



The Math and Money in Transportation Choices ***June 2020***

Amongst my family and social circles people commonly call me a cyclist. Although I ride bicycles frequently, I also walk, drive cars, take the bus or train, fly and more recently bought an electric scooter. For me, being called a cyclist raises the same cringing feeling I get when being called a broker, a reference to the likelihood I am dealing with some combination of stocks and bonds throughout my days, but also something I haven't been licensed for since 2016. Just like broker is an inaccurate term and I'd much rather be called a CERTIFIED FINANCIAL PLANNER™ (CFP®) or a fee-only Registered Investment Advisor, it also rings true I ride bicycles, but would much rather be referred to as an advocate for safe streets or a believer in sustainable modes of transportation.

So it's the case when I am referred to as a cyclist I respond "yes, I do ride bicycles, but I also get places other ways too," or better said "I'd really like to see us living in a world where all people can feel safe and comfortable getting from point A to B from the seat of a bicycle or some other, more sustainable mode than a 4000 lb. rolling living room that threatens the lives of everyone else around them." According to the National Highway Traffic Safety Administration in 2018 there were an estimated 6,734,000 police-reported motor vehicle crashes in the United States, resulting in 36,560 fatalities and 2,710,000 injuries. Globally, an estimated 1.35 million people are killed on roadways annually. These numbers are staggering and overwhelming.

More recently, the Certified Financial Planner Board of Standards, Inc. found only 1 in 4 Americans feels financially prepared for retirement. Meaning over 245 million people feel unprepared. 79% also do not feel reassured they have the best retirement savings strategies available to them. These numbers are likewise staggering and overwhelming.

According to the American Automobile Association, the estimated annual cost of car ownership is around \$9,282. Were a person to choose cycling or transit in place of car ownership it's feasible their \$6,000 IRA Contribution could be the difference between retirement earlier and healthier or later and closer to death.

With my oldest child about to turn 20 this year I ran the math on 40 years of giving up car ownership, instead choosing to place \$6000/year into a Roth IRA. What might that yield? It turns out using a simple calculation with an average rate of return of 6% per year, she'd have just under \$1Million saved in the account. How's that for math?

Just over 6 years ago I made the choice to purchase an electric-assisted cargo bike for various reasons. I was told the bike had a 20-50 mile range on the battery and, with it, I'd be capable of hauling anything or anyone up to 200 pounds without breaking a sweat. Doing the math, I quickly realized the bike itself could replace a car in most cases.



So, the next time you get to the end of the year and can't find how to drum up enough savings to fund retirement you might give a thought to the cost of your car ownership and your daily driving habits. It might just possibly be the electric assisted cargo bike path to your future retirement!

True story: just as I was wrapping up the last sentences of this article, I received a call from wife. She had just found a car she wanted and was choosing to buy it! To this I can only laugh. And so, the cycle continues.

Phil Richman CFP®

www.tenbridgepartners.com

(971) 277-1077

Phil Richman has been a Certified Financial Planning Practitioner for over 13 years and an advisor for almost two decades helping people achieve their goals through innovative thinking and pragmatic approaches. He is an advocate for sensible safe transportation options and is involved in the City of Portland helping to plan and organize our City around multiple modes of transportation choices.