



## Episode 130 - Consuming Financial Media - A How-to Guide *Episode Transcription*

*“What you have to do is navigate the financial world as you’re navigating a bunch of financial product salespeople.”*

Paul Adams

I am so happy to have you with us. We talked about, just an episode of two ago about what we're bringing you now in 2019. We're breaking into a new season. I think it's going to be very special for everybody.

What we're going to be doing is really focusing on a lot of concerns for our high income founders, entrepreneurs, that business owner group. Because as many of you know, most of the clients we work with make between \$300,000 and \$2M dollars of annual income. Now, the reason I say annual income is because I just talked to one of the top CPA coaches in the country. And Cory I was talking to her about how we make our decision of generally speaking who might be right for us, with some soft borders. We'll go below \$300,000 of household income, if you're still saving well and your real coachable, great. We do that all the time. In fact, just not long ago worked with a podcast listener that had digested like 40 episodes and they were like a \$200,000 household, and we said, absolutely. It worked out well, and it was it was ethical for us to engage with them.

But then on the other end, we want to be careful about the households that are over \$2M dollars because we're not looking to work with your board room or committee and when you're making \$3M, \$4M dollars a year, sometimes people bring with them, without even knowing it an entourage of opinions, which just complicates our lives.

And what we want to do is make sure where we're living a life that has us always engaged with our clients, happy. And bring our most to them and to you whenever we do something like record this podcast because we're not smoked from having dealt with a bunch of folks that we didn't enjoy working with.

So as long as those people still make their own decisions. So I talked to this woman about who we work with, and I said it 4 times and was on the fourth time, she goes wait, “Did you see annual income?” I said? Yes. She said, “would you believe I wrote my notes, Assets Under Management.?” I said I totally believe it.

I totally believe it because it's such a paradigm people are in, as if advisors, that's what they care about. Why do they care? Because their primary revenue model is managing your assets. So they want you to have over certain amount of assets. Because we're willing to coach and design with people to build that future planned, change mindsets and charging a fee upfront for it, that asset under management thing doesn't have to be our primary revenue model for helping somebody, #1. #2, we know that initial coaching we do for a business owner, high income earning physician, or executive is going to change the critical path for the rest of their life. Like that 1 degree difference when you leave California that has you either hit like, you know the coast of Japan or Hawaii.

Like that is the key of the work that we do. We want to change that mindset. And we



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want to be able to bring that to all of you here with this founder-oriented stuff because it's still going to apply to everybody else, Cory.

Cory Shepherd

Yeah, that's that's where I was going. And by the way I love that story. Although next time you don't need to save it for the podcast to tell me because I was like, why didn't you tell me there right away? Before people start dropping off that aren't founders and entrepreneurs, I feel many people have been listening to our podcast are physicians or senior executives specially in tech.

We're just framing a lot of these topics for founders because they have that added layer of complexity in owning that business, but don't leave. All of this still applies to you. There may be a few technical things that are very specific for them. But most of this still you can apply to your own lives as well. So we are very much thinking of you with every episode as well.

Paul Adams

Now we're going to add one new thing to all of our episodes this year when we cover some that's more complex, tax heavy or maybe you know legal heavy when we're dealing with different topics. So we're going to make sure that these podcasts are still super digestible for those of you out there in the world doing your thing every day where you're leading a business. And wanting to make sure that we don't bore you with a really important legal tax and economic grounding.

So what we're going to be doing is putting on the back of those episodes (this one's not one of those episodes, don't worry about it). But we'll let you know at the beginning when we're going to do a deep dive at the end. We may interview a tax expert we may interview an economics expert at the end of the episode to do the deep dive. That way if you were to say gosh, that was really good. I want to ask my CPA if I could do that. You'll be able to look right at the podcast, go OK that started at minute 18 and then you're just gonna text it to your CPA and say could you start listening at 18 minutes in and then when we talk next week, would you please tell me if I could do that thing like what Paul and Cory talked about on this episode of Sound Financial Bites.

Cory Shepherd

I'm so excited for that. That's such a great feature.

Paul Adams

The other thing I'm really excited about is that next week, we're going to talk about the Wealth Coordination account. It's been almost 100 episodes since we've done a deep

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*“It’s not really about finding the right answer. The real question is, ‘What is the right question to ask?’”*

dive into that. Why that is so key, it’s one of the few things that we teach our clients that they come back. And they come back and use that tool again and again. And the thing that most sits in my head is a client I had call that I taught the concept to over 15 years ago. And he’s a CPA, he worked for government agency, like a county, I didn’t mean to have that sound like the FBI or some agency that works overseas with no name.

He worked for like a county agency as a treasury person. And in his church had been working with different things and teaching people how to deal with the money. He’s been teaching that for 15 years to people at his church. He says I’m going to retire and I’m going to do it full time and the centerpiece of what we’re going to do is teach people how to build and use a wealth coordination account and it was just so neat.

So that’s why we revisit that and periodically this is going to be almost 100 episodes since we talked about it and we’re going to tailor it specifically to those founders and entrepreneurs. I think it’s going to be super helpful. So then I want to talk about my favorite thing that’s in this episode. This may be my favorite thing for 2019. I had a chance to listen to Cory speak because he was selected as the SPU Young Alumni of the Year.

Cory Shepherd

For the School of Business and Economics, yes.

Paul Adams

It was it was so good what he ended up talking about was... And I want you guys to all stay and listen to it. If you would send Cory a note. You can find him on LinkedIn. You can find them on our email, find him on our website, but here’s the thing. He talks about what it means to live an unfiltered life in today’s world, and it’s so meaningful, and I was thankful. I shared my experience of watching you talk yesterday to somebody and I just started tearing up of how proud I am of Cory, and thankfully I did that, so I’m not crying on the podcast. So please stick around right at the end, instead of a deep dive today. We’re going to give you a deep dive into Cory’s Soul. Thank you Cory for being so willing to share it.

Cory Shepherd

Well, thank you for attending, both to help me record it, but just to be there was a really cool moment. Really special. So I hope everyone takes something away from that. That’s totally out of the normal realm of financial things that we talk about here.

Paul Adams

Now in the midst of all this do we have a topic today?



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*“It’s a strange disconnect because I can flip from the pages of the New York Times and see nothing but divisiveness between our public figures and then flip to LinkedIn and see nothing but motivational quotes.”*

Cory Shepherd

Well, yeah the other feature that we're adding to the podcast, it sounds like these are all going to be 2-hour episodes, they're not, is This Week in Planning. So normally we're going to pepper in to different episodes something that's happening this week, a current event that we read about and it's not going to be the whole episode. Well today, we just decided to make it the whole episode because it took us in a fun direction as we started talking about it.

So I subscribe to Kiplinger's Magazine. It's a personal finance magazine. There's a lot of them out there. A lot of them have a lot of candy and fluff and they're really more entertainment than anything else. And I I like Kiplinger's. Some of the articles are actually really useful but one of them, I was reading it, and it kind of had me really stop and think about what they are actually talking about here?

So the article is titled How Americans are saving, and it's a poll. So they polled people between age 35 and 64 equally divided between men and women who had at least one investment transaction last year. So people who are doing something in the markets and there's lots of different questions. The one were really centering on for right now is retirement savings. So I'm reading this and they're asking people, “how much have you saved for retirement”. On average for all the people in the poll, the overall was \$327,000 and some change. And then they also sorted it by income. So income more than \$100,000 or income less than \$100,000. So as I'm reading this and saying, “Oh so people who have income more than \$100,000 on average have \$670,000 saved, and then I said, wait a minute.” Hold the phone.

This is a survey of people between ages 35 and 64. Now if you're someone who's at age 35 making over \$100,000, you have a great income stream for your age for sure. But do you have much of a hope if you just got that income to have saved more than someone who's 65 making the same?

Paul Adams

Yeah, and this is the problem that we have, is we have so many of our clients and people that are not our clients, maybe they're listeners of the podcast right now. That they want to read, they want to do a good job, they want to dig in. They want to have more like rock under their feet, like a more stable platform when they go talk to an advisor.

In fact many people as you're listening right now, you might be one of these people who says the financial equivalent of, I would go to the doctor, but I need to do some sit-ups first, I need to lose some weight.

Cory Shepherd



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I need to brush my teeth before I go to the dentist. Like, I'm not gonna do that there, I'm paying them to clean my teeth.

Paul Adams

That's exactly right there. Cory's just trying to make sure he gets the most value from his dental visits. By the way, my deep apologies to Cory's dentist for everything. But what I do want to share is that you go out trying to get the best information you can. You might Google some stuff, you might even watch some TV shows or radio show. And the thing that people get tricked by is, we often times think well, this is like unbiased advice. Because this person writing this article. They don't have any interest to me executing on a new product or something like that.

Cory Shepherd

But everyone has a bias.

Paul Adams

Of course. Yes, and here's the thing. You don't know who they're writing for. Because I'll tell you that most people are surprised, like they get an aha, not like shocked like they faint when we talk about it, but they do get an aha, when we tell people who most of these articles are written for.

And they written for the advertisers. For the advertisers to read, but so that the most people possible will click on it, download it and then be able to say, oh I see this is really great and they turn the page or they get through the commercial break and they get exposed to the advertisers. They're just working to sell readership to advertisers, publishers, and as Cory's flipping through, about how many pages can you get through that Kiplinger's without bumping into an ad.

Cory Shepherd

Well, so there's an ad 3 pages before and about 10 pages afterward. And they have a lower amount of ads than others which is part of why I like them but, you know a big financial institution that sells annuities and then a hearing aid company.

Paul Adams

So well that would make sense. It's a magazine podcast listeners. That why you don't hear a lot of hearing aid commercials on podcast. By the way, if you want some additional proof of why, that advertisers are driving the content. How often do you see "continued on page 34" they didn't do that for the layout of the magazine they do it because they're hoping you flip through and you'll cover a bunch of advertisers in



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between those two.

You see the the people that these are written for they're not your age. They're not your income. Or if all those things line up perfectly it would be accidental. You read and it's full of opinions people take a bunch of facts and they just lay their opinions in.

Cory Shepherd

Well the big like, "what in the world" that I noticed was that there's not a lot of actionable evidence. Someone reads this saying am I on the right track for retirement. Am I where I should be for my point in life and you wouldn't know because all you know is income level but the age that you're at is like you would have a much different expectation having \$670,000 at age 35 versus age 64 right? It's a much different result. So we don't really know much that we can do anything with from that survey exactly. Right?

Paul Adams

And you guys are doing the right thing probably digging in, reading these things. But even if you look at and see how I'm doing better than average. OK, so that may not matter and 2nd, better than the people in the article, that also may not matter and oh, by the way, we've got to separate the fact from opinion.

We're going to talk about how to do that in just a minute. But these are often times not experts writing these articles. I've had a chance to talk to some of these financial journalists and I will tell you they are more like people who have a platform, sharing experiences. There's or others. But we have a lot of confidence in all of you.

That's why we're going to give you some techniques you can use while you're reading all of this because we know that you can overcome this because you do it in your business every day. Think about this for a moment. If you own a company that fixes plumbing right, and there's certain way these projects have to be handled etc.

You don't flip through Forbes Magazine and see something about some new project management app in the software building community and then walk into your office the next day and even if you read a lot of articles about that, that a lot of people had an opinion. That's the best project management system.

You would never consider going in and telling all of your staff. Hey, we're going to change over to this project management system I read about because you wouldn't accept that opinion. You would take all of the opinions that you read. Every founder and entrepreneur does this but somehow, when we see the balance sheets of the founders and entrepreneurs it all goes out the window. When it comes to their personal finances, that same level of grounding and thinking that you do in your business just doesn't seem



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to translate to the personal life because you're just kind of in a different domain.

So the critical questions, the thinking, the interrogation. And now I'm going to give you a reason why I think it is. I think it's because our entire industry just sells people stuff. So what you have to do is navigate the financial world as you're navigating a bunch of financial product sales people most of the time. At least enough of them are that, so that you have to build a habit to navigate their way.

So you do best to gather opinions just like you wouldn't buy a car or a house, you'd gather a bunch of opinions what people like and don't like and then you'd figure out what your new opinion is and act on your opinions instead of acting on facts. So we know you guys can do this because you do in your business every day.

Cory Shepherd

And never forget that when you're reading a magazine, any kind of magazine, financial or otherwise, that magazine is not the product if it has advertising. If it has advertising you are the product holding the I-delivery tool for the advertiser.

Paul Adams

That's it. And guys that's why our books are self-published. That's why this podcast, we pay for the production of it. And we do not have any financial institution sponsor this. But if one of those hearing aid companies wants to throw a bunch of money out us I'm open to it.

Cory Shepherd

We're open to conversation.

Paul Adams

Yeah, [info@sfgwa.com](mailto:info@sfgwa.com). If you are a hearing aid company and you want to sponsor a podcast. OK, Cory, can we give them some tips about what they can do here.

Cory Shepherd

So here are a couple of of actionable steps to take to when you're encountering things like this. So first, let's look for the facts when you're reading. Like really get clear on what are facts versus just assertions for instance.

Paul Adams

So well the assertion would be the fact, the assessment would be the opinion.



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Cory Shepherd

Thank you for catching that. It's good distinction.

Paul Adams

So as you look, you've got the article there looking right at you Cory. What are the things you can identify as fact in the article. We're going to put a link to this on the page for this podcast. We're also changing some of our naming conventions. You can find this at [sfgwa.com/130](http://sfgwa.com/130). Cory, how many pages is that thing?

Cory Shepherd

So the article has only has 2 pages of data results There's lots of different things around financial planning and retirement living and what people do or don't do as they're getting ready for retirement. Here's what we know for sure. Everyone who answered the questions was between the ages of 35 and 64. We don't know how many people actually answered the question and for any kind of poll you want to know that. Because if it's even 1,000 people. With the number of people in the country and how many people they have access to with this magazine you could get 800 people on the worst day of the month for them and get different answers. So that's just worth knowing. So here's what we don't know.

Paul Adams

We're not done with all we know yet. We know they asked some amount of Americans some questions about things financial. We know those people answered based upon their best recollection.

Cory Shepherd

They might have just wanted to mess with Kiplinger's.

Paul Adams

But we know, that's kind of last one, is we don't have any evidence for the fact that whoever did the survey asked for any grounding.

Cory Shepherd

Right. That's what we don't know.

Paul Adams





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But those are 3 facts we have for sure from that article. And here's the question I would ask. I've heard your wife is a doctor Cory is that true?

Cory Shepherd

It is a fact we know that.

Paul Adams

Do you think there's any chance we could get a peer-reviewed article in a medical accounting or engineering journal if they didn't actually measure it?

Cory Shepherd

No

Paul Adams

Because here's the thing we how often do you see these polls and people say, oh, how much do you have in retirement savings? We get applications all the time from our clients and almost never does their net worth totally line up with what they put in their application unless they actually, and every now and then this happens, they actually gathered all of their documents ahead of time and actually did all the math ahead of time.

Because if they're walking around every day, they wouldn't have known. So what are the odds that when somebody did a poll for a magazine just think about how costly this would be to do an interview with people to have them have reviewed all their financials ahead of time. And then bring that to a pollster.

By the way, I don't know if you know, I've never talked to one. I don't get those calls. I don't think I've ever met anybody that's talked to one. But anyway, so there's some pollsters out there somewhere. The cost it would be to actually do a discipline survey, we don't have here.

Now, there might be some facts in the article. Like maybe the article talks about here's how much somebody could put in a 401k and there are facts about, these are the things I would assume that people actually said. But we couldn't get it in an article in a peer-reviewed journal that would drive the actions for any other discourse, medicine, engineering, accounting, based upon a bunch of people's opinions. And so we have to start there, that that's most of what is out there in the world.

Cory Shepherd



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The other piece that I want to bring in for. All of our listeners is so much of this data. They're looking at average overall. Averages for incomes over 100 or under 100. Well if you're listening to this podcast. Just know that you're probably not average.

Paul Adams

Like almost zero chance. Average income in the country is like \$48,000 a year. Average net worth is, depending on the study 45-60,000. The folks that are taking the time to listen to this by definition are un-average, uncommon. I was trying to figure out how to both complement everybody listening and sound appropriately condescending that they would think that Kiplinger's for any widely published advice would also be applicable to them.

Yeah, it's hard to be kind of funny and sound condescending but actually be uplifting at the same time, but that's what we're saying. Yeah, you are not average.

Paul Adams

And that's easy to forget because they push at us all the time.

Cory Shepherd

In that vein they're talking about average income. And that that's a great survey metric and that's all well and good because we do need to know what the input is. But what about expenses? Yeah, how much you're spending, how much you want to replace of your income. What it would require to retire is the whole other side of the question. Again in a sales based industry, they care about the front end how much cash flow they have to do something with how much of your money. Not the back of it. They actually don't want you to think about that part because that takes it out of their ecosystem.

Paul Adams

If you think about it, like that article just was like over 200? So let's pause right there over/under is a hundred thousand. So you're listening his podcast. Kiplinger's is one of the more... that's why it's in Cory's desk. We actually have some study courses wherein they want us to consistently read about what the world is saying. But Kiplinger's is one of the more expensive because they don't have as much advertising vs. Money Magazine.

It's like every 4th page is an ad and so you watch that and go wait, even Kiplinger's that is the higher end of them, is only giving you data that is above and below 100,000 and I will tell you, once you get into the top 1% there are many gradations of what households and household finances look like from 300,000 just to 2 million. And they're giving a hard limit on above or below a hundred thousand.

What changed everything for me when I was first in the business like 20 years ago. I



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remember thinking the Wall Street Journal was tailored to the higher income folks and I go flipping through it. And when I did it was like talking about how people could add money to Roth IRAs. Now the Roth IRA limit back then was pretty low of what you can put in. Now this wasn't at the very beginning of my career. This is a few years when Roth IRAs came out, but think about that for a moment. I was like, whoa, wait like about every 4th article is talking about people being able to do Roth except I thought this was the high income earners reading the Wall Street Journal.

So that's what you want to do is just bring that discerning mind. Find the facts just like you would in your business and then you got to find the facts, first realize you're not the average, they're speaking to me.

Cory Shepherd

Paul, that's a great segue-way to my final point, which is it's not really about finding the right answer. The real question is what is the right question to ask? They're asking this question. How much have you saved for retirement? And I just talked about expenses. Like I would love to know what those folks actually want to be spending in retirement. I mean the next survey question is how much do you anticipate needing in retirement?

But again a household income more than a hundred thousand on average. They think they need a million and a half well. That's probably not great for someone even right at a hundred thousand, but it's a big range between a hundred, two hundred, three hundred thousand how much you might need.

So asking the right question is really important to do that. You would need to be able to test things out against your balance sheet. So to do that, you need an updated balance sheet. So, do you have an easy way to quickly remind yourself of what you have and where everything is so you can make some of those assessments.

Otherwise, it is just entertainment. If we don't have that data about ourselves there, you know entertainment is fine. I like to be entertained by financial articles sometimes too. So that's not a bad thing. But let's ask ourselves. What am I doing right now? Am I being entertained? Please don't make changes to your financial life based on some entertainment you were enjoying. That's a key distinction. You'd also want a team to help you explore those new ideas. Paul, who are they? What kind of questions would they want to ask to who?

Paul Adams

Well, I guess you could go to your attorney. You're going to ask your attorney, but the trouble of asking your attorney is they're looking at it from a legal perspective. So I can offer you all they're thinking as it relates to a legal perspective of whether or not you should do that thing. Maybe ask them about a fourplex.



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What they going to be talking about is all the liabilities around it. You could go ask your CPA but you know, I mentioned earlier in the podcast, I talked to one of the top coaches of CPAs and by this I mean, she owns one of the largest training institutes for CPA's to improve their practices and one of the things she says is your average CPA is so concerned about protecting their clients from any influence.

So that that makes you would need to realize that they're going to give you all the threats to you. Also good, you go talk to your financial person. But with many things if you would ask your financial person, there are things the financial person cannot offer you.

You got to watch for the fact they're going to offer their opinion and they're probably going to overcome objections. Like you're going to feel like wait, I don't feel like my question is getting answered. I don't feel like I'm getting educated. I feel like are they overcoming objections to me wanting to move money away from them or not put money with them, like you'll know when you feel it.

Yeah, the question then becomes who do we ask and the thing is you got to work with a firm like us. Now here's the thing. I think there may be other firms like us that can look at all the things both inside of the traditional financial realm and outside. I believe there are others out there.

In fact, I just got a note on LinkedIn today. That said hey, I listened your podcast, it's another financial advisor with a registered investment advisory firm. Now, the funny thing is most of them will not tell us they listen but I did find one of the largest wealth management firms that are in the Pacific Northwest, that they heard, this is going back quite a ways, they heard an attorney that we interviewed.

And now there's like several partners in that firm that all went to that attorney to get their estate planning done. But not one of them has said, oh, this is how I heard about you. We've never heard from, so we believe if you're listening and you are one of those advisors we do believe you exist, somewhere, we've just never met you. OK, so what can you guys learn from this today?

Here's the big deal one. Most everything you read is so chock-full of opinion. We got to watch for 2 things. Probably when reading any kind of news is right, what are the facts they're giving me now. Our current political environment is a great place to practice regardless of what side you're on.

Listen for what, where's the opinion? What is the facts. the assertions the things of, if an alien dropped in today and had never heard any of the news and they listen to somebody and they didn't have any facts that they hadn't been driven with opinions. Would they agree with what that newscasters say?



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That's so what are the facts? And what's the mind reading? That's a fun one in political today. This person is doing this because they are... fill in the blank. Well, here's the thing. We're not mind readers. And people's opinions are not always correct. So what we need to do in read these articles look for the facts gather those facts and then ask how do they affect me?

Remember that as a business owner. There's all kinds of people throwing opinions at you all day. Probably just your employees by themselves could fill a book. And yet you have to take all those opinions all day long drill them down into facts and then you make your assessments about how you want your future to go. And what I want for everybody listening whether it's with us or somewhere else find a team that does that for you on the financial front because here's the thing, it's going to happen for the rest of your life.

We're never going to get away from all these opinions, and all the cloud that's coming at you every day. All the noise that blocks your view and prevents you from hearing the really good stuff. So you guys can do this. You can go out in the world. You can take in all the opinions and you can discern fact from fiction and you can recruit a team of people that are going to help you do that.

Now today while we do hope as always that what this does is helps you design and build a good life. a good life.

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