

Procrastination: Your Costly Foe

Getting people to make a decision is the number-one problem financial professionals face when working with their clients, according to a recent poll.¹

Of the three main barriers that most people face when trying to reach their financial goals – taxes, inflation, and procrastination – the first two are practically guaranteed to occur, but the latter has the potential to be the most costly, yet is the easiest to overcome.

Why do people procrastinate when preparing for their financial future? Here's a look at some common reasons.

Fear of bad decisions – People often procrastinate because they are afraid. "You miss 100 percent of the shots you never take," hockey great Wayne Gretzky said.

When it comes to making decisions – such as how much to invest, where to invest, and what to do with underperforming investments – there will always be the risk of making wrong choices. But even bad decisions can be more valuable than no decision at all because they present a learning opportunity.

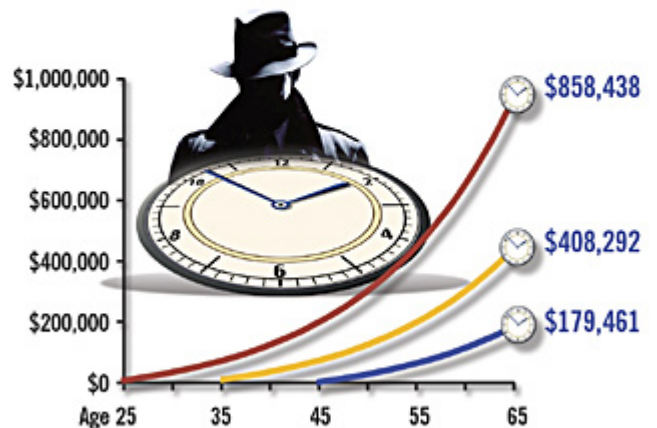
Lack of knowledge – Many people think they don't know how to pick a suitable investment because this difficult task usually requires education and experience.

One way to avoid this problem is by seeking professional guidance. Although there is no assurance that working with a professional will improve investment results, a financial professional who focuses on your overall financial objectives can help you consider options that could have a substantial effect on your long-term financial situation.

Poor time management – The day-to-day demands of having a career, raising a family, and maintaining a home often take precedence over investment needs. Most people schedule time to

Thief of Time

A 25-year-old individual who started investing \$4,000 per year in an account earning a hypothetical 7% annual return would have accumulated more than *double* the account balance by age 65 than someone who waited until age 35 to start investing, and almost *five times* as much as someone who waited until age 45.



This hypothetical example is used for illustrative purposes only and does not represent any specific investment. Actual results will vary. The effect of taxes and investment fees was not considered.

get the oil changed, visit the dentist, and get their hair done. Why not then schedule regular appointments to review investment matters and measure the progress made toward financial goals?

Time is one of the key ingredients to financial success, and procrastination can potentially cost you thousands of dollars. Squandering time is one mistake from which many people never recover.

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1) *Financial Planning*, March 2006