



## Sound Financial Bites 039- Paul Adams Episode Transcription

*“It takes both of you working together to produce a consistent and secure financial future.”*

Hello. Paul Adams here. Welcome to Sound Financial Bites, where we help you with bite-sized pieces of financial and life knowledge to help you design and build a good life.

Hello, and welcome to Sound Financial Bites. This is Paul Adams, President and CEO of Sound Financial Group, and host of your episode today. Today’s episode is Part Five, The Illusions of Investing. Now, this is part of a six-part series, and all about what are the illusions, where are the things we were led to believe to be true about our investments that may not be true, and what can you do differently to be able to overcome those. That’s really going to be a deep part of episode six. Now, I’ve been a little bit of remised in the time that we’ve spent together, I haven’t talked to you about what you could actually do about this as we go along. So if you find yourself disturbed, bothered, worried about what you’ve seen, then what I’ll ask you to do is just reach out to our office. You can email [info@sfgwa.com](mailto:info@sfgwa.com) or email me directly if you want to, [paul\\_adams@sfgwa.com](mailto:paul_adams@sfgwa.com). What we’d be happy to do is just -- you can send us over all your investment statements exactly the way you’re invested, what your portfolio looks like, and it will be our honor. We live in service to our clients if you wanted us to do an analysis of that portfolio. Now, come 2017 I think we’re going to charge for every single client just because the volume of people reaching out to us as a result of things like the podcast or the interviews in Forbes and Fortune and Entrepreneur, we’re going to need to start charging for that analysis but we’re still happy to any of our listeners right now to do that analysis for free so it would be our honor to take care of you that way. If you find yourself looking at it going I don’t know if I really have a lot of these problems that Paul is talking about these illusions, you can find out and you can find out soon. We would be happy to do that for you.

Today’s illusion of investing is that we can let someone else handle it. We can let “them” handle it that I can simply allow somebody to select and manage my investments. They will tell me if anything needs to change. Now the illusion there really is that my future is going to work out with somebody else at the helm. Now, I think in any other area of life we understand that’s not true. We understand that for our personal fitness we have to learn enough about food. We personally have to be the ones in the physical activity. We have to be the one that stays away from really unhealthy habits or unhealthy environments. We know that intuitively deep in our soul about health.

Somehow, we don’t do that with our money. Now we do that with marriage. In fact, we do it with parenting. As a matter of fact, there is nobody listening to this podcast right now that would even consider for a moment that what we should do with our parenting is say to our spouse “Can you handle that? I’m just not that interested in parenting. Why don’t you just do the parenting part?” Don’t be crazy. I think that could encompass an entire podcast the way that we advocate responsibility around money and we would not consider doing that with our marriage. Like to tell somebody else “Hey, you make sure my life is happy. I’m not going to worry about that.” Or “You make sure our kids are learning well. I don’t do that. I don’t want to be a parent.” What we end up doing -- now sometimes, there is no question that what sometimes happens is somebody has a great deal of travel, they work in business a lot, they are grinding in corporate America. They



## Sound Financial Bites 039- Paul Adams *Episode Transcription*

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might wake up one day when their kids are 10 or 12 and go "Oh my gosh, I missed some serious time." and they realized they need to go back and be responsible for some of that and work to create a better future in the future relationship with those kids. But the problem becomes when our money, is that we literally never take that step. Well, what people end up doing is they sit back, letting somebody else, I don't know. Who is them? Who are the people that folks let handle our money? They let their spouse. Like their spouse, "I don't make the money decisions, my husband does." "I don't make the money decisions, my wife does." Now, we have to understand one of the major problems with that is if you go through life and what you do is you go through life and you allow your spouse to make all those decisions. One, you have no idea what's going on. Two, your spouse is being set up to fail. Why is your spouse being set up to fail? They are being set up to fail because you're going to say to them "It's your job to have this financial future work out." If it happens to work out with only one of you working on it which by the way that's not real likely to happen with one of you. It's like a bird flapping its wings. It takes both of you working together to produce a consistent and secure financial future. So you can't just have one wing flapping. But if it happens to work out nobody gets any worse so I got my spouse did a good job and we made it, but if it doesn't work out -- If you're the one making the financial decisions in your household right now, I want you to think about something. Imagine yourself retiring at age 65. Your friends are retiring out of the workforce, they are moving, buying second homes, they are getting a chance to travel. Your spouse looks at you and says "Hey, when are you going to retire?" Then you'll say "Well, we can't. I've been trying to have us save enough money. I've been trying to make better investments. I've been trying to do all these things. It's not working out. We just don't have enough money to retire." Your husband or wife then looks back at you and says "What the heck? You were in charge of that all of these years. Why didn't that happen?" You wonder why people in their 60s end up getting divorced, and how are people together 34 years, and then suddenly get divorced? We already know that finances are one of the biggest disagreements in households, how much worse and how much more strain would that be on a marriage if what caused it was that we retired and there was no money? We can't just advocate responsibility to our spouse. It's not fair to the spouse that you are assigning it to, for sure, and it's not fair to you personally because there is always -- Well in fact, nearly guaranteed hopefully the very late age in life, one of you is going to die before the other one. You should know enough about your money. So if it's a 50/50 chance that you're going to die before your spouse you should have a handle on what's going on with your money at least. Number two, having two people work on it makes a huge difference. Number three, and this I think is just as big of a deal is you need to protect yourself from that moment in time in the future when one of you has been totally responsible and maybe it didn't work out like it should.

Now, let's take the other way people just assign it to "them" to handle it. It's that it could be okay. I was talking with a gentleman this morning who's a business owner who I just happen to run into him in the street here in downtown Mill Creek as I was walking into my office and he said "Hey, you know so and so over here handle my investments." I wasn't asking, he just happen to say this person over here is handling my investments and they were doing a really good job. Everything that he talked about that that person is doing for them was talked about from the perspective of him not knowing exactly what's happening for his return to be produced. It's just that the way he put it about his advisor is she is doing a really good job, but the problem is it shouldn't be her doing a really good job because if it's her doing a really good job instead of we've been working together on it then he is abdicating some degree of responsibility. Meaning if



## Sound Financial Bites 039- Paul Adams Episode Transcription

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it doesn't work out, what he's going to do just go find another advisor and then hope that it works out then also. So what we need to be able to do when we're working together with folks is we need to make sure that we're caring for them in being able to consistently and predictably build new knowledge about their money and take action. Take action that will produce reliable results with their money. That's the kind of relationship I'd want anybody listening to this podcast to have with an advisor, is that you should be learning enough about what you're doing to both invent maybe new things you might do with your money to make suggestions to the advisor, and that advisor should be advising you on things. They are outside of the specific assets that they manage. For instance, if you have an advisor and you say "Well, what kind of mortgage should I get in this new home, or how much of my income should be going toward it, that advisor should be able to speak to those things not with an opinion, because remember anytime you go with somebody's opinion, you are abdicating responsibility. What we need to understand is what is the math and scholarship behind that recommendation so that we can bring that back, test it, and through bringing it back and testing it that allows us as clients to really understand what decision that we're making so that we can make the right next step. Most importantly the illusion is somebody else should be responsible. The truth is that you should be responsible. When I say you and I'm talking to a couple, it's both of you.

Now, if you're the financial decision maker in your household I really want to encourage you to have the spouse that's not making the financial decisions to listen to this. My wife and I are looking at making a YouTube video together with some reluctance. But me expressing to her how important she is to our household and our financial success, she's going to come on to our YouTube videos and begin sharing and speaking about the difference that she's making in our lives. Now, if you're that non-primary breadwinning spouse and/or you're the spouse that doesn't make the primary financial decisions in the household, here's what I want you to consider. I want you to think about not I make no difference in the household because I'm not the one making the money. I would rather just have you begin to look at and answer the question what could I do to impact our long term wealth building? What could I do to make a difference in our household's finances. That's the question my wife's been asking. She's worked on asked that question and continued to answer it, it's changed our spending habits, it's changed the way that we go on vacations, it's changed the way that we buy things that are not for our children and it's changed the books that she reads. She's not reading books on deep investing or building wealth but she is reading books on how to cultivate contentment. She is reading books I have to do to it, how do I simplify our lives and keep it ton of joy. One of the things that we're going to work on as a household, my wife is nearly comfortable and has been on camera and really talking about our journey is while we've lived radically within our means so far in life, we are working on going this far as living on 20% of our income. The reason we want to do that is to just be radically responsible for our wealth building. I don't know if it's something we'll do forever but I think too often people at Top 1% income, might hear of people being quite thrifty or hear about people being "cheap" and not relating it to the wealth building that can do. It's extraordinary the amount of wealth building that can be done as we work to consume less and less and less of what our human cattle, our income is earning in the marketplace. If what you as a household are going to do is set aside large amount of income to become world class saver saving 15-20% of gross income it would be really impossible to get that done without the help of both spouses working in coordination to build a secure strong and dependable financial future. This all comes back to just designing and building a good life.

I'm glad you could join us on today's episode. Keep in mind this fifth illusion is that we can't let somebody else handle our money. You found yourself letting somebody else handle it, or your CPA tell you what to do with your money, or your attorney, or your financial advisor tell you what



## Sound Financial Bites 039- Paul Adams Episode Transcription

to do, or your spouse is just the one that makes all the decisions without you learning and understanding how it works. What I want all of you to reflect on and think about is that you can't hand off that responsibility. When someone comes to us as a client says "I just want you to handle it." We politely disengage from the client because we don't want that responsibility. That used to be the holy grail when I started the business, then a client would say "I just trust you. I want you to do what you think we should do." and I don't want that. I don't want that because it doesn't serve the client and ultimately it does not serve our firm. What we want to do is help people grow to be more confident with their money because that's going to help them be more successful and leave to them designing and building a good life.

Glad you could join us today. Join us next week. We're going to talk about how we solve some of these illusions and what is it you personally can do to actually handle your investments in a way that you can escape many of these illusions that have a deep and strong gravitational pull with the media, the magazines and the newscast that are constantly bombarding us. I look forward to seeing you on episode six of this six-part series.

Hi, Paul Adams here. I want to acknowledge you for taking the time to invest in yourself by listening to our podcast. Not everybody does that, and out of my commitment to you, I will take just a few of our podcast listeners between each of our episodes and spend time with them one-on-one. And if you think you'd like some of that one-on-one time to learn more about our process, our philosophy, or whether or not we'd be a fit to work together, just email [info@sfgwa.com](mailto:info@sfgwa.com). That's [info@sfgwa.com](mailto:info@sfgwa.com), and I'll be more than honored to take that time with you. You can also go to our website: [www.sfgwa.com](http://www.sfgwa.com), download the first three chapters of my book, see upcoming in person events that we have, or listen to past episodes. You can also go to our Facebook page and engage us there, our LinkedIn, and send us questions for upcoming podcasts. You might hear one of your comments or questions on a future podcast. For our full disclosure, you can check the description on this podcast or on the podcast series, or go to our website. Have a great day.

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**2016-28424 Exp. 10/18**

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