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Parting Shot: What I Learned From Writing 1,008 Columns

By JONATHAN CLEMENTS

If you haven't liked my previous 1,008 columns, you will like this one. It's my last.

Some 26 years after I started my journalism career at a small newspaper in the Washington suburbs, I have finally decided to take my mother's advice and get a real job.

Yes, I am leaving The Wall Street Journal and, indeed, leaving journalism -- which means this is my parting shot. That brings me to an issue that I probably should have addressed in my inaugural 1994 column, rather than waiting until now: What is the reason for all this saving and investing?

The short answer is, you save now so you can spend later. But what will you spend your money on? People dream of endless leisure and bountiful possessions.

Unfortunately, after a few months, endless leisure often seems like endless tedium. Similarly, you might imagine that a flashy new car or a fancy new home will be your ticket to eternal bliss. But a year after you make your purchase, the thrill will likely be gone, and you will be lusting after something else. My point: The "rich life" of popular imagination is no great shakes.

That doesn't mean money can't enhance your life. In fact, I believe wealth can deliver three key benefits. The good news: If you are savvy, you can enjoy this trio of benefits even if you don't have great wads of cash. A fat portfolio just makes it all a little easier.

1. If you have money, you don't have to worry about it. This isn't guaranteed. There are lots of rich folks who agonize constantly -- and needlessly -- about their finances. Still, if you save diligently, you should reach the point where money worries are relatively rare.

This feeling of financial serenity isn't, however, only for the wealthy. If you live beneath your means and invest prudently, you can achieve a sense of financial control long before you achieve full financial independence.

As I see it, this is yet another reason to follow my favorite investment strategy, which is to build a globally diversified portfolio of low-cost index funds.

If you are diversified, you don't have to fret about your wealth imploding because of a few disastrous stocks or a single rotten market. And if you buy index funds, you don't have to worry about badly lagging behind the market averages because you or your fund managers pick the wrong stocks.

2. Money can give you the freedom to pursue your passions. Ideally, you want to spend your days engaged in activities that you find absorbing and satisfying, that you feel you're good at -- and where you feel you're doing good.

Indeed, the happiest retirees are typically those who have a sense of purpose, whether it's volunteering for their pet cause, coaching a children's sports team, helping their church or returning to long-neglected studies. Retirement gives them a chance to pursue their passions without worrying about a paycheck.

But again, you don't need to be financially independent to have a sense of purpose. If you're young, you can pick a career that is close to your heart. If you're in your 40s and you have been saving for 15 or 20 years, maybe you can afford to swap into a new job that is less lucrative but more fulfilling.

3. Money can buy you time with friends and family. You don't just need a reason to get up in the morning. You also need somebody to come home to at night.

Studies have found that regularly seeing friends and family can provide a huge boost to happiness. Money helps in this regard, allowing you to go out to dinner with neighbors, travel to see old friends, take your family on vacation and go to the theater with your spouse. If you don't need to work or you only work part time, that will help further, giving you more hours to share with the folks you like best.

But while money makes all this easier, it clearly isn't a necessity. Disgruntled with your lot in life? My advice: Forget spending more money at the mall -- and instead spend more time with friends. Your bank account may still be skimpy, but your life will be far, far richer.

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