

## Client's Corner

# The Most Important Question

**THESE LITTLE ESSAYS, WHICH ARE FORWARDED TO YOU FROM** time to time by your financial advisor, almost always have to do with investing.

On second reading, let me amend that sentence: these memos *always* have to do with investing, albeit in a financial planning context. That is, they look at investments as a key contributor to the realization of your most important long-term financial goals—to your family's lifetime quest for enduring financial security.

Lastingly successful investing is, in that sense, always driven by a financial plan; it must never degenerate into a mere speculation on what the economy and/or the markets are going to do next, which isn't knowable.

Every once in a while, though, we need to remind ourselves that the question of how to invest is, in its entirety, a secondary concern. The most fundamental and indeed most critical issue in financial planning is something else.

That concern might best be summed up in the form of one question:

***Do you know pretty much exactly what would happen to your family financially if you didn't wake up tomorrow?***

If and to the extent that you don't feel confident you know the answer to that question, all investing concerns become, in a very real sense, moot.

Over these last two years, as the most deadly pandemic in a century swept this country and the world, we can't fail to have thought seriously about our own mortality. The virus overwhelmingly carried off the elderly and those with serious preexisting health issues. But it didn't kill *only* those people, and as we looked about us we found that its lethality was disturbingly random.

If we're like most people, we stopped thinking along these lines as soon as we could, and tried—indeed, are still trying—to get back to our normal lives. This is a very human mistake. But it's a mistake. The pandemic gave us the impetus to ask this most important question of ourselves, and we should accept that prompting as the gift that it surely is. If we're not sure of the answer, we should make finding it Financial Planning Priority Number One.

As a practical matter, getting this all-important answer will require us to examine the state of our life insurance program. We may find that the plan was quite adequate to our financial lives when it was originally put in place. But that as our lives and careers have progressed, it may not have kept up. It's only natural that as we get older we place more and more emphasis on investing for retirement. But in some sense we're speculating that that retirement will actually happen. That isn't a given. Our families need us to be reasonably sure either way.

Moreover, as our fortunes deepen, we may very well find that there are a number of ways to use life insurance as an efficient estate planning tool—not just as protection against premature death.

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It isn't just the adequacy of the amount of life insurance we carry that's an issue. It's also whether the policies are owned optimally from an estate planning standpoint, and even whether our beneficiary designations still accurately reflect our goals and plan for our family.

There's an easy way to find all this out, and that's to sit down with our financial planner between now and the end of the year, and call the question. Amid all the time and energy we spend on our investment portfolios, it shouldn't be too difficult to find an hour to do this.

I can certainly claim no expertise in this area. Nor do I need to, because I know who and where my experts are. That's one of the great benefits of having an overall plan, not just a portfolio. But I do know this. The most important principle in all financial planning is:

**We insure against what can go wrong to earn the luxury of investing for what can go right.**

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