

“Here’s the thing. When we pay any kind of late fee on having to finance something unnecessarily, paying a late fee on anything like a credit card to a mortgage payment, etc., it is literally a tax on our inability to organize ourselves properly.”

Paul Adams: Hello and welcome to Your Business Your Wealth. My name is Paul Adams, I'm the founder and CEO of Sound Financial Group, and I'm joined by the president and partner of Sound Financial Group, Cory the Shepherd. I don't know. I should...

Cory Shepherd: I was waiting I thought something great was gonna come out. It's because I'm here in the same room as you, right now, I'm a little more distracting than usual. The...

Paul Adams: Rugged good looks. Yeah.

Cory Shepherd: The scent is drifting over. Yeah.

Paul Adams: Yeah, that'll happen. Well, today, we are tackling part three of our four-part series of 100 things you shouldn't do to help get your finances in order. This week, we are going to skip this week in planning, and we're gonna jump right at it. And I'm gonna give...

Cory Shepherd: Although I've gotta say, this has been so fun. Maybe we've just become a list show. Every episode...

Paul Adams: Every episode has a different list.

Cory Shepherd: Different kind of list. We could be those financial list guys.

Paul Adams: Yeah, like the top 10 reasons you should X.

Cory Shepherd: Yeah. Top thousand. We did 100.

Paul Adams: I've already on my sleeves rolled out. Maybe we just need a sound board like that guy... Who's that guy's name that like, yells and plays funny noises, tells you what stocks to buy?

Cory Shepherd: Kramer.

Paul Adams: Kramer. Yeah, I could yell a lot more and sweat profusely. One of us has to lose our hair, and then we could totally be the answer 'cause it has didnt he die of...

Cory Shepherd: We're kind of in a race for who's gonna qualify first on the hair department.

Paul Adams: Yeah, did he die of a heart attack?

Cory Shepherd: No, he's still alive.

“Anything that’s got any kind of level of consumable is a thing that can’t purely behave as an asset for us.”

Paul Adams: Still live. Well, he...

Cory Shepherd: He's alive, of a heart attack.

Paul Adams: Any day that guy does not look healthy. I think he could go down any day. If he does, then if we were already the list show and we were crazy with our sleeves rolled up screaming at people about stocks, slip right into his time slot.

Cory Shepherd: Yeah, but I don't wanna die early with that screaming.

Paul Adams: No, yeah, that's true. Alright, so we won't take his spot. Why don't we instead just tackle this list?

Cory Shepherd: Alright, do you wanna start or you want me to start.

Paul Adams: I'm happy to start.

Cory Shepherd: Okay. For everyone who hasn't... If you haven't, if you're just jumping in now...

Paul Adams: Oh my gosh.

Cory Shepherd: 100 things not to do to take care of your financial future, 100 list of mistakes. We're giving ourselves a minute on each one, and the timer will go off. If you talk through the timer, there will be repercussions. We just haven't come up with them yet, it's the worst kind. We don't know until we get there.

Paul Adams: In second thought, what we could do if we do the next one of these while we're in person with each other: Super Soaker, or [02:20] ____ charge.

[chuckle]

Paul Adams: Aimed at the other person's head. And if that alarm goes off and you're not done talking, just...

[vocalization]

Cory Shepherd: Yeah, it's done.

Paul Adams: Alright.

Cory Shepherd: Alright. Number 51, Paul: Retire poor and sick, go.

“Money isn’t math. It’s math plus human behavior.”

Paul Adams: This is a 100 things you should not do, is retire poor and sick. Here's why. One of the things that many people do is they spend their entire career trading their health to build up their wealth, and in the levels of income of our listeners, most of which are between that 300,000-2 million of annual income, these are the folks that are most likely to have made some of those trade-offs. Now, the problem is that you can do that for a little while. Even people like special operations, all that, we can watch it, people can push their bodies to an extreme degree for a limited horizon of a time. The problem is that for many of you that are entrepreneurs and founders or those high income earning executives, you're putting your body under a tremendous amount of strain. It's like watching the NASCAR races when I was a kid with my dad, and I was like, "Why do they gotta maintain them so much? He's like, "'cause they're running that car so hard, it's breaking the second it leaves the pits." For the same reason, we need to maintain our health to make it to 65. Right out of the gate, and I'm already going over. Let me pitch it back to Cory. We'll see how he does. Number 52, this is a fun one: Not spending enough time outdoors.

Cory Shepherd: As humans, as much as we try to deny it, we are still very much biological beings, we're not robots. Well, if we are robots, we're moist robots. Let's just put it that way. And let me tell you, I think that being outside connects to our biology and expands our world and being only inside is the contrary. My wife had some rotations in medical school, all around the State of Washington, we were in Spokane in January, which is a very snowy and dark time of the year. I am working remotely. I had bought groceries like on a Monday, didnt have any other reasons to go out of the house, realized on Thursday or Friday, I have not stepped outside in like four days. And what happens is your world gets smaller and smaller, even though, though you're on the internet, I'm on camera, I'm talking to people. It still makes our biological local world get smaller and we're gonna make smaller and smaller decisions, not think broadly over the course of our life, so it's very important for our finances, too.

Paul Adams: That was a close one.

Cory Shepherd: That was fun.

Paul Adams: Close one.

Cory Shepherd: That one was the most different of any of the ones that we've had, I think. I was not sure what I was gonna say about that one. Alright Paul, number 53.

Paul Adams: And actually, yeah, I'm ready. 53, let's do it.

Cory Shepherd: I'll do it.

Paul Adams: No, I'm good.

“If we know for sure things like kids, religion, and money are going to have to be dealt with at some point during a marriage, why would we not be talking about those before we get married? Always talk about money before getting married.”

Cory Shepherd: Okay, this is... It's not real. I'll just read it. [05:09] ____ make sense to you guys. Late fees, a tax on the lazy and disorganized.

Paul Adams: If you're a little offended by that one, it's because I wrote it. [chuckle]

Cory Shepherd: That's true.

Paul Adams: And if you find yourself not quite offended by it, that's because Cory made me re-write it, because the first one was even more offensive. Here's the thing, when we pay any kind of late fee on having to finance something unnecessarily, paying a late fee on anything from a credit card to a mortgage payment. Etcetera, it is literally a tax on our inability to organize ourselves properly. What I've got, there's an old saying that the lottery is how state governments trick people without high levels of income to pay taxes, because the lower income households is the ones most likely to pay play Lotto. Late fees are that, for the wealthy who put themselves in the position to be so busy with what they're doing in the way they make money, that they don't have time to be organized enough in the way they deploy it. Cory, I'm ready to go to you.

Cory Shepherd: Alright?

Paul Adams: Which is number 54: Not realizing that gambling is a lifestyle spending decision. Go.

Cory Shepherd: If you think you are better than everyone else, you are wrong. [chuckle] If you're playing at a casino and you think that you can beat them at their game in their house, under their rules, you're wrong. We're never gonna put enough money on the table to meaningfully change our life. If you win big at a casino, you're probably not winning big enough that you never have to work another day in your life, so that's never gonna make that difference. Just think about it as entertainment, think about it as lifestyle spending. Instead of going to the movies, go with however much money you would have spent that night and walk away when that money is gone, because any other way of looking at it is just playing further into the casino's game, even more guaranteeing that it's gonna go the way that they want it to go. Anything you want to say about that?

Paul Adams: So good as evidence that you're wrong, is the size of the building all those little slot machines are in. That's how you know for sure.

Cory Shepherd: They've been around for a long time. They've been there awhile, long enough to build that building, keep it maintained.

Paul Adams: That's how you know you're not gonna win. Alright.

Cory Shepherd: Alright Paul, 55: Buying individual stocks. Go.

*“Comparison is
the thief of all
joy.”*

Paul Adams: Here's the easiest way I would have you think about the difference between buying an individual stock and buying an academically allocated globally-diversified portfolio. Think about a cruise ship and a jet ski. The jet ski, in theory, can move more quickly. The trouble is the jet ski is gonna have a real tough time and its passenger, during rough seas.

Cory Shepherd: Or getting your whole family in the same place at the same time.

Paul Adams: [chuckle] Yeah, that's right. Yeah, it's a hard time to get the whole... Just the entire thing, 'cause number one, buying an individual stock is guaranteed to increase your cognitive load, thereby, likely decreasing your capacity to earn the amount of income that you'd hope to in the first place, part one. Part two, it's gonna have far more volatility. Part three, you cannot out-guess the market. As a result, you almost certainly are likely to under-perform the market, not necessarily because the stock is gonna out perform the market, but when you enter and exit that stock, or going to the next one, will under-perform the market. Just barely.

Cory Shepherd: Cool. Love it.

Paul Adams: All right. Cory, let's say, go to allow... Right on the same spool of dealing with individual stocks, allow your employer's stock to make up more than 100,000 or 10% of your net worth, whichever is higher. Go.

Cory Shepherd: MCI WorldCom, Enron, these are great examples from the last couple of decades of people who have had... These were companies that everyone loved, everyone thought were gonna do nothing but good things forever and employees had the bulk of their wealth invested just in those companies' stocks. Now, here's the problem with your company's stock. It's twice as risky as any other individual stock you could buy, 'cause not only is your wealth dependent on the up and down of that stock, but so is your income, meaning just the moment when your wealth drops down because of some kind of bad news from the company, just became a more likely time that your income is also up for grabs. Anytime someone has a great company that they work for, it's like, the win is that you get some shares at a reduced price and you get some great income. Well, let's immediately start diversifying that because by definition, your risk is much higher in that stock. Yeah.

Paul Adams: One second left. Man, Cory is on it today.

Cory Shepherd: I felt... Much we're getting into this...

Paul Adams: I know.

Cory Shepherd: There's a timer.

“You’re in exactly the right place at the right time and you don’t have to compare anybody to your situation.”

[overlapping conversation]

Paul Adams: I'm thinking, maybe I need a timer for other things in my life that might have me more excited...

Cory Shepherd: How about...

Paul Adams: About doing them.

Cory Shepherd: Do you wanna do a two-in-a-row?

Paul Adams: I was thinking a two-in-a-row.

Cory Shepherd: Okay.

Paul Adams: Two-in-a-row, I'm cued up. Do you want to tell me what they are first? I didn't even give you four minutes.

Cory Shepherd: Four minutes. Whoa, tiger. Two minutes.

[laughter]

Cory Shepherd: Okay. Number 57 and 58. 57 is, think that a down-market equals losses, and 58 is, think that an up market equals wins. Go.

Paul Adams: Alright, so this goes back to a little bit about the idea of volatility. The more volatile a portfolio is, as long as we have allocated ourselves in a way that we're only taking compensated risks. You could take all kinds of risks and not be compensated for them. That's not what I'm talking about here. If you have a portfolio built where you're only taking compensated risks, meaning you're embracing some amount of additional volatility, but academic research shows us that you're also likely to have a correlated positive potential outcome. The golfing metaphor for this is, we use a driver, we take additional risk off the tee that we could knock it into the woods on either side of the course, but we pick up the potential to hit it further down the fairway. Take the same golf club, and head into a biker bar, find the biggest Hells Angels you can, and hit him with the club. You just took way more risk than you were taking on the golf course. Zero chance of a positive correlated outcome to other people having done the same thing.

Paul Adams: This is the deal. With your investments, they are going to go up, and they're going to go down. And they're gonna do that lots and lots and lots of times over a, say, 40 to 70-year-long investing career. If you started investing when you're 22, and you and your spouse are likely to be alive until your 90s. It's a long investing timeline. There is gonna be a lot of downs in the market. To get confused by the idea that an up market

“We need that spending plan. We need that acquisition plan. And, if we don’t give our money a job, then it’s gonna find its own job somewhere else.”

means you are "winning" in the moment, or that a down-market means you're losing in the moment, is a misnomer. We have to see what is our path, and are our current financial decisions solving for the future state that we wanna have. And I will yield the remainder of my time to Cory Shepard.

Cory Shepherd: Cool.

Paul Adams: Which is a fun one.

Cory Shepherd: This is a fun one. I'm excited.

Paul Adams: Many of you may not know this, but Cory is a bit of a foodie, loves wine, loves food. If you're in any restaurant, any city in the country, just about, Cory seems like he can tell you a wonderful restaurant to eat out in that city. And this is.

Cory Shepherd: We have to do an episode on that one, where it's like: Quiz Cory.

[laughter]

Paul Adams: Quiz Cory about restaurants in a different city. In the theme of 100 things you shouldn't do to help get your finances in order, Cory, would you please tell us why we don't want people thinking wine is a liquid asset.

Cory Shepherd: Paul, did you hear about the guy who insured his cigar collection?

[laughter]

Cory Shepherd: He smoked 'em all and then made a claim and then went to prison for arson.

Paul Adams: Yeah.

[laughter]

Cory Shepherd: Wine is another one of those luxury items and a lot of people invest in wine, play the wine market. But I told that joke to illustrate that anything that's got any kind of level of consumable is a thing that can't purely behave as an asset for us. This is why people specialize in commodities trading and have all kinds of crazy machinations around it because it's a whole different world in the stock market. It's a reason why they're not all one market, right? And there's a great documentary and an article about finding a sunken ship with some preserved bottles of wine, I think, Thomas Jefferson's collection. And a guy bought it, sight unseen for a million dollar... Some really large amount of money, opened one up to drink it, and it was the worst thing ever. It had spoiled.

“If you’re not sharing with each other where you want to be going and why, then there’s no way that you can line up satisfaction.”

Cory Shepherd: There's no guarantee that that kind of asset is gonna continue to be helpful to you and it just doesn't function in the same way as the free flow of stocks and bonds that we have in our market. Well, bonds aren't always a liquid asset either. I noticed you didn't start the timer, Paul. So I'm just having fun.

Paul Adams: You just roll through it this one. What do I do now? I just start it at one minute and hope you end at some point?

[laughter]

Cory Shepherd: End at some point. No, I'll just wrap it up. Remember, anything that's a consumable is not necessarily gonna work for you. And especially... I don't know anyone who's bought wine to invest in it, that didn't already love drinking wine. And so, by definition, that's part of our lifestyle, and anything that's part of our lifestyle can be an asset for us, because money isn't math, it's math plus human behavior. We're moist robots.

Paul Adams: We're moist robots, which we're... As we learn from Scott Adams, and I think this is gonna air after our Scott Adams interview, so I can actually talk.

Cory Shepherd: I haven't told anybody that... Oh yeah, its after Rick, yeah, yeah, yeah. Right, right.

Paul Adams: I know. We didn't tell anybody, so just in case, but then we'll just bleep that out if he blows us off later this week, when you're supposed to record.

Cory Shepherd: That's right.

Paul Adams: I don't think he will.

Cory Shepherd: He's a man of integrity.

Paul Adams: He's a man of integrity. He is committed to being on the show. With that, why don't I take... I've got a little riff I want to do on your "wine is a liquid asset", and I'll go right into the credit score once we [15:00] ____.

Cory Shepherd: Well, since we didn't start the timer...

Paul Adams: We'll start it this time. Ready and go. Alright, this is number 60: Not knowing your credit score. Here's the thing. You need to know what your credit score is. Why? Because what people don't realize is part of your human capital in the marketplace, is your identity. Your credit score is an institutionalized portion of your overall identity. In this case, what is the likelihood that you will repay money that

“There’s financial capital, there’s human capital, and there’s relationship capital. These different areas of our life are key and all too often ignored.”

somebody lends you. That's all this means. That's it. Know your credit score. If you don't know it right now for you and your spouse, there are more than enough resources you can go to. Go freecreditreport.com, you can get it for free. You should do that at least once a year.

Paul Adams: To piggy back on your "wine as a liquid asset". What I find is that people end up wanting to call something an asset that they wanna put money into anyway. It's an investment. I'm just investing in my house, I'm investing in this, I'm investing in that, because it satiates the huge amount of capital they're having to put toward it, when in reality, it's just a lifestyle decision, and it needs to fit in the other 80% after you've saved 20% of your gross. With one second left, I'm complete.

Cory Shepherd: Nice.

Paul Adams: Alright, what do I do to reset it? I can't see the thing.

Cory Shepherd: It's reset. Yeah, we're good.

Paul Adams: It's already reset. In that case, I'm going to go ahead.

Cory Shepherd: I just... Everyone, just notice me doing my Miser trigger. My hair just started getting up, I'm like, why is he messing with this?

Paul Adams: Oh no. Would you just, for our audience that's watching the video of our show, let them...

Cory Shepherd: No, I'm gonna do it for the next one 'cause I'm gonna get wildly opinionated about this one.

Paul Adams: Okay, perfect.

Cory Shepherd: And I'm gonna get crazy.

Paul Adams: So this is... The key is that we've noticed for Cory, so you guys can see it, is the higher his temperature gets about something, the more passionate he is, or if he's just had a very frustrating day, the height of Cory's hair like Heat Miser from The...

Cory Shepherd: Frosty the Snow...

Paul Adams: No, not Frosty the Snowman.

Cory Shepherd: Yeah, Frosty the Snowman.

Paul Adams: No, it's the Rudolph movie. The...

Cory Shepherd: No, it's Frosty the Snowman, 'cause it [16:55] ____ Rudolph.

Paul Adams: Was it the Frosty the Snowman version?

Cory Shepherd: Yeah, it's Frosty the Snowman. I forgot. Yeah.

Paul Adams: In any case, the Heat Miser is one of the characters which we compare Cory to internally. This is the first time we're talking about it in the podcast.

Cory Shepherd: I like it. You're getting to know us.

Paul Adams: And it just gets bigger and bigger, and the more... If you see Cory come on to a go-to-meeting and his hair's about six inches high, it's like, what in the world. He has had to handle a bunch of stuff. And by the way, unlike me, I'll come on to a meeting a little agitated and it's because I may have just agitated somebody else. Cory probably dealt with everybody with the greatest amount of grace and dignity and care, and the only indicator is that his hair is high. With that, Cory, I'm gonna pivot to you. Number 61: Getting a graduate degree as a strategy to delay the hard work of your career. Go.

Cory Shepherd: Okay, so guys, guys, I can't even... I came out of college during the lost decade where a lot of folks said, "It's not worth trying to get a job. I'm just gonna go back to school." But they didn't say it that way, they said it in like, "Oh I really wanna do X, Y, Z." No thinking about how it's actually gonna increase their earning potential, increase their career path, they just... It's safer to just go back to school, than actually have to try hard.

Cory Shepherd: And so, if you're in business and you're gonna go get an MBA 'cause you think that's the thing you need to get you further on your career, if you are paying for it yourself, then you're wrong. Meaning, if you're gonna get an MBA and it's gonna be worthwhile in your career, you should already have a company that's willing to pay for it for you. Otherwise, you're just making a long-term bet. You're speculating on your future instead of investing. Make someone else pay for it. That's how you prove that you're on the right track, 'cause they want you to get it to be more valuable. With that, I'm gonna calm the hair down. Calm the hair down.

Paul Adams: And you got it done with a second left.

Cory Shepherd: Including calming time. Including de-Misering. Yeah.

Paul Adams: De-Misering yourself. I love it. I don't think I've thought about it as de-Misering, but I do like it.

Cory Shepherd: Alright, Paul.

Paul Adams: I'm ready.

Cory Shepherd: 62: Miss out on your employer match.

Paul Adams: Okay, I'm gonna start with the fact that we have seen people who have been with an employer for some period of time, and then they heard somewhere from someone, that it was not a good idea to just simply put so much money into tax deductible savings. Something, by the way, that we also say. That you need to at least reflect on how you're gonna exit from all these money you took out pre-tax, and now you're gonna count on taking it out at what may even be a higher tax rate in your old age. And we've had people hear that even on this podcast, and just turn off their 401K. And then they come back to us later, like, "Why in the world did you do that?" And they say, "Well, 'cause I heard that it wasn't a good idea to keep so much in the..." Here's the thing, number one, first and foremost, and then Cory and I talked about it ahead of recording today, is that you shouldn't just listen to anything that we say here without tailoring it to your specific situation, either with your already existing financial coach, or with our coaching, because without taking into context your financial life, you could get into trouble and be inefficient.

Paul Adams: Second is, there are times early on in life, perhaps, if you don't have an emergency fund yet, you don't have just some liquidity that it may make sense to go through a period of time where you don't take advantage of your match, because you need to just get some cushion on your personal balance sheet first 'cause nothing's worse than getting the match, putting your money in 401K, then having to take it out with penalties and taxes. There are times you don't wanna put in, but for all the rest of the time, get that full employer match because at a minimum, even if taxes are higher in the future, perhaps your employer's match will be what pays your taxes in old age.

Cory Shepherd: Perhaps you break even on that. Well, you went long 'cause the timer didn't even start in the first place, and you got an extra bonus round.

Paul Adams: And you're a very wise man... Yeah, a little bonus 10 seconds. Cory.

Cory Shepherd: Yep.

Paul Adams: Putting your kids education above your own retirement. Answer it, but thank you.

Cory Shepherd: This is a good kid related one for me to do, as a third party, like this passion, not in the fray yet. This is what I tell parents all the time. It's kind of a joke in our meetings. I say with a smile. "Would your kid take this deal?" "Honey, we're gonna pay 100% of your college, you don't have to worry about a thing, but when we're 80, we're gonna be living with you." And most kids, even if they're 16, they've got enough

forward thinking to say, "No, I probably don't want that to be the case." Now, I'm not saying that's guaranteed to happen for anybody, but it's like the airline message: Put the mask on yourself before you're helping other people. Let's put enough away to make sure your future is taken care of and then for anything, whether it's kids education or anything else, let's make that decision after we know that our future is secured. I'm good.

Paul Adams: Really good, wow. 10 seconds left, that was super efficient. With that, why don't we take a quick commercial and hear from Sound Financial Group, and all of the kind things they do to sponsor this podcast. See you right after the commercial.

[music]

Jeff Miller: Hey, everyone, this is Jeff Miller, Vice President of Client Selection at Sound Financial Group. I wanna let you know that I'm interrupting this podcast for a good reason. If you are someone who is enjoying the podcast, if our philosophy is helping you better think about money, then this offer is for you. As a listener of Your Business Your Wealth, we wanna give you access to our new white paper, Money: Where Humanity and Hard Numbers Meet. We wrote this in response to some of our most asked questions and frequently addressed topics in our client meetings. Click the link in the show notes or go to sfgway.com to download your copy and share it with someone you think would enjoy our podcast.

Cory Shepherd: And welcome back to Your Business Your Wealth, part three of a 100 things not to do to take care of your financial future. Paul, 64. [chuckle] I don't know why this is funny.

Paul Adams: Technically, it's part three of a four-part series on the 100 things you should not do.

Cory Shepherd: Did I say part two?

Paul Adams: You said part three, but it sounds like part three of 100. I just wanted our audience to know we're not gonna do 100 episodes with... But we could probably come up with, that would be, how many if we did 100 episodes of 25 each, 2500 reasons. [chuckle] Alright.

Cory Shepherd: I feel like we're gonna repeat something in there.

Paul Adams: Yeah. We got next season already figured out then. [chuckle]

Cory Shepherd: Alright, Paul, number...

Paul Adams: What was mine again?

Cory Shepherd: Number 64: Getting married without talking about your money.

Paul Adams: So, this is a recurring theme on the podcast and for those clients who are working with us, is that it's so normal for people not to talk about money. And it's even more normal to not talk about it before you get married. For instance, who is planning on being the primary breadwinner? What are we gonna do when we have kids? What kind of lifestyle are we gonna have? What are things gonna look like to live on one income, etcetera? Now here's the thing, these are all things that absolutely every couple has to talk about at some point. There is no question that money is going to come up at some point during a marriage. If we know for sure things like kids, religion and money are gonna have to be dealt with at some point during our marriage, why would we not be talking about those before we get married? Always talk about money before getting married.

Cory Shepherd: I don't know how long that was. Glad you ended 'cause I was like, shoot.

Paul Adams: I think I ended in plenty of time if you ask me.

Cory Shepherd: I think you did. Yeah, I think you did. [chuckle]

Paul Adams: With that, Cory, let's have you take number 65. I can't wait to hear your take on this one having talked with you about it before, which is, spend too much money on your wedding.

Cory Shepherd: One of my early financial mentors had a deal for his three daughters, three daughters, probably I'm gonna get two, where he just gave them a pot of money for their wedding, X amount, I forget what it was. He was like, "You use as much of this as you want and you keep whatever is left," and they have a choice. I think that was a brilliant choice to make. One, they're not asking daddy for more and more and more and more, he's already done that, and they can make those choices, but they can also choose to have a very modest wedding and launch themselves off to a good start for their life, which I think is the choice that everybody makes. And our culture has romanticized the wedding as a thing that... \$100,000 budget weddings, there's a whole industry around just that kind of segment of the wedding world. And I wanted to get the deluxe plate settings at our wedding, my wife asked me, "Can you describe the plate settings of any wedding you've ever been to? If you can, then let's get them." I could not, I could not. And so the things that you think will make a difference often are not, and then the things that you can't even buy are probably the things you're gonna remember most from your wedding. Just think about it, think about it with that perspective.

Paul Adams: I can't help it, Cory. I'd heard a study on this, so I just have to give this quick bit of reference to our audience. The study found... This study, that is from CNN is where the article... Want a happy marriage, have a big cheap wedding. That weddings that cost

more than \$20,000 had a divorce rate roughly 1.6 times higher than women whose wedding costs were between 5,000 and 10,000. And couples who spent 1,000 or less on their big day had a lower than average rate of divorce. To your point, Cory, maybe that also helps people solve one of our later ones, that we'll come back to here in just a moment, when we get to number 71. Okay, with that, you wanna launch me in the next one?

Cory Shepherd: Number 66... Yeah, number 66: Not talking to your parents about long-term care plans in advance of needing them. Go.

Paul Adams: Here's one of the biggest problems that I think exists for most families, is the idea that we're raising our children on a good income, and we wanna create a good life for them, but we also have this closing distance with our parents in their old age, where they might require care. Now, for some of you, your parents are well heeled enough, they should be able to handle their own care, or they may have a long-term care insurance policy. One of the nicest things about a long-term care insurance policy, if they have it is, number one, if you don't know if they have it or not, you need to ask. And what I mean by that is, pause this podcast right now, and call your parents, they'd love to hear from you, and ask if they have any long-term care insurance. If they do, you need to be added as a contingent premium notification. You need to make sure that the insurance company, if they forget to pay their premiums, will send you a premium notice. And you can be in a position to know, "Do they wanna be at home, do they wanna be in a facility," what would their preference be before they're in front of the thread itself which is needing the care. I hit the buzzer, my apologies. I hope everybody heard it, and that that ring was the ring of my shame for having gone over, okay.

Cory Shepherd: Or the ring that caused them to call their parents to talk about long-term care plan.

Paul Adams: That's exactly right, which is number 67. Cory, would you say why it is people may not wanna replace their car too soon?

Cory Shepherd: Oh, well. Lots of reasons. We've talked about some of these concepts like a car is a depreciating asset, a lifestyle luxury, once experienced, becomes a necessity. Once, I experienced a back-up camera for the first time, there was no going back. And so, we ask ourselves, always, "Am I fearing losing this thing? Is this the thing that I needed to make my life perfect? How was I doing before I had this thing?" And, just a new car purchase is not just the monthly payment that we're paying on the car, but it's our whole set of new expectations about ourselves, and who we think we should be. And the suit that looks good, getting in and out of that car, there's a lot of ways that that can ripple across the rest of our balance sheet. And it's very hard to go back. So we always say, whether it's a car or any lifestyle expansion decision, does it have to be today, could it be tomorrow and you'd be just as happy, 'cause you'll be doing your future self a favor.

Paul Adams: So good. So good. Alright, you mind if I take next two... Set me up to do the next two in one shot?

Cory Shepherd: Yeah, they kinda go together. Yeah, it's a nice thought.

Paul Adams: Yeah, I kinda thought they did. I think I can get them both done in less than a minute, but I'm setting the timer for two just in case.

Cory Shepherd: Number 68: Fail to count the latte losses on your balance sheet. And 69: Allow old bank drafts for things you no longer use. Go.

Paul Adams: This is perfect. So, what these are both coming down to, are not counting your personal cash flow, not taking a look at your personal cash flow, and making the assessment of, "I did a good job on that personal cash flow this month. I didn't do a good job in that personal cash flow this month." In fact, for most of you who are founders, owners and entrepreneurs, you do not let a single month go by where you'd be okay with any department being like, "Hey, I just didn't report my expenses." You would lose your mind if you had somebody running a whole department in your company, and you're like, "Wait, we only have revenue from that department but no expense reporting, so we have no idea how profitable it was." You would not let that happen for one single month. And yet, even though what we're gonna require to have financial independence as business owners, one day, to reach definite financial independence to fund our work optional lifestyle, it will absolutely, without question, require, we have transitioned money appropriately from our income and our business onto our personal balance sheet. And we act as if that's not as important on our personal balance sheet as it is on the business balance sheet. Well, I'm gonna tell you, it's more important.

Paul Adams: That if we can't even count where the costs are going... Now, this doesn't mean you need to budget down, that doesn't mean you need to cut your lifestyle, it doesn't mean... But I cannot tell you how often people we work with, folks making over half a million dollars a year, people making 900, a million-one a year, when I say, "What do you think your household spending is?" It is a wild guess for them. They might be within \$5000 a month. But usually, if I have them count their actual expenses for the prior two months, just using some credit card statements and bank statements, they find out it's far more than they thought it was. You should know that. It doesn't mean you need to cut everything, but you need to at least know the numbers, just like you do inside your company. Okay.

Cory Shepherd: Nice.

Paul Adams: Cory.

Cory Shepherd: You captured some time.

Paul Adams: Number 70.

Cory Shepherd: Yeah.

Paul Adams: In one minute, why is it is as a part of the 100 things you shouldn't do to help get your finances in order, why is number 70, comparing yourself to somebody else, one of them?

Cory Shepherd: It was our good friend, Ron Alford, who first introduced me to the concept that comparison is the thief of all joy. And the way that I think about it is, we've got so many people in the world, and we've got so much access to finding them via the Internet, that you're always gonna be able to find someone who's done it better than you, had more than you, compares favorably to you. Even the Bill Gates or Warren Buffet, whoever's the richest man in the world, at any one point in time, is gonna find someone else that they can see has more of something than them. It's always gonna be there. And so, in our financial life or in anything in life, cultivating contentment on our own journey is the thing to do. I wanna tell you that you are in exactly the right place in your life now for where you need to be. You couldn't have done any better. Why? Because, wouldn't you have? If you could have done something better yesterday to get you further than you would have, there's nothing that would have stopped you. You're in exactly the right place and the right time and you don't need to compare anybody to your situation.

Paul Adams: I had my finger hovered, I was trying to stop it for you, but that you hadn't quite stopped talking... You did have to bring it home. I'm glad that you did.

Cory Shepherd: I hadn't even... It was worth it, it was worth it. Alright, Paul. Whoa. [chuckle]

Paul Adams: Listen.

Cory Shepherd: Get ready for Paul just-offensive-enough-Adams, number 71.

Paul Adams: It's just everybody likes a little salt on their steak.

Cory Shepherd: That's true.

Paul Adams: Not a lot, little pepper.

Cory Shepherd: Number 71: Get divorced. Go.

Paul Adams: Here's the thing. Many of you listening right now, by statistical likelihood, have had a divorce. I had a divorce, married when I was 19, divorced when I was 21.

Here's just the absolute bottom line, it is costly. Now, for some of you listening who've already gone through a divorce, you may look back at no longer being with that person, especially maybe a decade later, and you're looking at their situation versus your situation, you're like, "Thank goodness I got rid of them," or "they got rid of me," or however you look at it. It may have been "worth it" all the cost. But I think that if one of the things we can do for those of you that may be single, that may be looking at the next marriage, or things are going really good right now with your spouse, is to realize that one of the biggest wealth destroyers we're gonna bump into is a divorce, and to invest in your marriage in a way that you are protecting this enormously important asset that you have, called the marriage. I didn't get nearly as offensive as I could have.

Cory Shepherd: No.

Paul Adams: But I think it's important, I think it's important that people just look at it, reflect and invest in it, just like any other asset.

Cory Shepherd: Yeah.

Paul Adams: If you knew there was something that you could study for that would wipe out half your net worth... It was anything. Hey, at any given time, you may be given a test for your ability to drive, and if you don't do well enough on that test...

Cory Shepherd: You lose your licence forever.

Paul Adams: You just... No, you lose half your net worth.

Cory Shepherd: Oh.

Paul Adams: That's the test. Would you be studying for that at least once a month?

Cory Shepherd: Once a day.

Paul Adams: Once a day, yeah. Maybe as a consideration, if we looked at needing to maintain our marriage with the same level of diligence that we might maintain that driver's license if we knew there was gonna be a test one day, that would wipe out half our net worth. For whatever that's worth, just a different way of looking at it, certainly not meaning to offend anybody, just something to add as a different way, an invitation, if you will, as a different way to look at it.

Cory Shepherd: Yeah.

Paul Adams: Okay, number 72: Not having an objective for money being put away for asset acquisition every month. Cory, go.

Cory Shepherd: It's the same reason why just having a budget doesn't work. If all we have is kind of a list that's saying, here's the things we don't wanna do or don't wanna go over, then we're focusing on the wrong thing. We need that spending plan, we need that acquisition plan, and if we don't give our money a job, then it's gonna find its own job somewhere else, it's gonna get into trouble. And so, having that goal of X amount of money to put away every month, let's just start with 20% of our gross income, gives our money a job in advance. And as I like to say to a lot of clients, whether it's your paycheck, your first paycheck, or winning the lottery, or an inheritance, we need a plan before it lands. We need that plan before the paycheck is getting there, where some of that money is gonna go to give us a constructive result, otherwise, it will make its own decisions about what it wants to do, and it won't be the things that take care of future us.

Paul Adams: Nice work, left some time on the clock.

Cory Shepherd: Doing good. Alright, Paul, 73: Allow just one person in the home to know where the money is going.

Paul Adams: Alright, so this goes back to the idea of tracking expenses that I spoke about earlier, that we need to know where the money went, number one. And number two, we should be reviewing that with our partner, our spouse, in our personal balance sheet, they're our partner on our personal balance sheet, they should be part of the review of where the money went, with us. If only one person in the household knows where the money went, then in all reality, only one person in the household has any idea what it's gonna take for the family to have financial independence. It goes back to my conversation. No one listening to this podcast right now would go home and tell their spouse, "You raise the kids. I'm not gonna worry about raising the kids. You handle those kids, they seem great. They seem like fine people, but I just really don't wanna get to know them. I do much better with grandkids, so let me know when we're to that state." No one would do that. But people do it all the time with their money, even though their money is another relationship they will have to deal with in the future, you do not get to opt out of, just like the relationship with your kids. With a second left.

Cory Shepherd: With a second left.

Paul Adams: Alright, Cory. Not talking about your career and financial goals with your spouse is one of the 100 things you shouldn't do to help keep your finances in order.

Cory Shepherd: Paul, Kristen trusts you a lot. But if you put her in the car, didn't say a word, you said, "Get in the car," you sat her down, and you started driving somewhere, and she's like, "Where are we going?" You just ignored her, you just iced her.

Paul Adams: And she gets particularly agitated when I put her in the trunk, when we do this.

Cory Shepherd: [chuckle] Well, let's not go there.

[laughter]

Paul Adams: I will tell you, the yelling is just... You know how loud you gotta turn up the stereo to keep your wife from interrupting you while she yells from the trunk?

Cory Shepherd: Alright, George, you got the time code of where we're gonna edit that? It doesn't matter... No matter how much your spouse trusts you, Danielle would be the same, if we just started driving somewhere, I didn't tell her where, why we're getting in the car, she'd just get more and more nervous.

Paul Adams: Yes.

Cory Shepherd: Same with not talking about career and financial goals with your spouse.

Paul Adams: Oh, it's such a good metaphor.

Cory Shepherd: If you're not sharing with each other where you wanna be going and why, then there's no way that you can line up satisfaction. 'Cause people are gonna get nervous if they don't know why we're going in a direction, why we're doing what we're doing.

Paul Adams: I'm stopping the timer on this one because I think it's so key, is in fact, two things would happen: The longer that they don't know where you're going, the greater the nervousness and agitation gets.

Cory Shepherd: The more.

Paul Adams: And the harder it gets to bring them up to speed as to why they were in the dark so long.

Cory Shepherd: 'Cause you're working through that baggage of like, "Why did you even do..." Yes.

Paul Adams: Because now... We've had spouses where, "I don't think our finances look very good, and my spouse has no idea that we're as far behind as we are. Because we pay all our monthly bills, they think it's just fine." And it might be the first time, despite making top 1% income that this household has even done a check of like, "Are we even on pace for the future because nobody's been checking that." It's just a little bit of surplus gets saved, and gets set aside.

Cory Shepherd: And then they're just mad at you when you don't wanna go on vacation.

Paul Adams: Yes.

Cory Shepherd: They're like, "Why can't we go to the Four Seasons?" You're like, "No, I think we should..." You're not talking about the real reason...

Paul Adams: Exactly.

Cory Shepherd: And then they don't know. Yeah.

Paul Adams: Exactly, so I think we've got just one more, and that I'll bring us home.

Cory Shepherd: One more Paul. Number 75: Not talking about your career and financial goals with your closest friends. Go.

Paul Adams: Now, so this is the thing, is that some of our... We've talked about this before, there's financial capital, there's human capital, and there's relationship capital. These different areas of our life are key, and all too often, ignored. That if we're not talking to the people that are closest to us in life, to our right and left, about where we're going and what's important to us, they don't have the capacity to help. And what I mean by help is not necessarily that they know somebody that would get you into that contract that you wanted your company to have, but little things like, they read an article that might be useful on the path that you're on. They might be reading a book right now that could be useful, they might have a strategic relationship that could be useful to you. And if you're not talking about where you're going to some of those people closest to you, you get no opportunity to activate the greater mind of all those people to bring to bear on your balance sheet in your career.

Cory Shepherd: With that, another 25...

Paul Adams: With that, you should... Another 25 in the box.

Cory Shepherd: In the bag.

Paul Adams: Yup. What we should have had is this: 75 and a half is not referring all your friends to listen to this podcast because you need them to be in the financial future where you are...

Cory Shepherd: Oh, so true.

Paul Adams: And not talking to them about money, and not talking to them about your career, and not at least, absorbing similar material that you guys can chat about over beers or at the barbecue, is a mistake. Absolutely. Forward this on to other people you care about. Also, don't forget, leave us a review.

Cory Shepherd: Honest review.

Paul Adams: Anybody who gives us a honest review, take a screenshot of it, email it to info@sfgwa.com, or send it to Cory and I on LinkedIn, just let us know that you did it, show us the screenshot and our team will send you out a copy of sound financial advice, or Cape Not Required, or Clockwork, you'll let us know your preference. And yeah, I just can't wait to hear you guys, have you guys back on for us to close out this series of 100 things you shouldn't do to help get your finances in order. Because we hope that both this series and this episode was a contribution to you being able to design and build a good life.

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Episode 145 - Top 100 Mistakes, Part 3
Episode Transcription