

# THE SINGULARITY CONVERSATION



An article by  
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By Bill Bachrach, CSP, CPAE

The single most important thing that will impact you and your clients' futures is The Singularity.

What is The Singularity? According to Wikipedia: "The **technological singularity** is the hypothesis that accelerating progress in technologies will cause a runaway effect wherein artificial intelligence will exceed human intellectual capacity and control, thus radically changing civilization in an event called "the singularity". Because the capabilities of such an intelligence may be impossible for a human to comprehend, the technological singularity is an occurrence beyond which events may become unpredictable, unfavorable, or even unfathomable."

Why does it matter to your clients? Because the future they are preparing for is likely to be very different than the one being envisioned when you are working with them to create their plan. Most significantly, they are unlikely to die when they think they are, therefore, all of the projections for how much money they need are wrong. Way wrong.

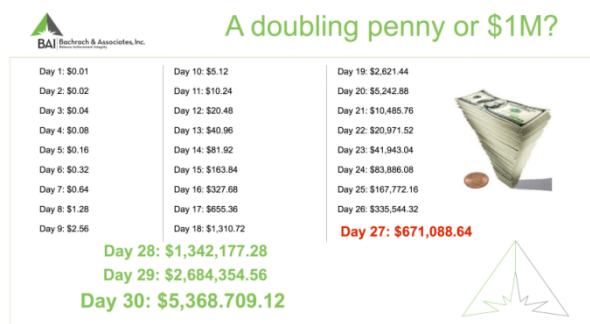
Why does it matter to you? Because you care about your clients it's your job to help them make the decisions today to prepare for a better future. And your future, professionally and personally, is likely to be very different than you think. Since you are just as unlikely to die when you thought you were, you are going to need a lot more money than you planned. You will likely work much longer than you intended in a world changing so rapidly that you may not feel equipped to handle it.

What's driving this progress? It almost seems trite to mention Moore's law, but in case you have been living under a rock for the last 30 years, again from Wikipedia: "In 1965, Gordon E. Moore was working as the director of research and development (R&D) at Fairchild Semiconductor. He was asked by Electronics Magazine to predict what was going to happen in the semiconductor components industry over the next ten years. In an article published on April 19, 1965, Moore observed that the number of components (transistors, resistors, diodes or

capacitors) in a dense integrated circuit had doubled approximately every year, and speculated that it would continue to do so for at least the next ten years. In 1975, he revised the forecast rate to approximately every two years."

That's why you own a mobile device with more computing power than was used to put a man on the moon in 1969. The Singularity is to technology what compound interest is to money. Compound interest is an accelerating return. The Singularity is accelerating technology. Accelerating, or exponential, technologies are disrupting everything.

All rookie financial advisors had to learn the power of compound interest. It can be a hard concept to grasp because human beings think linearly and not exponentially. Compound interest is exponential. To help us understand this phenomenon some of us were asked a simple question, "would you prefer to have \$1 million in cash right now or a penny that doubles every day for 30 days?" We knew there was a catch, but we didn't understand what it was. It's hard to



grasp that a penny doubling every day could be worth \$1 million in our lifetime, let alone in just 30 days. Here's the illustration:

For the first 27 days the million bucks cash looks like the better choice. And then BAM... on the 28th day the doubling penny eclipses the million. By the 30<sup>th</sup> day it's over \$5.3 million!

That's the power of compound interest. But wait, there's more! Suppose the first 30 days of the doubling penny is an analogy for how far technology

has come since the 1960s. At first, it's not impressive. The second day the doubling penny is worth 2 cents, the next day 4 cents, the day after 8 cents. Big whoop, right? Then on the 28<sup>th</sup> day it's more than a million bucks. Now we're talking real money and the doubling from here on is astounding. That's what's been happening with technology.

The analogy really gets interesting when you consider what happens to the doubling penny in the *second* 30 days. The growth is ACCELERATING so day 31 starts at \$10,737,418.24. It's no longer a doubling penny... it's doubling millions, then doubling billions, and then doubling trillions. It's why the rich get richer. Here's how it turns out:



That's 5 Quadrillion, 764 Trillion, 607 Billion, 523 Million, 34 Thousand, and 235 dollars. For perspective, one quadrillion is a thousand trillion, ten thousand billion, and one hundred thousand million. We're talking real money now!

The challenge for humans is that even though the past growth of technology has been exponential they continue to think linearly, which is too simplistic. We say things like, "Yeah, I know there has been a lot of progress in technology and I'm sure it will continue." We have a hard time fathoming how big and fast the world will change. That's why something like the robo-advisor feels like it snuck up on us.

Good news or bad news? Well, that depends on your perspective and your choices. I believe that humans and machines will learn to coexist in a way that is good for you and good for your clients. I think of this less in terms of the business decisions you'll face and more in terms of the conversations you need to be having with your clients right now.

Consider this excerpt from Ric Edelman's FA Mag article of Feb 5, 2015 (<http://www.fa-mag.com/news/what-got-you-here-won-t-get-you-there-20661.html?section=47>)

"Current life expectancies for 65-year-olds are 88.8 and 86.6 years for women and men, respectively. But futurists say the first person to reach 150 years of age has already been born, and some project that people alive today will live 300 years or even longer. The best part: Medical technologies will actually 'cure' aging—meaning you could reach 150 but feel as though you're just 45!"

What if that's true? What if it *might* be true? Do you have a Singularity client conversation agenda? I get it, you're afraid your clients will think you're crazy. What's crazy is how you and your clients probably came up with the target date for their death and, therefore, how long their money should last.

Advisor: "So, when would you like to retire?"

Clients: "62 would be good."

Advisor: "And how long do you think you'll live in retirement?"

Clients: "Well.... our fathers lived into their late 70s and our mothers into their mid-80s.... so.... we've got pretty good genes, we're taking good care of ourselves, and people are generally living longer these days. I'd say we should make it into our late 80s or early 90s. Maybe 95 to be on the safe side."

Advisor: "Okay, then. We'll create projections so you don't run of money until age 95."

Clients: "That works for us."

And off you go to create a plan that will almost certainly blow up because the future it's based on will be so much bigger than most planners and their clients can imagine. In fact, many financial planning software programs don't allow you to project past age 99!

Is it really your job to help clients have an understanding about things that could radically change their futures so they make better decisions? Whose job would it be if not yours?

Too many advisors think their job is only about money, so they study money and dispense financial

advice from a perspective about a world that's not going to exist. Really, your job is to help people prepare for the future. So, shouldn't you be studying the future?

This is how the most trusted advisors approach their clients and advice. Here's how you get the ball rolling for this crucial conversation in a simple email with an article attached. (The article is from Time Magazine and makes a nice introduction to The Singularity;

<http://content.time.com/time/magazine/article/0,9171,2048299-1,00.html>)

“There are important things happening in the world that could substantially alter your plans for the future. Please read this article and let's discuss this further at our upcoming meeting.”

At the meeting, consider questions like:

“What were your thoughts about the article and The Singularity?”

“What do you think the implications of The Singularity might be on your futures?”

“What adjustments to your goals would you like to consider in light of The Singularity?”

It's not your job to predict the future. It is your job to help your clients prepare for a variety of future scenarios. Consider “what-if” scenarios for postponing retirement, keeping skills sharp, keeping their CV up to date, having a plan to go back to work at a later date, exploring other money-making options, like starting a business, etc. What about a discussion about improving physical fitness? How would a person who might live to 150 take care of themselves?

And what about you? How much money are you going to need? How much longer will you have to work? What adjustments will you have to make in your business to work more effectively with the machines? At the very least, keep this in mind: In any battle between machines and humans, the machines always win. Do not compete with the machines!

Want to learn more?

Read *The Singularity is Near* by Ray Kurzweil.

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Bill Bachrach's thinking, writing, speaking, and training have made him one of the most popular resources in the world for Financial Advisors who seek to build high-trust client relationships, master client acquisition, and emulate the success habits of the Top Advisors. His books are industry best-sellers and his articles appear in the most prestigious financial services publications around the world. For more information or to book Bill now, call Anne Bachrach at 619-255-4888 or visit [www.billbachrach.com](http://www.billbachrach.com)