has changed our lives and our lifestyles over a relatively short period of time. Mobile phones came on the scene

around 1990. It took only 10 years for cellphones to reach a 60 percent user penetration in the U.S. Compare this to 50 years that passed before electricity was adopted by 60 percent of households in the U.S. The speed of change has been exponential, but many argue that we've seen nothing yet!

My oldest grandson, Mac, recently blurted out from the backseat on our drive for ice cream, that he saw a car being driven without a driver. I asked how that made him feel, and he replied, "It is scary." Pittsburgh is a test city for self-driving cars, so future sightings will become commonplace and the "scary" part will melt away into everyday life.

### David Galland's Prediction

Technology not only can change our everyday lives, but it can change the investment opportunities for now and into the future. David Galland, of Garrett/Galland Investment Research, recently wrote a very thought provoking article that caused me to think upon it for days and weeks after reading about autonomous cars.

David says, "... there are currently about 1.4 billion cars on the road. Many of those cars, and eventually all, are going to be replaced by self-driving vehicles." Galland estimates that there will be 10 million self-driving cars on the road by 2020, with one in four cars being self-driving by 2030.

U.S. chip maker, Intel, recently announced the buyout of Mobileye. The company accounts for 70 percent of the global market for advanced driver assistance and anti-collision systems. The all-cash purchase is the world's largest purchase of a company focusing solely on autonomous automobiles. The revolution in the automobile industry is real and growing.

There are so many implications to consider with the transformation thrust from autonomous cars.

- Fewer insurance agents needed along with lower insurance rates due to a projected 90 percent reduction in traffic accidents.
- Fewer emergency room visits from auto accidents and fewer police and ambulance workers needed to be called to duty.
- Fewer auto repair shops and mechanics; new skills will be needed to fix the technology that operates the car.
- Fewer long-haul truckers and no more mandatory logging of on/off hours.
- Fewer taxi, Uber, Lyft and bus drivers.
- Fewer parcel delivery drivers, as packages may be dropped in special areas assigned to homes and businesses.



## Big Hairy Goals or Small Achievable Ones – or Both?

By Darla Main

The Wall Street Journal recently published an article that highlighted some psychological views toward saving for retirement. It started out with a statement most could easily agree upon, “Given a choice between satisfying our immediate needs and desires, or focusing on the future, the here and now typically wins out.”

Lately, I’ve received innumerable communications from friends and clients who use the terms “time flies” or “where has the time gone?” In the blink of an eye, the future becomes the present. When we landed that first job, retirement seemed so far in the future. And, of course, there were more pressing demands on the wallet such as home buying and raising children. Retirement always seems so distant.

### Retirement Stats

According to recent reports released by the Boston College Center for

Retirement Research, 52 percent of American households are at risk of being unable to maintain their standard of living in retirement. This is up from 45 percent in 2004, a mere 12 to 13 years ago. One can only surmise the reasons for this increasing gap—stagnate wages, frequent job changes, volatile investment markets, longevity, etc.

Recently, I had a conversation with a friend about the approximate amount of money she and her husband may need at retirement. Given their desire to maintain their lifestyle and, perhaps, travel a bit more, the number came out to be in the neighborhood of \$2,000,000. On the surface, this is a BIG HAIRY GOAL, but it isn’t necessarily so.

### Breaking Down Big Hairy Goals

Big Hairy Goals can be realized if they are broken down into Small Achievable

Goals. No doubt, you may be thinking, “This is not a revelation I haven’t heard before.” A study out of the University of Southern California (USC) examined how small changes in the way information is presented can have a large impact on wealth, as well as on other areas of our lives. According to a Wall Street Journal article, researchers at USC divided participants into two groups, instructing one group to imagine their retirement in 30 years and the other group to think of their time horizon as 10,950 days. The time periods are exactly the same, but the participants told to think in days reportedly made plans to start saving four times sooner, on average, than the group with a 30 year target.

### Focus on Smaller Goals

A few months ago, I bought a Fitbit®. The reason was not that I am an exercise

## Darla Receives AIF Accreditation

Frequently, a new buzzword pops up in the investment world. For the past two years, the buzzword has been *fiduciary*. The Department of Labor has been considering new legislation incorporating fiduciary standards impacting how investments are allocated and purchased inside retirement accounts. The pending changes will have bearing upon everything from employer-sponsored plans to individual retirement accounts. Because the DOL rules could have a profound effect on the retirement plan sponsors and clients she serves, Darla felt it important to participate in the Accredited Investment Fiduciary® (AIF®) study program which ultimately led to her obtaining the designation on June 1, 2016.

The AIF designation signifies specialized knowledge of fiduciary responsibility and the ability to implement policies and procedures that meet a defined standard of care. The designation is the culmination of a rigorous training program, which includes a comprehensive, closed-book final examination under the supervision of a proctor, and agreement to abide by the Code of Ethics and Conduct Standards. On an ongoing basis, completion of continuing education and adherence to the Code of Ethics and Conduct Standards are required to maintain the AIF designation.

While the popularity of the AIF designation is growing, the percentage of financial advisors who have successfully completed the program and passed the exam is still relatively small among securities licensed professionals.



## Darla Attended Geopolitical Futures Conference

Darla attended an exclusive one-day event at the Army and Navy Club in Washington, D.C. on April 5. The conference topic was: The Next Four Years: The Role of The U.S. in the World. The audience was limited to 80 invitees and was hosted by Geopolitical Futures.

### Internationally-known Speaker

George Friedman, founder of Geopolitical Futures, was the keynote speaker. He is an internationally recognized geopolitical forecaster and strategist on international affairs. Friedman is a New York Times best-selling author. His expertise and insight into international affairs make him a popular keynote speaker, and he is in high demand at conferences, as well as at corporate and industry-specific events. He has briefed numerous military and government organizations in the United States and overseas. He appears regularly as an expert on international affairs, foreign policy, and intelligence in major media.

### Conference Topics

In addition to Mr. Friedman, there was a faculty of highly respected and renowned experts from around the globe who

### What is AIF?

The AIF designation is awarded from the Center for Fiduciary Studies™, the standards-setting body for fi360.



addict, but to prove to my husband that I rarely get a good night's sleep. A Fitbit is designed to track our daily steps. The goal is to walk 10,000 steps per day. This doesn't bode well with my desk job, but I occasionally get convicted when I'm having lunch and see a friend walking the mall perimeter, prompting me to be more conscious of my own progress. Ten thousand steps can be achieved by walking 833 steps each hour over a 12-hour period. That is not too far and doesn't take too long. By focusing on the smaller goal, it is easier to achieve the bigger one. Walking 10,000 steps per day equates to 1,825 miles in one year. This is one great achievement!

### Track Those Goals

Tracking a goal, whether it is exercise or savings, can influence the outcome. In 2011, three psychologists from the University of Waterloo in Ontario conducted a study and found that individuals who monitor their

progress toward their savings goals are more successful. There were two groups of students with jobs. One group received bi-weekly emails encouraging them to track their savings goals. The second group didn't receive the emails. Almost 70 percent of those prompted by the emails tracked their progress toward their savings goals, versus only 57 percent of the second group. I've noticed a heightened interest from individuals wanting to determine what their Big Hairy Goal is in dollar terms. As a result, we've been preparing a significantly greater number of financial plans with year-by-year cash flow analysis through the age of 100. This is a wonderful exercise to aid in breaking down the Big Hairy Goals into Small Achievable Goals. Because it is so important to "win" the financial independence trophy, I've determined it will be the focus of our activities at Main Advisory for 2017.

### Get Started

It is never too late to get started. There may be small tweaks here and there that can have a constructive impact on the

future success for your family or friends. We welcome the opportunity to revisit your Big Hairy Financial Goals and devise creative strategies for success. It is our pleasure to be your accountability and monitoring partner.

Don't delay. The difference in the savings requirement, assuming a desire to replace 70 percent of the final salary, between a 40-year time horizon and a 20-year horizon is 12 percent of income versus 50 percent, respectively, per a recent Wall Street Journal article. Throughout my career, I've never yet had a client who could live on 70 percent of pre-retirement income. So, let's find your number and the corresponding savings target!



presented on the subjects of:

- Angry Bear: Russia's Stormy Relations with the U.S.
- Quelling the Dragon: A New Dawn in the U.S.-China Relationship
- Middle East Morass: The Future of American Involvement in the Region
- Transatlantic Drift: Changing Relations Between the U.S. and Europe

Each topic can have a profound impact on global economics and investment opportunities. This was an incredible opportunity to spend a day with many of the world's most notable experts in foreign and economic policy. The conference schedule could not have been timelier, falling within the first 100 days of the Trump presidency. Darla will share more of what she learned at the conference in upcoming newsletters.

## The Age of Transformation – or Disruption

*continued from front page*

- Fewer gasoline emissions, so a cleaner environment
- Autonomous armed and armored military vehicles can be deployed to dangerous combat areas
- Governments will need to rethink the highway system and infrastructure
- No more difficult conversations with elderly family members about handing over the keys and losing independence
- A reduction in DUIs; restaurant liquor sales may increase when there are no more designated drivers

### Possible Consequences

Galland does point out a potential downfall to self-driving cars, and it

correlates to the reduction in traffic accidents — there could be fewer available organs for transplant. Hopefully, with continual research and development, this issue will be addressed with inventions of alternatives to actual human organs.

No doubt, there are a myriad of other consequences not yet conceived. It seems the prevailing thread throughout the list is a transformation for the future of employment, together with a disruption to the jobs of today. Jobs that have put many meals on a table and built retirement savings for thousands of households may become obsolete in a few short decades. Fresh thinking about education and educational institutions is needed to train the workers of the future. Mac and his peers will have careers so different from those of today.

Along with the changes highlighted, there may be investment pitfalls to avoid, as well as investment opportunities to embrace. Themes and opportunities are being discovered routinely by investment managers. I look forward to sharing new ideas as they unfold, so let's buckle up and enjoy the ride.

# A Personal Glimpse



Darla D. Main, CFP®  
President and CEO of  
Main Advisory, Inc.

There is nothing like an accountability partner. My daughter, Rebecca, challenged me to a daily fitness routine. I figured if she could roll out

of bed at 6 a.m., drive two boys to a myriad of daily activities, teach her violin students and manage a household, I could manage a commitment to daily exercise. She is lightyears ahead of me in flexibility, but I see a noticeable difference with each passing week.

I'm looking forward to riding my bike on the local trail now that spring is here. My bike collected dust in our garage for many years, but I pumped up the tires last autumn. I truly enjoy a nice ride after work. We are so fortunate to be part of the "Rails to Trails" system with 1,805 miles of trail and 182 trail options in PA. One of the best parts of riding the trails is meeting up with many friends from my church and township. I realized the trail is a wonderful spot for exercise and conversation.

We are taking one week of vacation with each of our daughters and their families early summer; one to Key West and the other to Beaver Creek. Aside from mapping out incredible restaurant choices, they are making plans for several outdoor activities. I'm hoping my dedication to physical activity will help me run with the agendas. However, I have a backup plan; while they arrange our daily activities, I'm booking massage therapy!

## There's An App for That!

Have you ever waited at a restaurant for a table? Few of us enjoy waiting for anything these days. We resort to playing games, checking social media accounts, or reading old emails on our mobile devices. There is a solution...

The NOWAIT app, found in the Android and iTunes stores, can alleviate your wait time. The app allows you to browse restaurants in your area and find wait times that fit your schedule before leaving the house. Add yourself to a waitlist with a single tap, right from your phone. You can check your place in line so you know exactly when your party will be seated. Best of all, you will be notified with a text message as soon as your table is ready. When you walk up to the host stand, you can immediately be seated at your table.

NOWAIT was acquired by Yelp in 2016 and is continuously adding restaurants across the country. The app allows the user to choose how and where to spend his/her time while waiting for a table. It gets great reviews and is free. Can you think of other businesses that could benefit from an app like this? How about a doctor's office, emergency room (for non-life threatening events), or driver's license center?



Nancy Diel  
Client Services at  
Main Advisory, Inc

I'm ready for spring! I can't complain. We had a nice winter, but I'm always looking forward to warmer weather.

Jake is assisting with stage crew again this year. I am excited to see the high school production of "Shrek the Musical." Abby's middle school musical, "Willy Wonka Jr," was entertaining to watch. She played a few different parts and had a few small lines.

Abby's gymnastics team recently traveled to New Jersey for a meet where they qualified for Nationals! One more long drive to a meet near Philly in April, then we head to Cincinnati, OH in June for the national meet!

Abby dug out her running shoes and has joined the track team again this year. Jake has decided to play recreational soccer this spring. He took a few years off but realized he missed playing the sport. I'm just glad he has a car and can drive himself to practice!

In my "spare" time, I enjoy getting together with my previous neighbors to play cards. I also participate in a book club. Thankfully, they are not serious readers, because I sometimes can't finish the books on time!

