

Peak Oil, Global Climate Change, and the Planner's Response



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By Richard E Vodra, J.D., CFP®
Spire Investment Partners, LLC
McLean VA 22101

Richard.vodra@spireip.com

PO&GCC Financial Planning Principles



- Applying financial planning principles to PO+GCC
- What are positive – or at least less depressing – ways to think about these issues?
- How would we plan for clients who have comparable problems?

Financial Planning Responses



**Two kinds of responses to PO&GCC we
can suggest with clients:**

- Investment based decisions
- Life decisions

Financial Planning Responses



Impact: PO+GCC will likely cause disruption and new rules at all levels

Responses: Reduce risk exposure generally
Reduce personal debt

Financial Planning Responses



Impact: PO+GCC will likely create a world in which traditional energy sources are much more expensive, much less reliable, or much less available

Responses: Prepare now to live in that world
Reduce your energy and carbon “footprint”

- Downsize
- Live close to family
- Live close to work
- Take vacations now

Financial Planning Responses



Impact: PO+GCC is likely to create a world where transportation of all kinds is much more expensive than we have now.
Agriculture will be especially affected.

Response: Localization can become a way of dealing with transparent issues

- Support farmers markets
- Support local retail and production
- Participate in community organizations
- Know your neighbors
- Support alternative transportation

Financial Planning Responses



Impact: PO+GCC is likely to affect the availability of products and services. Repairing and reusing will become common again. Self-reliance will be more important

Responses: Become and stay healthy
Learn new skills

Financial Planning Responses



Investment policy statement process

The way we should do it:

1. Define goals, horizons, resources, risk limits, and so on
- 2. Clearly define the worldview and investment assumptions being used.**
3. Describe the investment process and set the model portfolio

Financial Planning Responses



What might a “Worldview Two” portfolio Look like?

Key aspects

- Internationalization – dollar weakness
- Relative price rise for energy, commodities
- Major risks of inflation and deflation
- Major risk of economic declines or slow growth

Financial Planning Responses



What might a “Worldview Two” portfolio look like?

| | |
|-----|---|
| 10% | US cash |
| 10% | Non-US cash |
| 10% | TIPS bonds |
| 10% | Non-US bonds |
| 10% | Commodities – indexed or direct holdings |
| 20% | Energy and natural resources |
| 25% | General common stocks, globally diversified |
| 5% | Real estate |

More direct investments, fewer securities
More money put into changes in the way we live

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|--|-------|
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| Investment Market Vectors-Global Alt. Energy ETF | GEX |
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| Investment Fidelity Alternatives Fund | NALFX |
| Investment Portfolio 21 | PORTX |
| Investment Shares Cleantech Portfolio | PZD |
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| Investment Contra Green Fund | SPEGX |
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| | | |
|-------------------------------|---------|----------|
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Conclusion



Thank you for participating
in this conversation

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Richard.vodra@spireip.com

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