



Sound Financial Bites 003 - Why You Don't Want to Plan for Your Needs *Episode Transcription*

“Put yourself in a position where you create a way of thinking, that you check yourself whenever you say needs.”

Welcome to Sound Financial Bites. My name is Paul Adams. I'm President and CEO of Sound Financial Group. Today we're going to talk a little bit about why you don't want to plan for your needs. That's right. You don't want to plan for your needs, but before we get down that path I wanted to take a minute to just mention how it is if you chose to, you can engage with our firm. You can always connect with us. Shoot us an email at info@sfgwa.com. You can always ask to be connected with one of our advisers. I would suggest a 30 minutes phone call with one of our team if you've never had the opportunity to do so.

Well, we have no idea whether or not our client process will make sense for you at this time. We do know that if you will take the time to engage, it will merit the time that you'll invest. Also go to our website, connect with our newsletter. You can see some of our videos online, articles, and you can download the first three chapters of my book, Sound Financial Advice. You can always go to Amazon and get the entire book for yourself. Download it on Kindle before you even finish listening to this podcast.

Why don't you want to plan for your needs? Listen about this, everybody talks about planning for your retirement needs, planning for your life insurance needs, planning for your college education needs. Now, what many people don't realize is that the reason that's now in our lexicon heavily was actually as a result of a sales technique taught to the insurance and financial services industry back in the 1950's. Because of that technique saying, if we show people that they absolutely need the products that we have, we can make this compelling need that will cause people to have to take action. It's all meant about us taking action on something that we need. Well, I got news for you and I think just even as we go through a little thought experiment here, you're going to realize that you don't want your needs. In fact, a future that what you had as your needs, is going to suck. I don't want that for you. I don't think any of us want that for themselves.

Let's do a little thought experiment. What do you need to eat for lunch today? Now that doesn't sound good, doesn't feel good. Just think, what do I need to eat for lunch today? I need to go to the gym. I need to go to the gym. You saying to people that I need to go to the gym usually does not follow in us actually going to the gym. I need to spend some time with my wife. I need to spend some time with my husband. I need to take care of the kids. Any place that we use need is almost like an obligation, a burden that we carry, something that we pull around on our back. An obligation often times that we didn't want. Everywhere else where we use needs, we'll do it, often begrudgingly but we almost try to distance ourselves from it as much as possible.

Now, it's no wonder, when people talk about how much money they need for retirement or how are you planning for your retirement needs or you need to meet with a financial adviser. No wonder people don't engage in that process because it's needs based. That that needs based philosophy puts us in a position where we can't take appropriate, consistent, and effective action because we're not drawn to it. We don't have a problem doing the things that we want to do. If you're an avid kitesurfer, nobody has to tell you that you need to go kitesurfing, you want to go. If you're somebody that enjoys cooking, it's not about needing to make the meal tonight. It's the desire to create a beautiful culinary creation.

If for you, think about the things that you want to and like to do. Now, I have friends who want to go to the gym. That's the way they've wired themselves up or I want to go on a run. I want to go do that. I don't need to do it. In fact almost always if we need to do something, when we start



Sound Financial Bites 003 - Why You Don't Want to Plan for Your Needs *Episode Transcription*

“Thinking about it from a ‘wants-based’ perspective changes everything.”

doing it we have to get in our phase a little bit before we actually begin to enjoy it. Here's what I want you to think about instead of planning for your retirement needs. I want you to think about it, what's the retirement you want? What's the future you want for your family? What's the future you want for your family if you're not here?

Let's say you just get taken out by the number for a bus, what's the future that you want for them. You see suddenly it switches from scarcity mentality to this beautiful empty tapestry on which we get to paint our future. That we get to say what we want that future to look like. I remember years ago, I used to go to need to go church on the weekends and now I want to go and I even look at the experience differently because I'm in a want spaced mindset about going to church. For you, what are your wants? Do you need to have your house paid off for retirement or is that a want? Do you need to have x amount of income on retirement or is there a want around the amount of income that you want?

Now, sitting back, thinking a bit. Now, if you're driving don't close your eyes while you're listening to this but you can still visualize while driving. I want you to visualize the future that you want. Now, people talk about retirement and somebody will say, well, I'm never going to retire. Yeah, I get that. That'd be my desire too. I love what I do, why would I ever stop doing it but the truth of the matter is one day the marketplace will not value what I do and I will be faced with permanent unemployment. When that happens, what do I want life to look like? What do I want to do with my time?

Now if I begin to think about it from a want spaced perspective, it changes everything. I want you to think about this. Visualize for a moment, what do you want your health to look like when you're in your 60's? What do you want your marriage to look like in your 60's? What do you want the relationship with your children to look like in your 60's? What I would encourage everybody to do, is to first think through what do you want your lifestyle to look like in that future scenario, envision that. Now, the financials is going to be required if your kids are living on the other side of the country, it's going to be required that what you do is have enough money to travel back and forth. To be able to see your kids and grandkids if that's part of the lifestyle you want.

Then if you wanted to have that much in income, want to have that much in income, then it's going to require certain amount of capital. An easy way to think about that is that if you accept the philosophy which some scholars are saying a little bit lower than 4% but 4% will certainly get you a great start. A 4% distribution from your retirement assets for spending every single year. If you're taking out 4% a year then you need one million dollars for every forty thousand dollars of income that you have. Just think about this, one million dollars for every forty thousand, you do the math. Well, counting in today's dollars that looks like I need a hundred and twenty thousand dollars a year of income. Then we have to pay taxes.

Let's just call it one hundred and sixty thousand dollars a year I need, gives me a little fudge room and I have a hundred and twenty thousand net, about ten thousand dollars a month to spend on the lifestyle that I want. Okay, that's going to take four million dollars to kick off one hundred and sixty thousand dollars a year taxable to have the life that we want but now it changes everything. If we go back to episode two, where we talked about the wealth coordination account. Now it changes your mindset every time you're moving money into that wealth coordination account for long term asset building you're actually making a contribution toward the life that you want in the future. It's not about retirement needs any more.

We're not somehow living in a world of scarcity where we're saying I'm giving up something



Sound Financial Bites 003 - Why You Don't Want to Plan for Your Needs *Episode Transcription*

"I am building the life that I want. I am building the legacy that I want."

today to have something in the future, no. I'm building the life that I want. I'm building the legacy that I want. Because the legacy is not necessarily about the amount of money we live behind, but if we're financially responsible in retirement by the way, you are going to leave money behind. You can't get away from it.

If we're going to leave behind the life that we want, the legacy we want, a great deal of that legacy is going to be that nobody had to support us. A great deal of that legacy is going to be that we had the money to help our child get through a tough time in life in their 30's or it's going to be we were able to be a co-investor in them in their business that they opened when they were 28. It's going to be a legacy that we had the time to help raise our grandchildren along side them.

I look at my parents life and the fact that they were financially responsible and they have the ability and means to live very, very close to us and yet not be dependent upon us and the legacy is going to be there of my mom and dad spending a great deal of time with my children. That legacy would be very, very different if our relationship was somehow changed because of money or how often they were over or perhaps they wouldn't even have the ability to make the move from Las Vegas to come up here to Seattle to be with us. What matters is that legacy that we want.

I want you to think about, not just in your financial, but it certainly applies. Think about every area of life that if you notice yourself saying needs either in the little voice in your head or you hear it coming out of your mouth. Think about for a moment, do I really actually have any desire to do x, y, or z. There might be times where there's an obligation you don't want to have and maybe you can just renegotiate that obligation. That you don't need to work as late at night anymore as you're currently doing for your employer. Perhaps you can go and say, you know what, I'd really like to have my phone shut off after about 6:00 every night and have no expectation to reach me or have me respond but I want to be able to be in the office early every morning. For me, I also want to have 6:00 on dark office wise unless you absolutely need me, then call me. Here's my home number. There may be some things we can renegotiate.

If you catch yourself saying need, it doesn't mean you just need to be like puppy dogs and candy kids and decide that you'll want that but rather you can put yourself in a position where you create a way of thinking that you check yourself whenever you say needs. Instead you can either re-contextualize some of those needs to wants, like wanting to save for an effective financial future. Wanting to make sure you and your family are properly protected when it comes to the protection component of your balance sheet that we walk through in our fiscal foundation meeting with clients, but more importantly you're going to re-contextualize some and then you may revoke others.

How you get away from needs is you're going to revoke certain things, re-contextualize others but most importantly let's not and let us do whatever we can to support you in not building a life based upon needs. In fact working with an adviser who contextualizes anything that they're doing for you in the way of needs just know, they may not even be aware of it but they're likely picking up a sales philosophy that our industry created back in the 1950's. Pushing people to the minimum, pushing people to just enough to get by but that's not how you do anything mission critical.

If you were going to go to the South Pole, you wouldn't pack just enough food to get you there, not an arctic expedition. You would have play in that. If you were going to try to fly. Jets fly all over the world everyday. They don't have just enough fuel that they need to arrive. They have a



Sound Financial Bites 003 - Why You Don't Want to Plan for Your Needs *Episode Transcription*

surplus of fuel. There's no other way in life or anything mission critical gets done based upon needs except for the sales technique used by our industry. You can also be aware. If anybody approaches you or has a conversation with you and where they go is needs, you may want to explore working with our firm if that's the case but certainly at least lean into it a little bit and say, no, let me share with you not what I need but what I want for my financial future. It's going to automatically put you in a co-creation mode with that adviser.

Same thing with the attorney doing your Estate Plan. What do you want your in your estate plan and not what do you need it to do. You can feel yourself getting more drawn into those activities that are want based, not need based. Well, I'm glad you could join us in our podcast today. If you ever want to engage us know we'd love to see you at our events. We'd love to connect with you. Always feel free to email us at info@sfgwa.com. My name is Paul Adams. Just remember, we're here and our mission is to help you design the goal of your life.

Paul Adams is a Registered Representative and Financial Advisor of Park Avenue Securities LLC (PAS). Securities products and advisory services offered through PAS, member FINRA, SIPC. Financial Representative of The Guardian Life Insurance Company of America® (Guardian), New York, NY. PAS is an indirect, wholly-owned subsidiary of Guardian. Sound Financial Group is not an affiliate or subsidiary of PAS or Guardian.

This podcast is meant for general informational purposes and is not to be construed as tax, legal, or investment advice. You should consult a financial professional regarding your individual situation.

Guest speakers are not affiliated with Guardian or PAS unless otherwise stated, and their opinions are their own. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. Past performance is not a guarantee of future results.

This Material is Intended For General Public Use. By providing this material, we are not undertaking to provide investment advice for any specific individual or situation, or to otherwise act in a fiduciary capacity. Please contact one of our financial professionals for guidance and information specific to your individual situation.

2018-55742 Exp. 3/20

Each week, the Sound Financial Bites podcast helps you Design and Build a Good Life™. No one has a Good Life by default, only by design. Visit us here for more details: sfgwa.com