KEEN ON
RETIREMENT

Can You Really Get a Better Return on Life?

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Bill, we've got another special episode here and we have a special guest with us. Our guest today is Mitch Anthony. Mitch is the president of Advisor Insights, and Mitch does a lot of thing. I've known Mitch for a number of years now. Mitch is a bestselling author. He is an expert on retirement planning. He's one of the most sough after speakers in the financial industry. He's a very frequently published author in periodicals such as the Journal of Financial Planning. He also is the host of a radio show, a daily show called The Daily Dose which is heard on over 100 radio stations around the country. Mitch, welcome to Keen on Retirement.

Mitch Anthony: Thanks for having me, Bill and Steve. Appreciate it.

Bill Keen: You're welcome. Thank you, Mitch, for agreeing to come on our show with us today.

Steve Sanduski: Mitch, we really want to talk today about this idea of return on life. So often in our industry, we talk about return on investment. We're trying to figure out how can we get a better return on our investments. You've spent a good part of your life talking about how to get a return on life. What do you mean by that?

Mitch Anthony: I'd like our listeners to think about the idea, what if you had all the money you could ever handle but you had nothing else? What would be the point? Money is nothing more than a utility to help us move toward the things we want in life, and if we're not clear about what we want out of life, we might not be clear in our actions with money. If you guys don't mind, I have a couple of working definitions of return on life, just a couple of ways of helping people remember the concept.

The first is getting the best life I can with the money I have. The reason I panned that description is because I just got tired of commercials with people walking through airports with a number. The implication of that advertising is that you can't have a life until you have the number.

Bill Keen: That's right.

Mitch Anthony: The irony of the number is, and a lot of your listeners, Bill, will relate to this because I'm sure you've helped them reach a lot of their financial goals, a lot of times when we cross that number, say 20 years ago we thought, "Wow! If I ever had XYZ000, man, that is going to be the greatest thing." You know what happens to people? They cross that number and don't even notice.

Bill Keen: That's right. That's right.

Mitch Anthony: Life just goes on and you just keep moving, and it's really not about any certain amount of money. Then the second definition I like to give it, and this is something that, Bill, I'm sure you help your people do all the time, and that is managing my money in a way that improves my life. There's so much and I'd love to hear what you do on a daily basis with clients to help them move in that direction.

The bottom line here is money is nothing more than a utility. I have this picture, I wish I brought it to the conversation today. I had an artist draw this because they say, "A metaphor is worth a thousand pictures." The picture is of a sailboat and the sail is made out of a dollar. How we define money is money is a utility that we skillfully manipulate in order to navigate. It's really important in that picture to realize, money is not the shore we're headed toward, it's not the sea we sail upon nor is it the vessel upon which we sail. It's nothing but a utility.

Steve Sanduski: I do, yeah. It reminds me of I think it was Walter Cronkite. He had a little joke where he said, "When I was young, I thought someday when I retire I would retire with a 65-foot boat and a 30-year-old wife, but what I discovered was I retired with a 30-foot boat and a 65-year-old wife."

Bill Keen: He was probably happy, was he?

Steve Sanduski: He was happy. That's right.

Bill Keen: Yes, that's right. That's right. I don't know, Mitch, I don't know if you knew this or not but we quoted you. We did an episode last time or a couple of episodes ago where we were talking about retirement quotes. You were my opening quote by the way, sir. Just so you know.

Mitch Anthony: To me, it's really important that people have ways of remembering these concepts, right?

Bill Keen: That's right.

Mitch Anthony: One of the things that enters into this conversation, Bill and Steve, is the idea if we're going to move on towards something better, we need to show the flaws on what we've been doing. What ROL stands and start contrast to is ROI. Whenever you get into the return on investment conversation, it's almost always, not 100% of the time but almost always done on a comparative basis. How did you do against name any index you want, your lying golf partner's index? How did you against the XYZ, the SNP?

I told this to Steve, one of my favorite phrases these days, Bill, is if we're going to measure progress by the Standard and Poor's, we're using a very poor standard because what does the Standard and Poor have to do with me, right?

Bill Keen: That's right.

Mitch Anthony: There's a psychological law people need to wrap their minds around, and that is comparison is the killer of contentment, okay?

Bill Keen: Yes.

Mitch Anthony: I've got a friend who put this so beautifully. He said, "You know, when you're on the water on a boat, you brought a boat," he said, "it doesn't matter if you're out there on a dingy or a 50-foot yacht, you just love it on the water." He says, "Not until you come into the harbor that you get discontented because you're starting to compare yourself to other people."

I've watched this for years, and people, the whole system of comparing how they're doing to something else or someone else only bridge this contentment. The bottom line is if my kid came home with a 2.87 grade point, I wouldn't say, "Gee, Johnny! You know what? You're almost average. You're almost to the national average for seventh graders. I'm really proud of you."

No, I don't care how he compares to the average student in America. What I care about is how close are you to your potential. This is the conversation people need to begin having with themselves and with their advisors about their money, "How am I doing against my potential?" That's what return on life does. It says, "Let's utilize our money. Let's facilitate our money. Let's manage our money in a way that helps us live the absolute best life we can right now. We're not waiting for a number to live our life."

Bill Keen: See, and I love that about your work is you're talking about now. You're not just talking about some magic point in the future out working towards a horizon that never gets here. That's inspiring to us and to our clients. I'll tell you, Mitch, I have a good fortune of working with a group of clients here that have been planners and savers and thinkers by nature. I just came out of a meeting just 30 minutes ago because I'm a practicing financial advisor and talking about these things to people everyday.

In our first meeting that we have with the client, it's not until the very end that we talk numbers. We talk about everything but numbers until the end of the meeting trying to understand how someone has gotten to where they're at on their journey and how they think and what's important to them, fears, goals, dreams. The numbers are ancillary. Of course, you have to fund this thing, but they're ancillary to all those other things. That's why I've been so inspired by your work over the years.

You're just so on point with it, and I think there's so many financial brokers out there, advisors or so many folks that are totally missing the mark on this when they're attempting to advise clients. You know that?

Mitch Anthony: You're right. We have to fund this thing, but we have to find it before we fund it. The problem is a lot of people don't spend the time to find, "Exactly what is it I'm hoping to get from my money?" We have to be realistic about what money can and cannot do for our lives. It's interesting, I was just talking to a friend of mine today who's my personal advisor, and he's telling me about some clients that just died. They were school teachers. They died in their 80s. They left almost $3 million to their children, and these people never made more than $36,000 in a year, right?

Bill Keen: Yes.

Mitch Anthony: You know how teacher pensions can compound over time. By the end of their lives, they were getting $100,000 in teacher pension checks, three times what they ever made as a teacher. The irony of the story is that they lived on their Social Security because they had settled in to a lifestyle that they were happy with, and it only took that much money to fund it, and the rest of it they saved and it grew which to me speaks to this point from a different angle, and that is you know what? You have to figure out what money can and can't do for you.

If you can live a life that makes you happy for 2500 months, go for it. Not everybody can, but at the end of the day, we've had too many messages in our country that just beat people over the head and constantly remind them either, "Subtly, you're not so subtly. You don't have enough."

Bill Keen: That's right.

Mitch Anthony: Let's just stop that conversation for a moment and ask, "What do you have and what's the best way to utilize it?"

Bill Keen: The gist of the quote that we used from your book, The New Retirementality, fourth edition, right, I believe after now?

Mitch Anthony: Yeah.

Bill Keen: It talked about this machination of this retirement at 62 that was just a shortsighted and unnecessary idea that came about from eons ago that we're still holding on to for some reason.

Steve Sanduski: Bill, I got the quote here. I pulled it up here.

Bill Keen: Okay. Very nice.

Steve Sanduski: Mitch, we're going to repeat your words back to you. "Retirement is not a great idea especially at age 62. In fact, retirement as we know it today is a relic from a time and a world that have long since passed. In the context of our modern age, conventional ideas about retirement are not only inappropriate, but counterproductive. The concept of retirement was a shortsighted political machination and social manipulation which is no longer relevant, and it's hopelessly out of touch with our times." Man, what do you really think about that?

Mitch Anthony: I must have been highly caffeinated when I wrote that. There are run-on sentence, Steve.

Steve Sanduski: I don't think I've pronounced machination correctly either.

Mitch Anthony: I got to tell you something. I just had a conversation this week, so can we delve in to this retirement thing for a little bit?

Steve Sanduski: You bet.

Bill Keen: Please.

Mitch Anthony: Okay. The whole thing that I think is helpful for people to understand is what it is that they trade for a paycheck today versus what people traded for a paycheck back when retirement was invented. Retirement is a fairly new phenomenon. It was invented 1885 as we know it today. It's a 100-year-old concept, but what people traded for a paycheck was, and I use this term loosely, but they traded physical capital or physical output.

It was raw physical strength on the industrial line. It was working with your hands. It made sense to the industrialist that at age 60, you might be waning in your motivation and your physical stamina, and I could replace you with a 22-year-old and my machinery would resume its efficiency. I'll give a nod to the industrialist's mindset on that issue.

Now, we have to step back from it and ask yourself, all the listeners, ask yourself, "What are you trading for a paycheck today? Is it raw physical output or is it intellectual capital?" For most people, they're trading intellectual capital. Now, my first question about intellectual capital is, "Well, does intellectual capital appreciate or depreciate with time and maturity?" There's a catch to that question. The catch is it appreciates unless you fail to use it, right?

Bill Keen: Yes.

Mitch Anthony: There's a reason Warren Buffett still advising at 85 and didn't quit at 65. I remember a quote from him at 65, he knew if he discontinue doing what he's doing, his intellectual capital would depreciate, right?

Bill Keen: Yes.

Mitch Anthony: Then the second thing that we're trading, a lot of your listeners or clients are trading, is what I call relational capital. They've build relationships and networks of people where they're able to distribute ideas and products and services. The next question I ask people is, "Does relational capital appreciate or depreciate over time and with maturity?" We all know the answer to that, right?

Bill Keen: That's right.

Mitch Anthony: Appreciate. We have the things we're trading for a paycheck today both appreciate with maturity. It's called the experienced economy.

Bill Keen: That's right. That's right. Wisdom from the journey, isn't it?

Mitch Anthony: Yeah. If you have to have a surgery and you came to Mayo Clinic where I live, Bill, do you want the surgeon who's done 4,000 surgeries or the one that's done 12? It's an easy answer. Then if I said, "Well, Bill, wait a minute. The guy that has done 4,000 is going to cost you 50% more." Would you care?

Bill Keen: I would not care. I would not care.

Mitch Anthony: That's right because we will pay, experience pays the bills today. By the way, this is interesting, one country, Finland just named experience as its number one resource.

Bill Keen: Wow!

Mitch Anthony: It's the number one natural resource experience. Spain just released a study where they demonstrate for every dollar they spend to keep people from retiring at 62, it pays back $129 into their economy.

Bill Keen: Now, when can we figure that out over here?

Mitch Anthony: Well, it's common. I'm just going to tell you, the experienced economy, there's number to back it up, and this experience pays the bills today. People who have been, we have this culture that has inculcated the way we think, and there's an assumption built into our culture that says, "If you're this age, you should do this." I got news for you. That's an ageist foundation for a policy.

Bill Keen: Yes, it is.

Mitch Anthony: The assumption that all people are equal in ability, output, and potential at any given age is a wrong idea.

Bill Keen: Absolutely. Don't you believe that the work that we're trying to do to bring attention to this, and to stimulate folks to think about what the second-half of life looks like, we call it the best half actually from where they've come to over time. I mean, what else can we do to bring this to the attention of folks, Mitch? I'm trying to do it one person at a time in our practice, but what else can we do to ...?

Mitch Anthony: I think you're probably doing it. I think we need to ask better questions, and we need to broaden the dialog. I like to put it this way to people. You manage your money but you invest your life. How are you going to invest your life? You've got all this experience, all these ideas, all these skills, all these aptitudes. You think you're just going to turn the keys in, and lay all that stuff aside and pretend everyday is Saturday and be happy for the rest of life. I got news for you. You're going to wake up on day 43 and realized you don't have any purpose anymore.

Bill Keen: We see it after about 30 to 60 days, folks.

Mitch Anthony: Don't you?

Bill Keen: Yeah, it feels like a long vacation, and then after somewhere between 30 and 60 days, folks you say, "Wait a second." If they haven't thought this through ahead of time, and they start to say, "Wow! What is this about? What are we doing here?"

Mitch Anthony: Did you know, Bill, that most people and this is a fact, there's actually a study to prove this that most people spend more time planning a 10 to 14-day vacation than they do a 30-year retirement.

Bill Keen: I believe it.

Mitch Anthony: Right?

Bill Keen: I believe it.

Mitch Anthony: They think their time is going to take care of itself and it's not. I like to use the phrase ... Here's the best retirement: enough purpose to wake up in the morning, and enough money to sleep at night, okay? Here's the thing about purpose. Money cannot produce a purpose. It can only fund a preexisting purpose. We've been sold on the idea that having enough money is enough. It's not.

Bill Keen: That's right. That's right. If it was, 70% of the lottery winners that lose everything within a few years would have remained happy, wouldn't have?

Mitch Anthony: Yeah, right. Exactly. This conversation about return on life, if I can just complete the circle because retirement is a perfect example of the return on life discussion. There are a lot of people that got to that age and got to the number. They got to age 65 and they got to the number. Say it was three million they thought they needed, and they retired, and then something happens. We've all seen it. All your listeners have seen it happen. The people that bought the RV that never left the driveway, somebody had a stroke. Things happen.

What we have to realize is that's why this conversation has to start now, not at age 65. We don't need to back load living our life. Let's start this conversation right now. "How can I get the best life possible with the money I have right now without being irresponsible?"

Bill Keen: That's right.

Steve Sanduski: One of the things that I think is also interesting about this conversation is in the financial industry and Bill, feel free to jump in here.

Bill Keen: Sure.

Steve Sanduski: The emphasis has always been on the destination, and the destination has been retirement. You talked about, Mitch, your number. Is it three million, two million? Whatever the number is that once I hit that number, I'll have enough that I won't have to really worry too much about money until I die. Yet, I think it's really about the whole journey. It's not about, "I'm 40 years old and I've got to scrimp and save so that I'll have enough money." It's "I need to enjoy time now while being responsible." That's one thing, and then the second thing is that with advances in technology, we may all be living a lot longer than we expected.

This idea of "I retire at 65 and I die at 80 or 85" may go out the window in the not too distant future. I think that's something that has implications both from a financial standpoint that if I'm going to be living and living fairly healthily, if that's a word, until I'm 90, 95, 100 years old. What's the financial implication of that? Then second, what am I going to do with my time? I mean, I'm not going to be playing golf for 40 years. I think there's just some interesting things that would be developing here in the upcoming years.

Bill Keen: That's right. I'm seeing folks have I say second careers, but they're doing things that they had not done in their primary career, things completely different. I'm seeing in the Midwest here, we have a lot of boy scouts. I'm seeing Eagle scouts returning back into scouting and spending the entire summers at the scout camps. Of course, they're not being paid for that. They are being paid. They're being paid on what they're giving back.

I've got one client who decided to get his pilot's license in his 60s. He just has this commitment to doing what's called the Angel Flight. He's got to get his VFR license, his instrument rating, get 250 hours, and he will be able to donate his time flying people to hospitals and different places, patients like that, total donation.

I'm seeing people working for pay, and then I'm seeing people also just doing things that feed their soul, that they're not getting paid for it. That almost part of it is irrelevant. A little paycheck come in with something is nice, but it's not necessary in most cases.

Mitch Anthony: The beauty of money is that if you've been responsible with it, and you've helped it grow and you haven't gotten in the way, it gives you one of the great things money does produce for us is the freedom to do what we want with our time. One of the mistakes I think we've made in our culture is we've defined wealth by a number. Let me quote one of the great persons of all time, maybe the greatest person of all time who said, "Wealth is not measured in an abundance of things." That's a quote from Jesus.

Having a bunch of things and having a lot of money doesn't make us wealthy. Having experiences where we're able to bring our gifts to others and help them and encourage other people and use our abilities in that way. This is the balance that people ought to be, I would hope they'd want to strive for in their retirement years. The balance between what do I want to do and what do I want to give, right?

Bill Keen: Yes.

Mitch Anthony: Then there's a balance between vacation and vocation. We've been sold a bill of goods, Bill, on the leisure life entitlement retirement. By the way, this was an invention, and a lot of people don't realize this. This is an invention from the last 50 years that was literally invented by Del Webb. Del Webb came up with the terms golden age, golden ager, and he literally invented this concept of the leisure life entitlement. You've worked hard enough, now you got to play your life away. I have a lot for you, and there's a garage that fits a golf cart and you can weave home from the 19th hole every night, right?

Bill Keen: Yes.

Mitch Anthony: Guess what? The research is in on all of that. What they found out is that there's a law diminishing returns on leisure that what people really need is not a life of full-time leisure. They need the balance between vacation and vocation. If you don't have some vocation in your life like your friend who's the pilot or your client who's the pilot there, the leisure begins to lose its meaning. It begins to lose its luster.

Bill Keen: Absolutely. I'm involved in several organizations where business owners get together and talk about things. There's been several that have had sold businesses for large sums of money and they try to attempt to retire, and it typically, Steve, isn't it your experience? Maybe six to 12 months they're on the "beach" before they're back into another type of a business of some kind because they're just completely bored.

Steve Sanduski: Yeah. I mean, clearly, we all have to have meaning and purpose in our life. We've got to have a reason to get up out of bed in the morning. Oftentimes, people that have had successful business careers, entrepreneurs that have sold business, they're type A personalities. They're not bred for a life of leisure. They've got to get out there. They've got to be hitting the ball out of the park. They've got to feel like they're making an impact.

I don't think that's just limited to type A entrepreneurs. I think all of us have a part of us that wants to be able to contribute and feel like there's a reason why we're here on this earth, and that we are using our skills and our talents to help the people around us, and help the people in our community.

Bill Keen: That's right. I'll say one more thing about it. I have a lot of people that have done 35, 40, 45 years in a professional career where they enjoyed it. I mean, they enjoyed what they did. Most of them enjoyed what they did. I'm not saying don't ever retire. They've earned the right to retire from that specific work. Again, my experience supports specifically what Mitch is saying that folks want to maybe leave that old environment, but then be inspired and ignited by these other passions.

I've mentioned on couple of other podcasts and Mitch, I'll share it with you, I had a client retire nearly 70 years old and got into competitive cycling, something he was doing back when he was a kid. He competed in the senior Olympics here not long ago, and has just gotten in great shape, best shape of his life in his 70s. Really fascinating to see it.

Mitch Anthony: That's fantastic. I got to say this to you. You bring up type A personalities, and it's not just them. I was in a sports bar here about two weeks and I heard there were these electricians that were working next door. They came in on a Friday evening and they were chatting. I was eavesdropping on the conversation because they started talking about electricians who had, and these are well-paid guys. They're craftsmen and they're well-paid. They're talking about guys who had retired.

"What about this one?" "Oh, he's real sick now." "What about this one?" "Oh, he died." "What about this one?" Anyway, when they got to the end of the conversation, they asked the oldest electrician at the table and said, "What do you think?" He's like, "Once you retire from being an electrician, you probably got two years."

Bill Keen: Wow!

Mitch Anthony: It blew my mind. We think of business guys. We don't think of craftsmen and that kind of thing. We think of business owners and that sort of thing when we're talking about retirement. Think about that, two years. Here's the problem. The problem is we don't have the conversation to help these people move into that stage of life and have an idea. The first way to fail in retirement is to retire from something and not to something.

This walking away from a 35-year career doing something isn't enough. Guess what? The world says to you, "Hey, you've done it, buddy. You made it. You got the money in the bank. You have got it made. Give this guy a gold crown." Right?

Bill Keen: That's right.

Mitch Anthony: Then he wakes up and he's trying to telling us all along, "Everyday is going to be Saturday. This is going to be the greatest thing ever," and about the fourth Saturday, he's gone. Really?

Bill Keen: That's right.

Mitch Anthony: We just need a more ... All I've been attempting to do is let's have a more realistic conversation about not just retirement but about money itself and what money can and can't do for our lives. At the end of the day, Americans are really bad at balance. We go from working all the time and never playing, and we think the cure to that is to play all the time and never work. That's not balance. It's switching your binge. We got to find a way to just balance vacation and vocation. Some time for me to do the things I want to do and some time for me to give the things I want to give or to engage in things that stimulate me.