

Two Non-Financial Ways to Boost Your Wealth



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Long-term wealth creation and preservation does not occur within a bubble. Rather, it's influenced by many factors, including allocation choices, investment selection, career path, inheritance (and lack thereof), financial discipline, etc. It's also affected by one's health. To that end there are two non-financial actions you can take to boost (or at least preserve) your wealth: exercise and meditation.

The former could reduce your medical expenditures, while the latter can help improve your decision process. I'll discuss both, with research on both.

YOGA MAY BE GOOD
FOR YOUR BRAIN
AND YOUR WALLET



Let's start with exercise. A study published last year in the **American Journal of Preventive Medicine** (and referenced in this month's issue of **Money**) found that being very fit during midlife led to a significant reduction in medical expenditures later in life relative to someone who isn't physically fit. The study was based on analysis of approximately 5,000 people. Each participant's fitness levels were measured and recorded at an average age of 56. The study's authors then tracked the Medicare claims filed by those individuals later in life until study participants passed away or the study period ended. Participants who had unfavorable cardiovascular health characteristics when they were in their 50s went on to have average non-cardiovascular disease expenditures of \$5,058 per year. In contrast, those who were categorized as having favorable cardiovascular health averaged \$3,883 in annual non-cardiovascular disease expenditures. Cardiovascular disease

expenditures were also higher for the non-fit group, averaging an additional \$600 per year. (Expenditures included Medicare, third-party insurance reimbursement and out-of-pocket costs.)

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- **Health Savings Accounts** – Since we’re talking about health and finance this week, the new July *AAII Journal* features an overview of health savings accounts (HSAs).
- **Aging and Investing: The Risk of Cognitive Impairment** – Harvard University’s David Laibson discussed how cognitive impairment compromises one’s ability to make good decisions.

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Highlights from the *AAII Journal*

- **Model Shadow Stock Portfolio: The Limitations of a Real Portfolio** – AAI’s founder and chairman Jim Cloonan’s latest quarterly commentary about the Model Shadow Stock Portfolio is now online.
- **Using the Z-Score to Assess the Risk of Bankruptcy** – The Z-Score identifies whether a company is at risk of financial distress; its creator talks about how to use the model.

AAII Sentiment Survey

Bullish sentiment reached a nearly three-month high as optimism exceeded 30% for just the eighth time this year. [More about this week’s results.](#)

AAII Asset Allocation Survey

Individual investors boosted their exposure to equities in June, though over the four-month period of March through June, allocations overall have not changed much. [More about the latest results.](#)

What's Trending on AAI

1. **Avoid the Top 10 Mistakes Made With Beneficiary Designations**
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The Week Ahead

Second-quarter earnings season will “officially” start next week. The only Dow Jones industrial average component scheduled to report will be JPMorgan Chase & Co. (**JPM**), on Thursday. Joining it will be 12 other members of the S&P 500, including fellow banks Citigroup (**C**), U.S Bancorp (**USB**) and Wells Fargo (**WFC**) on Friday.

The week's first financial reports will be the Labor Department's May Job Openings and Labor Turnover Survey (JOLTS) on Tuesday. Wednesday will feature June import and export prices and the Federal Reserve's periodic Beige Book. The Bureau of Labor Statistics will release its June Producer Price Index (PPI) on Thursday. Finally, Friday will feature the June Consumer Price Index (CPI), June retail sales, the July Empire State manufacturing survey, June industrial production and capacity utilization, May business inventories and the University of Michigan's preliminary July consumer sentiment survey.

Seven Federal Reserve officials will make public appearances this week: Cleveland president Loretta Mester on Monday and Tuesday, Kansas City president Esther George on Monday and Thursday, Minneapolis president Neel Kashkari on Tuesday and Friday, Dallas president Robert Kaplan and Philadelphia president Patrick Harker on Wednesday, and Atlanta president Dennis Lockhart and St. Louis president James Bullard on Thursday.

The Treasury Department will auction \$24 billion of three-year notes on Monday, \$20 billion of 10-year notes on Tuesday and \$12 billion of 30-year bonds on Wednesday.

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