

Change Your Thinking...or Forget about Retirement

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Our world today, in many ways, is unrecognisable to the one portrayed by the likes of Spencer Tracey, Katharine Hepburn and Humphrey Bogart.

For all of these changes in attitudes and expectations, some constants remain.

We expect to be employed.

And, during our working lives, we expect to generate sufficient savings to own a home and to (partially or fully) fund a decent retirement.

We also expect to die.

But what if in the space of a generation or two these expected constants were to become variables?

In 2050, will our children look back fondly at movies of 2017 and reminisce about simpler times?

In his book, *Homo Deus – A Brief History of Tomorrow*, the author, Yuval Noah Harari, writes...

‘In the early twenty-first century the train of progress is again pulling out of the station... Those who miss this train will never get on.’

The Industrial Revolution was transformational. Those who failed to adapt were left behind.

The mechanisation of agricultural production and distribution forced many subsistence farmers off the land and into factories.

Industries built around the horse and cart became obsolete.

Machine-operated mining. Mass production. Global shipping. Television. Medical advancements. They all combined into a force of change.

Old and inefficient industries replaced new, more economical ones.

The industrial revolution created the middle class and consumerism. People aspired for more...and for *better*.

The notion of a comfortable [retirement](#) was a product of the Industrial Revolution.

But, as the old movies show us, nothing stays the same forever.

Change is a constant.

The middle class is under threat. Comfortable retirements are no longer a rite of passage.

The agents of change are individuals like Vint Cerf (the father of the internet), Steve Jobs, Bill Gates and Jeff Bezos (founder of Amazon).

It only takes a few to affect the lives of the many.

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Yuval Noah Harari's thought-provoking book outlines why we're on the cusp of enormous change — the train of progress is picking up steam.

The agents of change are gathering in number. The pace of change is far more rapid than society experienced throughout the Industrial Revolution.

Harari poses questions that the vast majority are not even contemplating:

'What will happen to the job market once artificial intelligence [AI] outperforms humans in most cognitive tasks?

'What will be the political impact of a massive new class of economically useless people?

'What will happen to relationships, families and pension funds when nanotechnology regenerative medicine turn eighty into the n

'What will happen to human society when biotechnology enables us to have designer babies, and to open unprecedented gaps

These are not the dreamy musings of a science-fiction writer.

The thin edge of the AI wedge is evident for all to see.

Jobs in all classes — working, middle and professional — are being made redundant.

The [technology revolution](#) risks the creation of a new class: the economically useless.

With a global population in excess of eight billion, the ranks of this new class could easily swell into the tens, if not hundreds, of millions.

As my God-fearing mother was fond of saying: The devil makes work for idle hands.

What policies can the government introduce to stop this many idle hands from getting into all sorts of mischief and depression?

Will we have a universal basic income?

If so, where does the money come from?

Taxes? Printing money? Or a combination of both?

Automation and AI completely upends the expectation of having a job, buying a home and funding a retirement. People may need to find a new purpose in life. This evolution in our thinking could take a generation or two to play out.

Regenerative medicine is already here. How many people do you know living into their 90s?

‘Quite a few’ would be my response.

Today, if someone passes away at 80, we say ‘that’s too soon’.

What’s going to happen when medical science ‘turns eighty into the new fifty’?

With the prospect of people living well beyond 100, it changes a whole lot of expectations.

The longer we live, the greater the likelihood medical science will push the boundaries on longevity. What happens if we live far longer than ever imagined...to, say, 150?

Impossible? Don’t bet on it.

Expect the unexpected

If our forefathers came back today, they’d think the world we live in is an impossibility.

Agents of change turn the impossible into the possible.

Do we expect to be married to the same person for over a century?

Do we expect to retire at 65 and live 85 years in retirement?

How are you going to fund that expectation?

Do we expect to die, bearing in mind that the longer we live the more that science may find out about the human and how to rejuvenate our cells to increase longevity?

The world is on a collision course.

The legacies of the Industrial Revolution — the age pension, retirement at 65, abundant employment prospects, and the enormous amounts of debt accumulated to finance our expectations — are at odds with the world we are entering.

These legacies have no place in the world that’s to be created from the Technology Revolution.

Something must give.

If history is a guide, the future always wins. You may halt progress, but you cannot stop it.

The young and as yet unborn will evolve — as we did — with this coming change.

However, for those of us old enough to remember black and white movies, but young (in relative terms) enough to still have a future to plan for, the challenge is to navigate our way through the period of upheaval in our way.

Those who are planning on tomorrow being a carbon copy (an old saying from the days of the typewriter) of yesterday, will have many years to lament what went wrong.

They will yearn nostalgically for the good ol’ days.

But those days will be long gone...along with their retirement capital.

If you want to stay afloat and capitalise on the change that’s coming, [go here to learn how](#).

Regards,

Vern Gowdie,
Editor, *The Gowdie Letter*

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Vern Gowdie has been involved in financial planning in Australia since 1986. In 1999, Personal Investor magazine ranked Vern as one of the top 100 financial planners in Australia.

His previous firm, Gowdie Financial Planning, was recognized in 2004, 2005, 2006 & 2007, by Independent Financial Adviser magazine as one of the top 100 financial planners in Australia.

He is a feature editor to Markets and Money and is Founder and Chairman of the Gowdie Family Wealth and the Gowdie Letter advisory services.



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