

HOW IT'S DONE



Time and Financial Management Facts, Figures and Statistics

1. Communication

- a. The natural result of communication is misunderstanding
 - b. The illusion about communication is that it has been accomplished
 - c. The average working person spends less than **2 minutes per day** in meaningful communication with their **spouse or "significant other"**.
 - d. The average working person spends less than **30 seconds a day in meaningful communication with their children.**
 - e. 95% of divorces are caused by a "lack of communication"
2. 80% of employees do not want to go to work on Monday morning. By Friday, the rate only drops to 60%.
 3. The average person uses 13 different methods to control and manage their time.
 4. **Interruptions** - The average person gets **1 interruption every 8 minutes**, or approximately 7 an hour, or **50-60 per day**. The average interruption takes 5 minutes, totalling about 4 hours or 50% of the average workday. 80% of those interruptions are typically rated as "little value" or "no value" creating approximately 3 hours of wasted time per day.
 5. **Learning** - By taking 1 hour per day for independent study, 7 hours per week, 365 hours in a year, one can learn at the rate of a full-time student. In 3-5 years, the average person can become an expert in the topic of their choice, by spending only one hour per day.
 6. **Careers** - 97% of workers, if they became financially independent, would not continue with their current employer or in their current occupation.

7. Productivity

- a. 20% of the average workday is spent on "crucial" and "important" things, while 80% of the average workday is spent on things that have "little value" or "no value".
 - b. In the last 20 years, working time has increased by 15% and leisure time has decreased by 33%.
 - c. A person who works with a "messy" or cluttered desk spends, on average, **1 1/2 hours per day looking for things** or being distracted by things or approximately 7 1/2 per workweek. "Out of sight; out of mind." When it's in sight, it's in mind.
 - d. The average person has about 34 hours of work on their desk when they go home at night.
8. The average **reading speed is approximately 200 words per minute**. The average working person reads 2 hours per day. A Speed Reading course that will improve the reading rate to 400 words per minute will save an hour per day.

9. 90% of those who join **health and fitness clubs** will stop going within the first 90 days.

10. Meetings

- a. On an average day, there are 17 million meetings in America.
- b. 9 out of 10 people daydream in meetings.
- c. 60% of meeting attendees take notes to appear as if they are listening.
- d. When someone is asking for our time for a meeting, 80% of the time, there is an alternate date and time that will be acceptable.

11. 40% of working people skip breakfast. 39% skip lunch. Of those who take a lunch break, 50% allow only 15 minutes or less.

12. It takes approximately 30 days to establish a new physical or emotional habit.

13. The average worker sends and receives **190 messages per day**.

14. **49% of workers complain that they are on a treadmill.**

15. Angry people are twice as likely to suffer a heart attack as a person in better control of their emotions.

16. 75% of heart attacks occur between the hours of 5:00 a.m.-8:00 a.m., local time.

17. More heart attacks occur on Monday than on any other day of the week.

18. **25% of sick days are taken for illness.** 75% of sick days are taken for other reasons.

19. **95% of the things we fear will occur do not occur.**

20. Taking 5 minutes per day, 5 days per week to improve one's job will create 1,200 little improvements to a job over a 5-year period.

21. **20% of the working population has a different job each year.**

22. **1 out of 5 people moves every year.**

23. **"A project tends to expand with the time allocated for it."** If you give yourself one thing to do, it will take all day. If you give yourself two things to do, you get them both done. If you give yourself a dozen things to do, you may not get 12 done, but you'll get 7 or 8 completed.

24. **Delegation is an unlimited method to multiply time for achieving results.**

25. The hardest part about delegation is simply letting go. "If you want a job done right, you have to do it yourself."

26. **1 hour of planning will save 10 hours of doing.**

27. Hiring a college student to do routine tasks (grocery shopping, yard work, household chores, etc.) will free up as much as 20 hours per week for the average person to devote to more productive uses.

28. The average American watches 28 hours of television per week.

29. **The average worker gets 6 hours and 57 minutes of sleep per night.**

30. **Fire-fighting** - 80% of "Crisis Management" events are preventable. Most fire are arson.
31. The average worker spends 35 minutes per day commuting.
32. **Good Time Managers do not allocate their time to those who "demand" it, but rather, to those who "deserve" it.**
33. **The most powerful word in our Time Management vocabulary is "no".**
34. **70% of business and professional people use a "to do" list on a regular basis to administer their "have to's."**
35. **5% of business and professional people use a "to do" list on a regular basis to administer not only their "have to's", but also their "want to's."**
36. The "20/80 Rule" tells us we will typically accomplish 80% of our results through 20% of our effort. The other 20% of additional results comes from about 80% of additional effort.
37. **"Stressed" spelled backwards is "desserts".**
38. We retain 10% of what we read. We retain 20% of what we hear. We retain 30% of what we see. We retain 50% of what we hear and see. We retain 70% of what we say. We retain 90% of what we do.
39. **Half of what is known today; we did not know 10 years ago.** The amount of knowledge in the world has doubled in the last 10 years. And it is said to be doubling again every 18 months.
40. Time Management is not doing the wrong things quicker. That just gets us nowhere faster. Time Management is doing the right things.
41. **"If you always do what you've always done, you always get what you've always got."** To change our output, we must change our input.
42. It's five times cheaper to keep a client than to get a new one".
43. On average people drive an extra 276 miles per year because they don't stop and ask for directions?
44. 40% of the actions people perform each day are habitual.

Financial Facts & Figures

1. The chances of dying are one out of one.
2. The average life expectancy is 78.2 years
3. Males currently have a life expectancy of 75.7 years and females 80.6 years
4. The average age of first time widowhood is 52; the average age of a widow is 55.
5. 32% of women aged 55 and older are widows; about 25% remarry.
6. 45% of women aged 65 and over are widows.
7. 9% of men aged 55 and older are widowers; about 50% remarry.
8. 70% of widows change financial advisor within a year of their husband's death.
9. Nearly 700,000 women lose their husbands each year and will be widows for an average of 14 years.
10. There are over four times as many widows as widowers.
11. 70% of the long-term care facility population consists of women.
12. It is estimated that over 40 million Americans have disabilities
13. 95% of investment advisors said that their clients are fully satisfied with the advice they receive. In an apparent disconnect, only 63% of investors describe themselves as "fully satisfied."
14. 47% of U.S. adults, surveyed by Saybrus Partners Inc., Hartford said their advisors have never reviewed their existing life insurance coverage.
15. Only 49% of the U.S. adults surveyed by Saybrus Partners Inc., who have financial advisors and financial plans have talked to their advisors about adding life insurance to the plans.
16. 34% of U.S. adults surveyed by Saybrus Partners Inc., who have a financial advisor and a financial plan said that over the last two years, their advisor has recommended that they add some form of insurance to their financial plan.
17. 24% of U.S. adults surveyed by Saybrus Partners Inc., were advised to include life insurance specifically, while just 10% said their advisor had recommended long-term care insurance.
18. 1 out of 15 who calls themselves a "Wealth Manager" actually delivers the experience. (6.6%).
19. Wealth Managers have 3 times the income of investment generalists (\$881,000 vs. \$279,000).
20. Wealth Managers have fewer clients than generalists (100.1 vs. 269.3).
21. 58% of all adult Americans do not have a Will.
22. 85% do not have a Trust.
23. 80% have not written down their funeral instructions.
24. 22% have a plan to leave something to Charity.

- 25. 43 percent of American households spend more than they earn each year.
- 26. 52 percent of employees live paycheck to paycheck.
- 27. 46 percent of American households have less than \$5,000 in liquid assets.
- 28. Thirty percent of households (35 million) have no life insurance, (LIMRA's 2010 Life Insurance Ownership Study) among households with minor-aged children, 11 million lack coverage.
- 29. **Risk tolerance** is about the long-term; **risk perception** is about the short-term.

Are you paying attention to Women?

Women own 40% of privately-held businesses in the US.

Women account for 85% of all consumer purchases including everything from autos to health care:

91% New Homes	66% PCs
92% Vacations	80% Healthcare
65% New Cars	89% Bank Accounts
93% Food	93 % OTC Pharmaceuticals

Women represent the majority of the online market:

22% shop online at least once a day	92% pass along information about deals or finds to others
171: average number of contacts in their e-mail or mobile lists-76% want to be part of a special or select panel	58% would toss a TV if they had to get rid of one digital device (only 11% would ditch their laptops)
51% are moms	
http://www.she-conomy.com/facts-on-women	

Financial Rules of Thumb

The basic cash flow model is called the 10-20-70 formula. The formula suggests that you save 10% of income (guarantees); limit debt to 20% (excluding home mortgage); and allocate 70% of income to living expenses, (including home mortgage and taxes). This is a starting point for a conversation about financial rules of thumb. Keep in mind that rules of thumb are widely used principles with broad application, but they are not totally accurate or reliable in every situation. Here are a few basic rules of thumb to help you with the conversation about money:

1. John D Rockefeller's rule was to save ten percent and give away ten percent.
2. Bankers recommend that you allocate no more than 20% of net income to debt reduction (excluding home mortgage). The home mortgage should not exceed 3 times income. The monthly payment should not exceed 28%.
3. Total debt service including home mortgage should not exceed 36% of gross monthly income
4. Car loan payments should be under 10% of income and for no more than 4 years. Total transportation expenses should be under 15% of income.
5. Insure your life for 10 to 25 times your income depending on your age and obligations. For more information go to: <https://www.lifehappens.org/life-insurance>. The life insurance premium should be between 3 and 5% of Gross Income.
6. Liquid cash reserves should equal the larger of \$25,000 or six-month's income. Some people suggest that the number of months should match the current unemployment rate. E.g. rate is 7.2% unemployed; months liquid should equal 7.2.
7. Have at least 70-80%¹ of your income covered by disability insurance. For more information go to: <https://www.lifehappens.org/disability-insurance/>
8. Purchase long-term care insurance with a daily benefit equal to the average daily rate in your community and a benefit period of at least three years. For more information go to: <https://www.lifehappens.org/long-term-care-insurance>.
9. Insure your property for 100% of replacement value. Collision deductibles should equal one week's take home pay. As you build your cash reserves, increase your other deductibles to \$1,000 or more.
10. 401 (k) contributions should be at a level that maximizes any employer contributions. If your employer has a policy to match of 50% of your contributions up to 6%, then contribute 6% of your income to take full advantage of the match. If no matching program is available, contribute at least 5% to your retirement plans.
11. Base your retirement needs on 110% of your pre-retirement expenses.
12. Expect to safely withdraw and spend 4% of your retirement fund value every year.

¹ With a "Catastrophic" rider you can replace 100% of earned income. For example if you earn \$100,000 and have a group disability plan that pays 60% of your income, you would receive a taxable monthly benefit of \$5,000 when disabled. Additionally, you can purchase approximately \$1,400 of individual tax free disability income which brings your total coverage to 77%. With some insurance carriers, you can also add a catastrophic rider which would bring your total coverage up to 100% replacement.

13. Saving for College. The sooner the better. One thought is to save \$50 per month per child and then double the amount when the first one starts college. You may not have enough to cover the entire cost, but you will minimize school loans and the amount of time it takes to pay them off. For more information on saving for college, go to <http://www.savingforcollege.com/>.
14. Net worth² should equal ten percent of your age times your income (e.g. Age 45; 100,000 income = \$450,000 net worth) - Thomas Stanley, author of The Millionaire Next Door
15. Save from your income and invest from your savings.
16. Use 3.5% as the inflation rate per year. (The average rate since 1913 is 3.22%; http://inflationdata.com/Inflation/Inflation_Rate/Long_Term_Inflation.asp)
17. Have X% of your portfolio invested in stocks, where X is equal to 100 minus your age. With the increase in longevity; some experts suggest that you use 110 or 120 instead of 100.
18. Invest no more than 10% of your total savings in your employer's stock.
19. To determine how long it will take an investment to double, divide 72 by the annual return.
20. Consider refinancing your home if interest rates dropped by 1-2%.

Go to the **Bureau of Labor Statistics** <http://www.bls.gov/cex/> to find tables that will help you appreciate how the average person allocates his/her income. It will help you counsel your clients and help you help them deal with their money more effectively.

Some Sample Cash Flow Tables in PDF Format:

- ✓ **By Age Group:** <http://www.bls.gov/cex/2013/combined/age.pdf>
- ✓ **By Higher Income Level:** <http://www.bls.gov/cex/2013/combined/higherincome.pdf>

Take a look at <http://www.sharesavespend.com>. You will find some great ideas there that will help you create more talking points when you are working with your clients on cash flow issues.

Neither Ed Howat and Addie Woods Consulting Co. LLC, nor its representatives give tax, legal or financial advice. Please consult with an attorney, tax or financial advisor for such advice.

² The formula is used to define an "Average Accumulator of Wealth (AAW).