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Dallas, TX—Milwaukee, WI | **Leading Wealth Advisor**

Baird Family Wealth Group
Robert W. Baird & Company Inc.

“How would a longer lifespan affect my financial strategy?”

By Baird Family Wealth Group

If you are a baby boomer, first, the good news: Your generation, the one that sang, “Hope I die before I get old,” is going to live longer than any in history. The bad news? That means your retirement money has to last a lot longer than that of any other generation. To make the complex financial decisions required to address this dilemma, you are going to have to “expand your mind,” to paraphrase another popular boomer refrain. The trouble is, complex decision making has been shown to become more difficult the older we get.

Consider the results of a study recently published on Harvard University’s DASH repository that reveals just how much the life stage we are in determines the way we make decisions. Once again, the results are a mix of good and bad news, or, perhaps, a confirmation of what seems logical.

If you look at the chart, you will see a very simple illustration of the trajectories three life processes take over time. “Crystallized capital”—what most individuals think of as wisdom—accumulates continuously each year we live. However, our ability to process and interpret new information, referred to here as “fluid capital,” diminishes as we age.

Where these processes intersect, a third line arches just beneath them. This line measures our ability to make effective situational decisions, like the ones that govern our investments. It begins low as we move from infancy to maturity, peaks at midlife, and then

heads downward in pretty dramatic fashion as we grow older. In fact, according to this study, “about half of the population between 80 and 89 either has dementia or a diagnosis of cognitive impairment without dementia.”* In other words, you may not die before you get old!

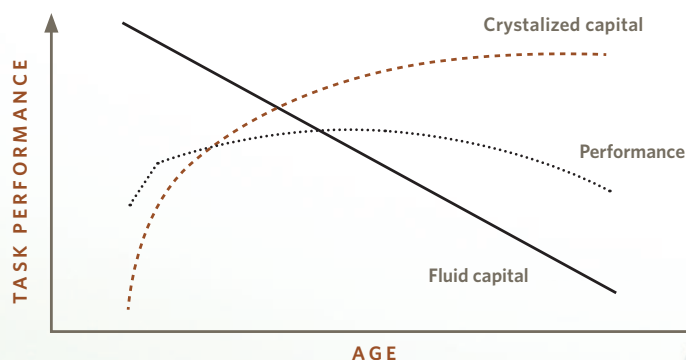
Not a comforting statistic, but think about it. Can you hit a tennis ball as hard as you could when you were 20, or run as fast, or do as many push-ups? Not many can. And just as physical prowess diminishes, like it or not, so do mental acuity and openness to new ideas.

As the chart shows, an optimal balance point exists between the positive capital of knowledge and experience we accumulate as we age and the period during which we inevitably become less sharp and more closed-minded. This is why those in their 40s or 50s should plan now to set the course for the rest of what may be a 100-year stay on this planet. In short, plan early and do not

put off complex decisions relating to wealth and estate planning.

If you are a boomer, you may also want to think about where you are getting your advice. Simply put, if your advisor is your age, that person has accumulated similar wisdom and is likely set in certain ways. We suggest you take a fresh look at your financial plans and do so with the benefit of multiple perspectives. Many advisors address this issue by surrounding themselves with a diversified team of experts who range in age and who can provide different points of view.

Finally, do not despair; you can take steps to help preserve your intellectual capital. We suggest you build your cognitive ability, whatever your age, by exercising your body and your brain. Engage in vigorous physical and intellectual activity. Embrace the “use it or lose it” philosophy. Take courses or study something you always wanted to know about. As the saying goes, “Expand your mind!”



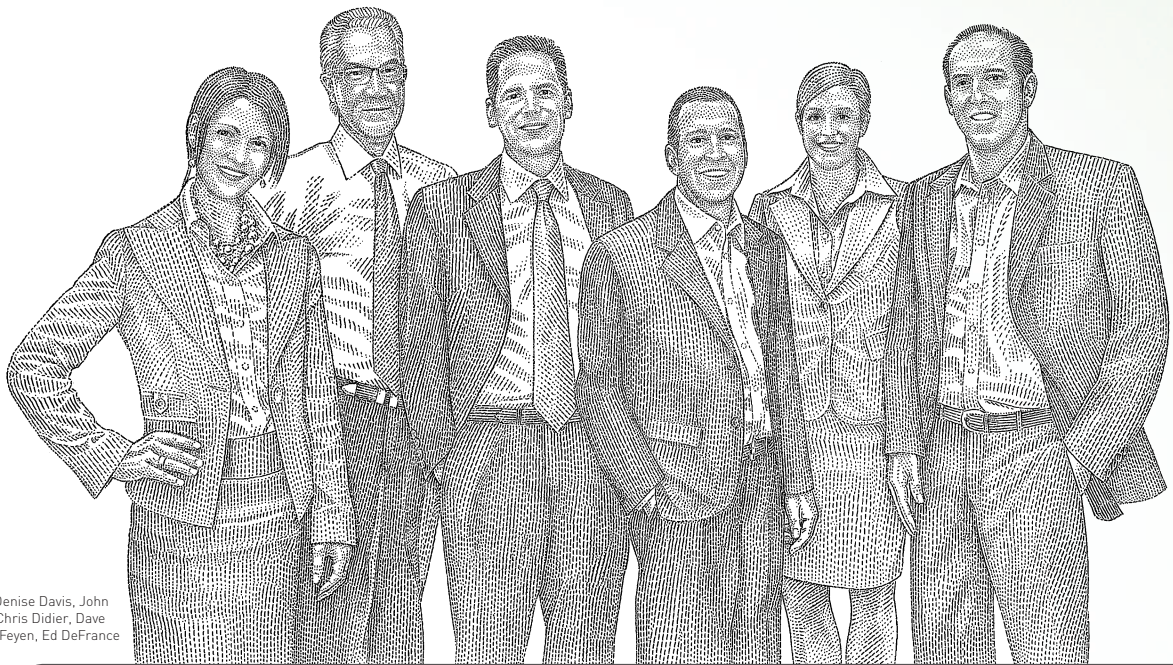
*Source: Romer, David and Justin Wolfers, eds. *Brookings Papers on Economic Activity*: Fall 2009. ©2010 The Brookings Institution

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– Baird Family Wealth Group

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Left to right: Denise Davis, John Mockovciak, Chris Didier, Dave Klenke, Bryn Feyen, Ed DeFrance

About Baird Family Wealth Group

The Baird Family Wealth Group is a multifamily office committed to providing customized and comprehensive wealth management services to successful families. The group’s depth of investment and planning expertise, combined with the highly personalized attention they offer, allows them to simplify their clients’ financial life while providing clients with world-class portfolio management. The Family Wealth Group is part of Robert W. Baird & Co. Since 1919, Baird’s commitment to keeping clients first has made the company a trusted partner to individual investors, families, corporations, institutions and municipalities. Baird has grown to meet the needs of its clients while maintaining the core values that have kept the company strong. Baird is employee-owned, and its employees are passionate about what they do, knowing from experience that the best way to do business is with their clients’ best interests in mind.

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