



Will Power

Craig R. Hersch *Florida Bar, Board Certified, Wills, Trusts & Estates Attorney; CPA*

INDIVIDUAL EMPOWERMENT

Last week I wrote about the creation of “new wealth” globally and in our society as a product of the microchip. Today I’m going to focus on how the new microchip economy is changing from one that is centrally controlled to one where you, as an individual, are empowered now more than ever – but with this empowerment comes responsibility to plan and take care of oneself. There won’t be many “safety nets” in our new age. I’ll tie this all together in how this affects your estate and financial planning.

After World War II, which marks the beginnings of the modern industrial age, political and business structures were “top down”. Large corporations employed workers for their lifetimes, assigned the workers tasks to fit into the larger corporate systems and hierarchies, and established pensions for the workers’ retirements. Three television networks dictated the programming that we would watch. Large publishing houses decided which transcripts were worthy to become the books that we would read.

All of this is changing due to microchip technology. Our new technologies provide unlimited access to information as well as instantaneous communication capabilities. The microchip has changed the way that humans function – here and around the globe.

Large corporations like IBM and United Airlines to name two, have had to reorganize their business plans to compete with their smaller, more nimble competitors. CBS, NBS and ABC no longer provide all of the viewing choices available at any given time. Not only that, but the hundreds of networks now available to choose from compete with other video entertainment options such as YouTube or video games. Anyone can self publish a book and offer it through Amazon or Barnes & Noble online distribution channels.

In short, the power of the microchip is enabling the individual to do things that would have been considered impossible only a decade ago. We are living in a transformative age that rivals other times of significant human advancement, such as when the printing press was invented or when the telephone became common. Mankind’s tools to access information, to be productive at work and to communicate are like none that we have had ever before.

I mentioned last week that this age will foster entrepreneurial growth and opportunities for those with special skills and education. The opportunity to accumulate wealth is going to increase over the next several years. One must be prudent, however, in planning for the future – and save for retirement costs, health care costs as the current “safety nets” enjoyed by many will not be as widely available as before.

Although many will make a great deal of wealth over the coming decades, the very same tools used to make that wealth can be misused. These are dangers with the microchip age. Take trading stocks, for example. Years ago one had to use a broker to trade stocks. Today everyone has access to trade instantaneously on Wall Street. But who has the requisite skill, temperament or research at hand to do a decent job?

The microchip age has fostered a plethora of hucksters selling “day trading systems” promising their users the ability to make millions. Some do make millions, but most of those are the people actually peddling the day trading systems. Many fortunes have been lost by those believing that they can outmaneuver the trading professionals.

The loss of centralized structures affects retirement planning as well. With the loss of “top down” large institutions we’ve also lost many of the workers’ safety nets. No longer do large institutions take care of individual workers from cradle to grave. Health benefits often require significant contributions from employees and come with high deductibles. When you leave your job you also leave behind your health plan.

Corporate pensions have largely disappeared as employees become more like independent contractors, working for organizations briefly for specified projects. More troubling, the loss of the private sector safety nets may soon be followed by the loss of the public sector safety nets such as Social Security, Medicare and Medicaid budgets tighten.

This places a premium on hiring those financial planning specialists who have the requisite knowledge, skill and experience to deal with your individual situation. Since you are now going to be responsible for creating your own retirement, health care and old age safety net, how you save, invest and plan today will have a more significant impact on your future welfare than ever before. To that end, your estate plan should be carefully thought out to maximize the use of available exemptions and credits, and foster the ability to change with the times as you age.

So rejoice in this new free market capital society that we have created. But at the same time recognize that we have clear and present dangers that accompany these good times. Proper forethought and planning will become more important now than ever.

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