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“When they did that research, they found that growth funds are pretty ‘growthy,’ lots of growth stocks in them. And value funds are often also pretty ‘growthy.’”

Cory Shepherd: Hello and welcome to Your Business, Your wealth. I'm Cory Shepherd, usually co-host, always President of Sound Financial Group, and I am on my own today. Yes, this is Cory Shepherd unsupervised. Paul is away at his weekly beard rejuvenation and spa treatment and left me to do the show on my own this week. [chuckle] He's actually at a wonderful retreat with all of his entrepreneurs' organization brethren, and I'm sure we'll have some great topics in the next few weeks as he pulls back some learning from those different speakers and talking with all those amazing world-class business owners.

Cory Shepherd: So, today, we've got a very great show for you and I'm gonna talk about getting our money handled and the never-ending process in our life of having it all handled. And why planning is not an object or an event. And also, why "should" is a least helpful word in the world of financial planning. As always, I wanna acknowledge you for taking some time out of the Facebook scroll, all the different social media to really focus in and encounter a topic that could be useful for you in your life. This might be the most profitable few minutes that you spend listen to anything this week, and I wanna acknowledge you for taking that time.

Cory Shepherd: First, before we dig into our main topic, we have a This Week In Planning article that I am especially excited about, 'cause we've made some history here in the world of investing. And let me get my screen shared for all of you who are watching the video, and we're gonna take a look at this money article, used to be Money Magazine. Now they're technically not Money Magazine, because they only publish online, unfortunately. And the title of this article is for the first time ever, index funds have more money than active funds. That's right, as far as total influx of assets in the market, the passive index fund world of investments has eclipsed the active management world. And this is a big deal, Ben Johnson at Morning Star says, "It's a win for ordinary investors who are keeping more of their hard earned savings for themselves, because passive index funds are known as being lower cost than active management."

Cory Shepherd: But there's also some naysayers in this world. Down at the bottom there is a fellow whose name is Michael Burry, made famous, he was a character in the movie and book, The Big Short, who worries that this is a bubble, it's too good to be true, there's too much money flying in too fast. And he argued that because of that influx this could create trouble if investors suddenly get jittery and run for the hills. But others have pushed back and said, ETFs do not spell CDO, which was collateralized debt, which is the whole big mix of a mess of... Sorry, collateralized debt obligations, the whole mix of everything that led to the financial crisis of 2008 and the mortgage collapse.

Cory Shepherd: So we've got someone who is a very active investor in Burry, saying, "Oh this could be too good to be true. Maybe we have a bubble," but I think as I read this, that number one, the whole point of people going into passive funds, into index funds, is that

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“We’re always in the process of handling our future. Money’s never ‘handled,’ but we’re always handling because the world’s always changing and we’re always changing.”

they're not moving in and out with great regularity. So, I think the very person who chooses to go this way is less likely to be more volatile and just getting in another market, at least that's a hope, and that's what we would help our clients learn about how to create that strategy and hold it. But the good news isn't, all good news because all index funds aren't created equally, and we haven't solved all of our problems. And I wanna point out a couple of pieces here in some articles that are gonna link to this, which is, number one, if you do an internet search for, "where are the value funds?" You're gonna get a whole bunch of articles and white papers and there's this first one, the characteristic of mutual fund portfolios, which is a very heavy research paper from 2018. I've got it pulled up here and I'll read the very last couple of sentences of the summary: "We conclude that the characteristics of mutual fund portfolios, raises a number of questions about why funds do not exploit well-known return premia and how their portfolio choices affect asset prices in equilibrium."

Cory Shepherd: So for most of you, I'm probably not gonna steer you towards reading this white paper, but I'm gonna steer you back to the internet, the Google search in this case of where are the value funds. And scroll down to a couple of headlines, particularly the Wall Street Journal headline from February of this year, "Want to invest in a true Value Fund? Good luck finding one." So that is a summary of what they're talking about in that summary of the white paper. And the way that I would pose it to you is, when they did that research, they found that growth funds are pretty growth-y, lots of growth stocks in them and value funds are often also pretty growth-y. See passive indexing and even some of the more, we'll call it active indexing or structured indexing, isn't always delivering for what we think we want. So, set it and forget it is still not a thing that we get to do, even in the world of passive indexing, there is some maintenance, there is some gardening and pruning to do to make sure that the portfolios that we're in are doing what we want them to do.

Cory Shepherd: So we bring up that article because we hope that you're reading some of this. This is probably gonna make fairly big news across the financial media over the next few weeks. And they're going to paint a picture like, "Oh we can just all sit back, have a sign of relief, everything's handled", and that's not the case, and that's actually our topic for today. So just like our investment portfolios are never just gonna be handled for life because there passive or indexed, it's never gonna handle everything for forever, neither any of our plans in life always just gonna be handled forever, and we're always in the process of handling our future. Money is never handled but we are always handling, because the world's always changing and we're always changing, and what we want is changing what's important to us.

Cory Shepherd: And I think we can have a picture at different ages, either older or younger as having it easier, whether that's someone getting older forgetting what it was like to be young or someone younger imagining how life must be easier when we get older, and saying, "Oh if I can just get this handled, then life will be good for the rest of

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“No matter how much money we have, it won’t work out unless we write the right story about what that means in our life.”

my life." And so, I'm gonna walk through a timeline of different ages and stages. And these are not just one person, but they are a result of some conversations we've had with real people at these different ages, to remind us all of wherever you are, what are the perspectives of some people in some other stages of life to help us tie together to say, "Hey, it's okay, it's okay that we're never gonna have it handled." Well, whether or not we're okay with it, that just is the way that life is but how do we wade through that so that life can get better? So we can have some peace that if we've got some money stress now, that we can get that solved in some way so that we're continually solving it. We'll never have it solved for forever, but we can find some ways to continually be in the process of solving it.

Cory Shepherd: So, let's start with picturing someone who is younger, let's say 25 and launching a business, and I'll partially use me as an example here, because I was pretty young, a little younger than that when I started in this business. And I was a smart student, I was studying hard, I had some knowledge, maybe some naivete, and some lack of perspective, but I definitely had that thought of; I really do know a thing or two, if people could just look past my age, I feel like I could help them a lot.

Cory Shepherd: And as I was starting a business and building my relationships with clients and building my revenue, I really had this thought; If I could just make payroll, have some money to take my girlfriend out to a nice dinner, I'd feel like I'd made it. And early on, it was have some gas in the car and some beer money, and that was about all that I needed to feel fairly happy and secure, and I was saving money, putting on the sideline, I knew intellectually that I needed to do that, just like I was telling my clients to do it, but I didn't really connect in the deep sense of knowing of what that was gonna mean for me to be putting money away for the rest of my life and I think no one does at that young age. I think I've had the privilege over the last 10 plus years to talk to so many people in those perspectives of being older, and really feeling the pinch of getting towards retirement, that I have a better internal understanding past the years and experience that I've lived through to really know what that means to wanna be putting some money aside and taking care of ourselves in the future.

Cory Shepherd: But if you fast forward to someone who's just a little bit older, let's say, age 35. They might be saying if I could take my family on a nice vacation once a year and not worry about the cash flow to pay my mortgage, I feel like I've made it. So that 25-year-old version of that person can't imagine a world of all the obligations that they've created and gained over time, and they would have been just fine with beer and gas money, but our lives tend to add extra as we get older and we tend to have that slow creep of lifestyle increase, and a lot of that is good. I don't think any of us would wanna go back to exactly the same living conditions that we had when we were 25, we might remember them with a bit of a smile because life might have been simpler, but I certainly don't wanna go back to eating the same salad for lunch every day and some ramen noodles for dinner as a treat. That's not the world that I wanna live in, but it is worth

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“The reality is that we get to frame what success means for us in our own financial lives. You’re going to write the narrative of the story of your life. And the only way the story has a happy ending is in relation to the story that you tell yourself.”

thinking about as we get older, what are the things that we're adding into our life and are they truly adding to our life as we're adding them to the lifestyle that we have?

Cory Shepherd: And you can think about someone who's a little other than 35, maybe 45 now, and they might be thinking; if I had enough cash flow to pay the mortgage on my second home, and if I could just get my kids into college, I feel like I would have made it. You know, remember when we reach a major goal, we're now likely to have something more to lose. You get that boat, that second home, that new job. Now we've got a bigger history of success, but that's also a bigger gap that we could create if we lost what we've gained. So if you're on the younger end thinking about folks on the older end who seem to have everything handled, they have all kinds of assets and toys and houses and fun things in their life. Remember that once we have them, they very well may be concerned with what it would mean to lose them, so we've always got our own our own unique considerations or stresses as we're getting everything handled in our life.

Cory Shepherd: So now let's go another decade on to someone who's maybe 55, owning that business and now they've got the cashflow handled. Had another 10 years of success, they feel pretty flush with cash, but now, things can start to change to be about legacy, about the mark that they leave behind, and yes, money is still probably in a factor and an issue, but it becomes less of one. So they might say at 55, if I could just develop one of my employees into the successor who will buy me out, I'll feel like I've made it. And that buying out part is less important than the continuing the business and the thing that that person has grown and started as a legacy in the world, and know that they could create something that keeps going past their involvement in it.

Cory Shepherd: And then we go to someone who's 65. They might have 100 times the money and assets that they had when they were the 25-year-old version of themselves, and I've seen people feel like more of a failure than at that time of their life, after all the success that they've had, because what's important to them changes. You know when you see this in even younger folks like professional athletes who leave their career with, what seems like all the money in the world and all the success, but then, what's next for them? They don't have next thing that's gonna drive them forward to create value in the world, and feel connected to something and give them that self-worth. And someone who's 65 at their into their career might feel the same way. They might feel like money is not as much of a concern to them, although the more they have, the more there is a concern of what might mean to lose it, and we can't ever forget that that is likely to be there for every person who... If you're sitting in the younger end of the spectrum, looking forward saying, "Oh that person's got all the money they need, they've got it handled", they very well still may have those fears about what would it mean to lose this, and how do I make sure that I don't.

Cory Shepherd: But this person who's 65 might say, "Oh well, if I could just make sure my grand kids have everything they need to be successful in life, I will feel like I've made it."

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“Because when you’ve lock in sufficiency, then everything else that just happens after that is just a story. It’s not a failure.”

And also, it's not fun to think about, or look at, but we do have to acknowledge that there are folks at this 65 or later age who feel like the 25-year-old did. They literally in their minds are saying, "If I just have enough money to take my girlfriend out to dinner I'd feel like I had made it." And that is a reality of some folks that have not prepared themselves in the way that they thought they wanted to for the life they wanted to have, and that can happen. But I think that when that happens, we start to write a new story around it, and that really is the path that everyone can take to make the most of their financial life, and that is actually essential to make all of our money work out. No matter how much money we have, it won't work out unless we write the right story about what that means in our life. And this is a good... We're gonna take a commercial break to hear a message from Sound Financial Group, and when we come back, we're talk about what we do with all this and how we write that story that helps all of us create a narrative that helps our money continue to get handled as we move through the rest of our life.

[music]

S?: Hey everybody, I had to interrupt our show for just a moment to share with you something you knew. We've designed a new white paper that we think is gonna add you value in the way that you think about money. It's three of he biggest mistakes we see people make, and six ways to fix them. Now, for some of you, you might not want the white paper, you might be ready to have a conversation with us and that is okay, you can email us at info@sfgwa.com, that's info@sfgwa.com. Find us on the web at yourbusinessyourwealth.com, and anytime on any of our social media platforms, send us a message and we can get you this white paper, but in the meanwhile, if you want to just skip over the white paper, have a philosophy conversation with us, we're happy to do that with you, just let us know, philosophy conversation in the subject line, and if you want this white paper, just put white paper in there, and we'll immediately get out to you this white paper on the three biggest mistakes that we see people make, and the six things that you can do to fix them. And now back to our show.

Cory Shepherd: And welcome back to the episode were affectionately calling stop should-ing all over yourself. [chuckle] And we've talked about the different narratives folks can have around their money and the things that can concern as the different stages of our life, to really say, we're always in the process of handling whatever is our primary concern around money, and the things that are important to us in our life. It's never all just handled, 'cause the thing we handled yesterday is gonna change into the thing that we wanna handle today, and the reality is that we get to frame what success means for us in our own financial lives. You're going to write the narrative of the story of your life and the only way the story has a happy ending, is in relation to the story that you tell yourself.

Cory Shepherd: Picture someone who has the opportunity to sell their business for \$10 million, and then they go through with that transaction, and a few years later hear of that same business being sold to another company for \$40 million. Do they think they should

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have held on for more, and they feel like they might have been a failure in that transaction and dissatisfied with what they got as a price? Or picture the person who has the opportunity to sell their business for 10 million dollars, says no, I feel like I can get more, and then moves through a few more years in their business, hits a economic downturn and really doesn't wanna be in the business anymore and sells for 5 or 6 million instead of that 10. Now they're just dissatisfied 'cause they feel like they should have sold sooner.

Cory Shepherd: I would say that the way that that person went about it, whether they sold at the right time or the wrong time and watched to go up in the future. They're setting up a situation where they're going to be dissatisfied no matter what happens, because the two opportunities are; they sold right now for 10 million and they're either going to wish that they had held on for more, or hold on for longer, and sell for less. Either situation is not gonna be helpful and there's all kinds of room for dissatisfaction. But what if they wrote a story of their life that said; Okay, 10 million dollars, does everything for me that is most important. If I sell the business for 10 million, I will have everything that I really want in life. Yes, if I sold it for more, there's some other things that I could have done, which would have been nice, but when it comes down to it that 10 million does everything for me and my family that's gonna be most important to us.

Cory Shepherd: Now, they've written out a story for themselves that paints what we call their sufficiency. Sufficiency being a good life lived without any unacceptable compromises. Maybe some compromises, maybe not everything that we wanted and more, but everything that we definitely wanted to make sure it was most important in our life is accounted for. And now anything that happens to that business owner afterward, is just a story. And it's a story that they could probably laugh about, meaning, they sell for 10 million knowing that that is the amount that does everything they want for them in their life, that's most important, and they have a plan for it. And then a few years later, they hear that the business sells for even more to a new buyer, and they say, "Great, good for them. I hope that that works out well." But they can turn back to the narrative that they wrote for themselves, to say, "I have no regrets 'cause I did everything I needed to do to make sure that the most important things in my life were handled, and I can still be happy."

Cory Shepherd: See, it's the way that we write that story around the choices that we make that makes it most effective. You could use a sports metaphor, like someone like Tom Brady of the New England Patriots, who's closer to the end of his career than the beginning for sure. We don't know how many more years he has left, he seems like he could go forever but that's not the case, and he's gonna retire sometime in the future, and he could still choose to focus on the games that he didn't win, on the Super Bowls that he lost versus a record of accomplishment that has many people painting him as the greatest quarterback of all time.

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Cory Shepherd: What I would leave you with is this final set of exercises that are gonna be really helpful for you in writing this story, because I know that the first thing you're gonna do as you're saying, "What is gonna be most important to me for the rest of my life?" Is to think about the past and the opportunities that you might have missed. It's very natural. And I wanna give you a little gift here, which is, to let you know or let you in on a secret, which is that you have done exactly as much and exactly as well as you could have possibly done so far. That word "should", I should have done more, I should have done different, it's so unhelpful, that's why we talk about this episode of stop should-ing all over yourself, because the way that the human brain works and just... Ask yourself, have you made any decisions that an action was right in front of you? If you do this, this will help you be that much, much better off? Would you not have done it if you could have seen that in front of you and made that choice?

Cory Shepherd: So anything in the past, "I should have done this." Just give yourself the gift of some forgiveness and say, "Hey you did exactly the right thing at the right time for whatever was happening in your life. And today we get to look forward and start to make whatever choices we feel are important. The second gift that I'll give you as a statement you might have heard us say in the past if you've been listening for a while and you might have read in my book, which is comparison is the thief of all joy. You're always gonna find someone who's done more and you'll always find someone who's done less than you, but getting into that comparison trap, really takes away the joy that you have in what you've done. We're either comparing ourselves to someone who's done less to try to make us feel a little better, prop ourselves up a little bit, or we're comparing ourselves to someone who's done more and feeling like we should have caught up or been at their level. I'm sure Tom Brady has the capacity to find someone who's done a thing in football better than him, that he would have rather eclipsed. We all have that chance.

Cory Shepherd: And so, don't should over yourself, and please don't compare yourself and your experience to anyone else, 'cause we're all on an incredibly complicated journey, and all the different factors in our lives and our financial lives are not what we call a common denominator comparison. If we just take a real mathematical view here. Your freshman year math teacher would tell you you can't compare things that aren't the same, in the denominator. So as you leave this episode and think about what you can do today to make this some time that created new action in your life and some new results start writing your story of contentment. For sure, keep dreaming big, keep reaching for those stretch goals, but also write down what sufficiency looks like for you. What a good life with no unacceptable compromises looks like, the important things that you can control and make sure you move towards those, 'cause when you've locked in sufficiency, then everything else that just happens after that is just a story, it's not a failure.

Cory Shepherd: If you have any questions for us, if you wanna reach out and tell us what you thought about this episode, especially if you can leave a review, an honest review on iTunes, it sure helps us a lot, more than you could know, and we'd love to send you a copy



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of either Paul's book, my book, or Clockwork by Michael Michalowicz. And so just leave an honest review on iTunes or wherever you're listening to this podcast, send us a screenshot of that review to info@sfgway.com, that's S-F-G for Sound Financial Group and W-A-Y, sfgway.com. Send us the screenshot of that review and a good mailing address, and we'd love to send you a copy of one of those books. Make sure to share this with someone you think would be helpful to them in the same way that it was to you because when you can share it with someone that you can talk with it together then you're really expanding on that learning and making that experience very solid for both for you and something you can act on later.

Cory Shepherd: Thanks for joining us today and look forward to seeing you next time. And as always, I hope that this is contributed to you being able to design and build a good life.

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