

KEEN ON RETIREMENT



Welcome to Episode 1

- Steve Sanduski: Hello everybody and welcome to Keen On Retirement. This is a new podcast which is designed to help you thrive before and during your retirement years. My name is Steve Sanduski and I'll be your host. Joining me as he always will is Bill Keen. Bill welcome.
- Bill Keen: Thank you Steve and thanks for agreeing to moderate this podcast for us.
- Steve Sanduski: Bill, you and I have known each other for a few years and I was very excited when you contacted me and said that you wanted to start a podcast and that you wanted to share your message out there. I'm thrilled for inviting me to be part of this and I am excited about the things that we're going to be talking about here on the future shows. Why don't you start out by sharing with us why did you decide to do a podcast? What do you hope to accomplish with it and why should our listeners be listening to this?
- Bill Keen: It's a great question Steve. The reason that we're doing this, we see so many people approaching retirement that do not have a plan in place for how they will transition from having a paycheck coming in while they're working to being on social security and/or living on their investments. Most people that we see are on autopilot, for a number of years contributing to their company plans from the time they're in their thirties and forties and early fifties and really not until about five years out from retirement do they get conscious of the task that's in front of them when that paycheck ultimately stops.
- What we're trying to do today is really push out information. Most of my meetings are one on one over the years and this podcast format is giving us a way to provide information to help investors make smarter decisions about their money, especially when it comes to retirement planning and the issues related to that.
- Steve Sanduski: Bill, I know you were telling before we went live here that, how many meetings is it that you have been in over the years?
- Bill Keen: My staff recently sat down and tallied that up, they came up with a number just over fifteen thousand Steve.

Steve Sanduski: That's over how many years?

Bill Keen: That's over twenty three years.

Steve Sanduski: Twenty three years.

Bill Keen: That's right. It's interesting because when you sit in that many private meetings, you would have to be foolish not to notice patterns that emerge and problems, issues, dangers, successes. Things that happen that repeat themselves again and again. I would tell you I turned that last twenty three years or these last twenty three years into a research project of its own in just paying attention to those things and capturing those things and being able to be out in front of those issues for people as they continued to plan for their retirements.

Steve Sanduski: Okay. I love the podcast format. I love the fact that with this technology you've got the ability to really reach thousands or tens of thousands or millions of people, literally, through this technology. That's very exciting. You've been in these fifteen thousand meetings over twenty some years, what are some of the things that you have picked up during all those meetings and during all those years? What are some of the topics is really where I'm getting at here, that you want to talk about on these future podcasts that you've learned that in having all these conversations with clients that these are the challenges, the fears, the hopes, the dreams that they have? What are some of these topics that you want to be addressing here in some of the future episodes?

Bill Keen: As we've talked in the past Steve, what I see mostly is I believe people need to be more aware that retirement and the investments and the income and the technical aspect to these things are their responsibility now, that they have the day of the retiring and having a pension is all but gone. Folks, retirement planning and the income for the rest of their lives, call it thirty plus years, in most case were planning is on them to understand and to again make smart decisions with. The thing that I will tell you that we'll always come back to is having a financial plan in place, a workable financial plan. You would never build a house without a set of blueprints, you would never take off in an airplane, I guarantee it, with one of the commercial airliners without a flight plan in place. You would never want to venture into let's call it the best half of your life or retirement years without a plan in place.

Everything we talk about is going to be angled back to making sure we have a plan, that somebody is walking folks through. A financial plan that's up to date, that's technically accurate and it has all the aspects thought through, and it also is able to be followed. What we don't want is a four hundred page document that's meaningless to somebody, we want someone to have a financial plan that they can actually follow, is relevant, there's a baseline for measurement and that type of thing. That's something I'll always come back to, but let me give you an example of a podcast topic, for instance probably number one is the question

"Do I have enough money to retire?" Can you imagine that question? Is that not what everybody wants to know Steve?

Steve Sanduski: I think we all want to know that. Yeah, of course. I think of retirement is not really an event, it's a process. There may be a day that you leave paid employment but that's really just the beginning of this long process that we call retirement. As you all know we get to the point where we've saved up all this money and now we've got to make sure how is this going to last. That is really part of what the plan gets into, is running these models and simulations to make sure that you do have enough to live comfortably in retirement.

Bill Keen: That's right, and remember you see, you turn on the TV and you see commercials that say "What's your number?" I understand the concept but the commercial is asking people what is their number, what's the amount of money they need to retire, as if there is one number that would satisfy everybody. We know that's not the case. The question is for folks, what is your income needs? That's the question, what are your income needs? What's your debt look like? Who are you supporting? What's your life expectancy? No one knows for sure. Everything is a probability, if you will, going forward. There is no one number or one size fits all. We will have an episode that we can cover how we help people get to their number, and that's the most important thing to each person.

Steve Sanduski: Okay. A couple episodes here that you just described, one is the importance of having a plan, keeping it updated at all times. A second would be answering that question, "Do I have enough to retire?" and what all goes into that, which there's a lot of things that go into answering that particular question. How about a third topic that you're thinking about?

Bill Keen: You know Steve, in reference to one of the first topics we just talked about, also I might add the second question that I get when I say "Do I have enough money to retire?" is what happens if I retire and the market crashes? Days, or weeks or months after I retire. Do I go back- Yeah.

Steve Sanduski: We call that bad luck.

Bill Keen: No, no. Don't say that. Emotionally it might feel like bad luck but if you have the right strategies in place and you think it through, then it's not bad luck. In fact there's disciplines that we put in place to make sure that if that happens ... Because nobody knows what the future looks like and imagine we're going to have many corrections in the future as retired people or as retirees, you will have to go through those things. The question is what happens and how do we get around it? How do we work through it? How do we get passed it? How do we sleep at night while that's happening?

The third topic that I thought about was, I call it the happiness factor or retirement lifestyle. It's what will I do with my time when I retire. You might think "That's a problem of prosperity", and it is a problem of prosperity but it

can be a problem. It doesn't have to be a problem but I recommend people, several years in advance of retirement, to start to walt through the thoughts experiments of "What will I do when I don't have to go to work every day? When I don't have to get up at four or five or six o'clock in the morning and go to the office?" That is a fun exercise to have.

Steve Sanduski: I'm sure many of the people listening to this can absolutely relate to that. We've all heard those stories of someone who retired and within three months, six months, they're dead because they'd been so wrapped in their work and their identity that they just lost it all after that. I've got personal examples of people who retired and didn't know what to do with themselves, whereas other people had hobbies and passions that they immediately were able to dig more into and enjoy life and have things to look forward to and be able to have a good reason to get up in the morning. Yeah, that will be a fun episode when we talk about that.

Bill Keen: Steve, without question but let me tell you this. One of the things that people get to do is they really get to get clear, they get to do more introspection on what's important to them. It goes well beyond the numbers, it's focusing on healthcare, it's focusing on being with your spouse or your kids or your grandchildren and like you said hobbies, other things. Let me give you a quick example of something that was inspiring to me, we had a client retire and got into cycling, had been into cycling when he was younger, but got into cycling as a retired fellow. Within, gosh I would say a year or so, I believe he probably lost eighty to ninety pounds and became a competitive cyclist and actually competed in the senior Olympics for cycling. Unbelievable.

Steve Sanduski: Yeah.

Bill Keen: Now that same fellow came down with some health issues a couple of years later and the doctor told him "You would have not survived this had you not been in such good shape." I thought "What a blessing that this fellow was able to retire, was able to get focused on his health and was able to get through some difficult times that he otherwise wouldn't have been able to had he still been working or had he not had the time to focus on his health." I could give you story after story, and we will. We'll talk about a lot of those things.

Steve Sanduski: Yeah. We only have one life here and we've got to make the best of it and we've got to make smart decisions. Fortunately this gentleman was able to take up cycling, get in great health and that enabled him to withstand a medical condition. We'll look forward to lots more stories from your experiences down the road. What about another episode?

Bill Keen: Absolutely, not as exciting as the retirement lifestyle but I believe you have to understand the rules of engagement I call it, the retirement plans and IRA accounts. We'll have an episode, we'll try not to make it too dry but it will talk about the IRA rules, required minimum distribution rules, what happens at age

fifty nine and a half, the relevance of seventy and a half, the difference between a Roth IRA, a traditional IRA. Those types of things. I think when you're working or you're operating in an environment you need to know the rules and regulations of where you're at. We'll have an episode on that.

Feeding right into that one Steve is also understanding tax issues. None of this is real exciting but it does have a big impact. You know what? We'll make it exciting, because I'll give you some examples of things that made a huge difference to folks. We always want to make sure we do a quick primer on tax brackets, understanding how they work, deductions, exemptions, and then a pro-active planning for the timing and that the order that folks take money from the different accounts that they have built up. There is a real way to think ahead and pull money out of these accounts based on deductions and exemptions and timing, that makes a huge difference.

A lot of these things, I just will add to this, they're things that you can't look backwards and say "We wish we would have done it one way." It happens that tax year. A lot of CPAs or accountants are looking back reporting history and I've always said that we need to get out in front of this issues and be pro-active and plan for the future so we're not just looking back saying "I wish we could have."

Steve Sanduski: Yeah, absolutely. Taxes can certainly be a tricky area. I remember back in college, this must have been probably my freshman year. I was taking a finance class and right at the beginning the teacher said "Okay, show of hands, how many of you think there could ever be a situation where you would want to turn down a raise in your compensation because you'd end up having to pay more taxes?" We all kind of slinked down in our chairs and we're looking at each other like "I don't want to get this one wrong." I'm almost embarrassed to say that, I'm not going to tell you what I said.

Bill Keen: I thought you were going to tell me you had a job in college and you had some taxes to pay.

Steve Sanduski: I did have a job in college. Yeah, absolutely.

Bill Keen: Okay, all right.

Steve Sanduski: I did. Actually I was an accountant in college for the school newspaper.

Bill Keen: Very good.

Steve Sanduski: That was kind of fun but that's a-whole-nother episode.

Bill Keen: Yeah exactly. How about the first paycheck that we all get in life and it's light by about twenty five percent or so and we get that first real life experience of taxes as a concept.

Steve Sanduski: Absolutely, yeah, no doubt. Yeah. We've got these taxes, we've got these qualified plans and we've got to figure how do we continue to get income. What about social security, medicare, are those things that you want to talk about down the road too?

Bill Keen: Sure, important, super important. Most people scoff at social security like it's either not going to be there or it's not much but for most, especially married couples, if you have two social securities coming at some point, it creates a nice baseline for a financial plan. Not that anything is guaranteed, nothing in the future is guaranteed but probability-wise I believe it's going to be there for folks, especially the generation that's retiring now. We talk a lot about the best ways to capture social security, the different ages and the different claiming strategies. There are radio shows that tell you there's a hundred different ways to take it, the reality is for each married couple there's probably about seven to eight ways you can take it. We'll explain how that works.

Medicare also could be a-whole-nother topic, but at sixty five medicare does kick in and there's different ways that it can work for folks, different types of gap coverage that they have in play as well. We'll walk through our experience with those two issues and really help folks get clear on what are the things we need to be at least thinking about as we approach those ages.

Steve Sanduski: Yeah, and we keep reiterating here how we're just trying to help people make smarter decision. This whole idea of social security, I know there's a lot of information available now on the internet about helping people trying to decide when is the best time to take their social security. Should they file early? Should they file later so they can get a higher payment? There's all different ways to how you want to calculate that for your particular situation. The nice thing again about a podcast is that we're going to try and make this a little fun and tell some stories.

Bill Keen: That's right.

Steve Sanduski: You can listen to us, again, while you're walking the dog or exercising on the treadmill and help understand some of these things that will spark some ideas for you and give you a reason to look into some of these things a little bit deeper so that you can make those good decisions. It's all good stuff. How about some other topics?

Bill Keen: Steve what I also want to do is I want to give our listeners the cases that are the obvious answers. There are some answers that are obvious yes or no, or the answer is clear. There are other cases where it's a personal preference and there is no right or wrong answer. I want to be clear when we talk about that topic on what camp each one of those are so our listeners can really get a sense for where they're making a decision based on their thought process on certain issues there. Another item that I want to talk about, and I believe it's a very big deal because it's the engine to the financial plan. Any financial plan that

someone has, if they have one, needs to assume some return from their investments.

I guess you don't have to assume a return, you could say zero is a return and I would be okay if somebody wanted to do that, but most financial plans have an interest rate that they assume their money will make. That means that there has to be investments made. I always run through what I call an investment primer, it's the baseline cash loan own. You know what, I'll explain in the session that we do, in the podcast that we do. We look at emergency reserve accounts, we look at how much we think we should have in bonds but we define what a bond is, and then we define what a stock is and give some perspective on how these investments have performed over long periods of time and also the volatility that we have to experience or go through to be able to enjoy the different returns of the asset classes. We'll talk about publicly traded stocks but also privately held securities. A lot of our folks we come in contact with are involved in privately held securities. There's timing issues of liquidity and pricing, diversification. That's where we'll address those things in that episode.

Steve Sanduski:

Yeah. I'm glad you brought that up because it's so important for people to really have a basic understanding of some of those different types of assets that people invest in, whether it's stocks, whether it's bonds or as we commonly call them equities and fixed income as we talk about asset allocation. Just having an understanding of the historical returns of those and the historical level of volatility of those things. As we always say past performance is no guarantee of future results but it's good to have that historical perspective because as things do get a little volatile in the financial markets, if you have this perspective of what has happened historically, again not that that's a guarantee that the future will be the same, but at least having some perspective I think will help people feel more comfortable about what's going on and help them make better decisions and not making emotionally panicked decisions in the heat of the moment.

Bill Keen:

Absolutely. We talked about a little bit earlier when I mentioned what if I retire and then the market crashes? It speaks right to that, it says what are the strategies and what investments would I want to make to insulate myself from that having a long term effect on my financial plan and my family's plan. That is something that we'll talk about in that session is how much do we keep in the market and how much do we keep outside of the market, not affected by the volatility. There's a real method to that, there's a formula and it's based on what someone needs to live on each year in retirement.

If you can help folks understand why they're doing what they're doing, it makes a huge difference on them staying the course on their decisions that they've made, they understand it. If you don't understand what you're going through and it gets scary and bumpy and the news is telling the world's coming to an end, it's very easy to get anxious and maybe you want to jump plan.

Steve Sanduski: You mentioned with all this noise that's going out there, when things are a little volatile and you read in the press, you see these big headlines that the world is coming to an end. Are we going to be talking about that? How do you sift through this noise? How do you separate the news from the noise? Is that something you want to address on a future show?

Bill Keen: Yes for sure because here's what I want our listeners to hear, twenty four seven news it's designed to create headlines. There will never be ... I should never say never, but I would say most likely there will never be perspective. Long term perspective is not newsworthy. Headlines are newsworthy. Bad news is good copy. What I want to tell folks is, do I want to say don't turn on CNBC or don't turn on the news? Someone might feel reckless saying I'm just going to not turn it on at all. If somebody wants to turn on the news and they want to look for things to pay attention to, I say let's, like you said, sift through the noise and hear the things that I would say.

Let's understand just a business cycle is. Understand the business cycle. The four things that I always tell folks to look at and I do bring this up in private meetings is, let's understand economic activity, what's going on in the US and around the world. Let's look at employment, I want to see where are we at employment-wise, what are the initial jobless claims coming in being reported. I want to look at consumer and business spending. I want to see what's happening with inflation. Now those are four things that if I can get a good reading on those four things, forget about all the madness of the headlines but really look at the numbers that come out.

Our listeners might say "Where do we find those numbers?" You'd be surprised Steve, on the federal reserve's website most of those numbers are reported. I have some independent objective sources where we can get economic numbers that if somebody wants to look at those things they can get some perspective about what things are today and then how they've played out over the last thirty, forty, fifty, sixty, seventy years. I'll tell you, it lowers your blood pressure if you can see that the territory we're in, we've been here before. The details are different, always, but we've been there before. I really believe it's important if someone wants to look at things to know what to look for.

Steve Sanduski: Right. It's that old saying that history doesn't necessarily repeat itself but it rhymes.

Bill Keen: It often rhymes, that's right.

Steve Sanduski: Yeah. Just having a few of those indicators can really give you a good overall sense for what's happening to the economy. It can give you some context to put things in context and will help you avoid again making that emotionally panicked decision. Bill, here we are. We've gone through a whole bunch of episodes here. We're going to be sharing a lot of good information. What about should people be doing their own planning? Is that part of what this show is

designed, is for those who want to do it themselves? They can do that or any thoughts on that? Is that something you want to explore down the road?

Bill Keen:

I've never told anybody that they cannot do this on their own. This being manage their retirement, thinking, planning and investing on their own. Never told anybody they couldn't do that. If someone has the time and they have the willpower or they want to do it and they have the resources and they have the fortitude, and I always say they have someone to hold them accountable, because that's probably the biggest thing is sharing your goals with somebody and then having that person hold you accountable to what you said you wanted to accomplish.

People I believe could do it on their own. I know some folks that can. The reports that come in, and the data continues to show, and I would ask our listeners to simply think about this themselves. Think about their own situation. The data is showing that in most cases, individual investors end up buying into the markets emotionally at the top and getting out emotionally at the bottom. Most investors left to their own will make emotional decisions that get them way less than the actual investment that they own because they'll be in and out at the wrong times. Mutual funds flows, you know that Steve, if you look at the data you'll see mutual funds flows support that data.

I believe and I'm biased, because I am an advisor, I believe that someone needs to have an advisor that helps them get clarity on what they're trying to accomplish and then holds them accountable to what they said they wanted. Now my experience has been that most people need that, even people that are savvy, smart, that could do it on their own.

Steve Sanduski:

Yeah. I think along with that, I'm sure we'll also be talking about that whole process. Because I think people that have never worked with a financial advisor before, they don't really have an idea of how does it work, how do the meetings work, what does it cost, all those types of things. I think we'll be going behind the curtain so to speak and we'll be talking about that whole process to educate people, so that there's no concern about how the process works and what they can expect in that. Okay.

Bill Keen:

Absolutely.

Steve Sanduski:

Great. Bill, I think we've got quite a few episodes that you've outlined here. I'm excited about working with you on this. I'll look forward to putting those together. This last piece that I want to go over here before we wrap up this particular episode is, let's talk about you. Tell me about your background, who are you? How long have you been doing this financial advising? Tell us a little bit more about your background for our listeners.

Bill Keen:

You know I realized about age ten that my passion for understanding investing, understanding and taking care of my own business, understanding saving and

being responsible actually with my financial affairs, age ten was about where it started. I remember sitting with my father in his apartment waiting for his unemployment check to hit the mailbox. That was back when they hit the mailbox, they weren't direct deposited.

Steve Sanduski: Right.

Bill Keen: I didn't really understand financial insecurity at that point but I did know that I saw a lot of stress and a lot of strain and a lot of anxiety in him. It created stress, strain and anxiety in myself too as young guy. I believe that that was the catalyst for me to want to understand these concepts. I ended up shortly thereafter talking to someone who ended up becoming a long term mentor who'd explain to me that there was a degree called finance that I could pursue that would train me on economics and the money supply and how things work, investments, interest rates, inflation and be able to really, truly learn the information so I could get into a business where I ended up helping not only myself and my own family but most importantly other people get to their goals and dreams and not end up like we were growing up.

I pursued a finance degree, graduated and got right out of college and worked in the industry immediately. I was grateful to get hired by a no load mutual fund company right out of school and started my process of learning and growing in this business as a professional just under twenty three years ago.

Steve Sanduski: That is a great story. In those twenty three years you've got over fifteen thousand meetings as you mentioned and you're one of those few people I think Bill that really knew at an early age, you mentioned at ten years old, that you really knew what you wanted to do. You really had a passion for this for such a long time. Again, it's great that we've got this podcast format that you can now share that with a much larger audience.

Bill Keen: I'm honored to be able to do it and I am, as I look back, I'm grateful. I'm not upset by that experience that I had. I'm actually grateful to have gone through it because it did give me the drive and the desire to learn these things. Knowing what I wanted to do, when I went to college I actually bought my first stock when I was fifteen Steve at a discount brokers firm with that mentor I mentioned. Nearly forty years later here, looks pretty good. I had a good run.

Steve Sanduski: Bill it's funny you should say that because I bought my first stock at fifteen.

Bill Keen: Really? Okay.

Steve Sanduski: Yeah.

Bill Keen: Okay.

Steve Sanduski: I remember the first stock I bought, it was Standard Oil of Indiana.

Bill Keen: Very nice. Is it still around?

Steve Sanduski: Well, it was part of the whole John D. Rockefeller empire and this was back in the nineteen seventies, I'm kind of giving my age here, back in the late seventies. Back then I think there was Standard Oil of Indiana, there might have been Standard Oil of New Jersey, but then eventually these things all kind of merged and Standard Oil of Indiana, I want to say ... I may get this wrong but it merged into something that might be Exxon today for example, or Chevron or something.

Bill Keen: Okay.

Steve Sanduski: Yeah, it got merged into another entity. Yeah it was a very interesting story about me owning Standard Oil of Indiana and how that performed over time and emotionally things happened for me. Lots of good lessons, we'll save that for a future episode too. Do you remember that stock that you bought?

Bill Keen: Yes it was IBM Steve.

Steve Sanduski: IBM, okay.

Bill Keen: Yes it was. It was IBM and I was learning about not only the stock itself but I was learning about options. I was learning about derivative securities and actually trading options on IBM when I was just an early guy in high school. I think I said forty years ago, it was actually thirty years ago. I don't want to be aging myself prematurely.

Steve Sanduski: Yeah.

Bill Keen: I was doing the math in my mind. Yeah, it was options on IBM and I got learn that, and actually went back into high school and taught, did a piece in my economics class, from a great instructor that I had, on options pricing. I can tell you this, nobody was interested except my teacher.

Steve Sanduski: And your mom and dad.

Bill Keen: Yes that's right. They were too. I was on the payphone between classes, checking stock prices and things in high school. I look back at it now, I think "Wow, what a good thing that was that I had that interest." I'm so grateful for my mentor that I met back when and for some of these experiences. You know Steve, you're owning those securities or that stock, didn't it kind of inspire you to understand exactly how economics work and the fact that we can own a security and benefit from the management of that stock without having to do anything actively expect being an owner of shares? Just that concept was appealing and inspiring to me.

Steve Sanduski: Absolutely. Again we may be able to save this for a future episode, my mentor in the markets was and is my dad. He's been an investor, I'm going to say for at least sixty years now, and that's really his passion and hobby that he's kept here in retirement. We're always talking about the markets. He was the one who got me involved in buying that first stock back in the late nineteen seventies and as you know Bill, I grew up in Omaha and there's another famous investor out of Omaha by the name of Warren Buffet. I've been following Buffet's career really since the late seventies, early eighties when I really became aware of investing and became aware of him.

Now of course I was not one of those smart people from Omaha that bought Berkshire Hathaway back in the late seventies or early eighties and held on to it every since, otherwise I would be a mega millionaire and probably would be recording this podcast from the Caribbean or something with you. We got some great stories. I know the listeners are going to love to hear what we're talking about and not just because we love to tell stories but because they're great messages, they're great learnings and true stories and true examples and real life examples. I think people can really learn a lot and can really incorporate these things into their decision making and help them, again make those smarter decisions about what they do with their money.

Bill Keen: That's right. That's right, and that's the whole concept of this, I want to be able to share what's worked and what is working with folks so they don't have to reinvent the wheel, to attempt to keep it simple and to lay out the things in an independent objective way Steve that people can listen to and apply it to their own lives and their own thinking. Whether or not I ever see them personally or in our firms as a client but I do want to, if I could just, make a difference in some more people's lives as far as their education and their engagement and their smart decision making as you say for their investments, then we've been successful here.

That's our objective. You're a student of business, I'm a student of the business, we're both long term professionals in the business, so I'm excited about the banter that we're going to have impromptu here as well because I think that's every bit as helpful as us pouring over rules and regulations and those things too. Which are all important, but I think it's going to be a real nice banter.

Steve Sanduski: It is and Bill I think that's a great way to wrap up this episode. Thanks for the great information that you're sharing here and I look forward to getting set and doing our next episode.

Bill Keen: Thank you Steve. We'll see you then.