

# KEEN ON RETIREMENT



## How to Find a Financial Advisor That's Right for You

Welcome to Keen on Retirement  
With Bill Keen and Steve Sanduski

- Steve Sanduski: We are here for another episode of Keen on Retirement. I'm your host, Steve Sanduski, and here with me as always is my good friend, Bill Keen. Hey, Bill.
- Bill Keen: Hey. Good morning, Steve. How are you doing today, mister?
- Steve Sanduski: I'm doing fantastic. Hey, I want to hear all about your trip. I understand you and Carissa took a recent trip out to Colorado, so tell me a little bit about that.
- Bill Keen: Yes, we did. We got in the Bonanza, and flew from Downtown Kansas City out to Colorado Springs, which is about a 500-nautical-mile trip across most of Kansas or all of Kansas and we stayed in a bed and breakfast up in a place called "Buena Vista." The reason I say "Buena Vista" is because we were pretty quickly told it's not "Buena Vista."
- Steve Sanduski: It's like the same word that is spelled the same and it sounds different, or how does that work?
- Bill Keen: I'm not sure exactly, but I was told by our bed and breakfast host, which were the most gracious folks that the locals would know immediately that we were out-of-towners. You say, "The Buena," and you're at least in initially.
- Steve Sanduski: Yeah. It's like there's this town in California that we visited a few years ago, and you look at the spelling, and you might say it's, "San ..." Oh gosh, I'm going to get this wrong now. I was going to say, "San Louie Obispo," as opposed to "San Luis Obispo." Now, I'm not sure which is the correct one, but I think it's the same deal that if you mispronounced it, they're like, "Okay. You're not from here."

Bill Keen: Right. Exactly, and I'm not sure what either wins you or loses you, but at least they start to fluster about what you're ... who you are.

Steve Sanduski: That's right. That's right. Yeah, yeah. You had a good time there?

Bill Keen: We had a great time. A couple things. We flew over in ... landing at Colorado Springs Airport, which is called a "Class C" or a "Class Charlie" airport. Pretty busy place. Several commercial airlines fly out of Colorado Springs, and so it was an interesting flight over. A lot of flight planning that went into that trip. At Kansas City, the ... We're about 700 or 800 feet above sea level, and of course, over in Colorado, the runways were about 6,000 feet above sea level, so being conscious and cognizant of those things.

As you fly across Kansas toward Colorado, the ground rises up beneath you, and a lot of planning that goes into that. The runways over in Colorado Springs, and in Denver, and then the mountains in general are typically, gosh, nearly twice as long as they are in places like Kansas City because of what's called "density altitude" and how long it takes the airplane to fly off the ground, so a lot of things to plan for.

I always bring that up in talking about planning for retirement because when you're flying, the stakes are high, and mistakes can be brutal. It's the same thing I see in retirement and investing, thinking and planning, and the behavior that goes into the long-term plan, the runways were 150 feet wide and 13,000 feet long, and there's 3 runways there, so there's a lot of stuff going on.

I remember, Steve, I was descending, ready to make a ... There was a left base, a runway, 17-right, and I gave myself a little room to get acclimated with where I was, and because the runways are so wide, and so long, it's an optical illusion. I was 5 miles away from the airport, and it looked like, to me, I was only about a mile and a half. I looked down at my GPS and saw 5 miles. About that time, the tower comes on and says, "Yeah, Bonanza, 9 Kilo Sierra. Can you get to the numbers please? We've got 2 C-130s coming in number 2 and number 3 right behind you." "Get to the numbers," means land.

Steve Sanduski: Okay. Thanks for translating.

Bill Keen: Yeah. Every runway has got like the runway number right at the threshold, and so they mean, "Get to the numbers," and I said, "Tower Bonanza, 9 Kilo Sierra. Unfamiliar. I was giving myself a little room, but we'll get to the numbers, sir," and so we got to the numbers, but anyway, we had a great time. One thing I might tell you too is in the planning process. We could've flown up into Buena Vista, but I would've had to have navigated or between 14,000-foot bounds, and I haven't had a ton of mountain flying experience.

Although, I definitely could've done it. We made a decision to go ahead and land in Colorado Springs and make the drive up to Buena Vista, which was a beautiful drive anyway. Again, I'm just tying that back into thinking ahead, understanding the

stakes are high. One other thing. I mentioned briefly the host of the bed and breakfast. In our podcast, we've talked about people that are retired and living life intentionally, Steve.

Steve Sanduski: Yup.

Bill Keen: These folks ... and I asked their permission. I said I wouldn't say their name, but if someone of our listeners want to call us or email me, I'll certainly give them the information on this bed and breakfast, but these folks were from Illinois and had sold a business, a manufacturing business about 4 years ago, and they decided that their dream was to have a home right on the Arkansas River with a perfect view out the front windows of the Collegiate Range. More 14ers ... more 14,000-foot-plus mountains anywhere in Colorado right around there, but then right out the backdoor is the Arkansas River.

They loved meeting new people. They loved being hosts. That was a dream of theirs, and so 4 years ago, they made that happen, and they lived ... They're in Buena Vista most of the year, but still have some business back in Illinois. The gentleman, he teaches at a college, a local college. He's an expert in welding.

He also is in the search and rescue team there for the city, and his wife, she is on the Chamber of Commerce Board of Directors, a volunteer, and they're just deeply emerged in the community. I might mention her mother is doing well, comes up from Texas every year and stays with them in one of the suites for about 4 months. These folks are ... They're retired, but they're very active in their ... They're living ... I would say living dream. You know, Steve?

Steve Sanduski: Yeah.

Bill Keen: it was really inspiring. When I was meeting them, I was asking them, and they found out I had a podcast. Then, I said, "It's an honor getting to know you, but I also wanted to interview you, so I could bring you all up on our podcast as an example of what's possible 'post-retirement.'"

Steve Sanduski: Okay, great. What I like about that is these are people that essentially retired from their ... what I'll call maybe their first career, and now, they're doing something else that is ... You almost could call this a second career. They're staying super active. They're really engaged. Now, they're doing what they want to do as opposed to what they have to do, and I would imagine this is going to keep them healthy, and active, and really enjoying life for probably quite a few more years from now.

Bill Keen: I would agree. She had a long career in the pharmaceutical industry that she had retired from, and like I said, he had a manufacturing firm in the metal work industry, a steel fabrication that he sold. Although, like I said, he's working at a local college training people on welding issues, so what his expertise was, but now, in a different fashion.

Steve Sanduski: Yeah. I think that's awesome. They retired from something, and they had something to retire to, so that's great. Okay.

Bill Keen: That's right.

Steve Sanduski: Now, I'm going to put you on the spot again. You know I love to do this.

Bill Keen: Oh my goodness. This is just ... I need to put you on the spot first next time and get you off-kilter on what you think because this just continues to happen, and I am not sure what to do about it.

Steve Sanduski: Okay. Bring it on, baby. Bring it on.

Bill Keen: I don't have anybody here to help me this time either.

Steve Sanduski: Okay, so here's the question. You're talking about you're in Colorado, and this couple has a place on the Arkansas River. Why in the world is a river in Colorado named after a different state?

Bill Keen: Can I phone a friend because I do not know?

Steve Sanduski: Okay.

Bill Keen: That's a great question. In fact ...

Steve Sanduski: Yeah. I thought that's interesting.

Bill Keen: I know. When I first told somebody, I think my kids. I took a picture of it, and I said, "Hey, we're at the Colorado Rivers right here," and one of them quickly corrected me on that.

Steve Sanduski: Yeah. It's just like when you're in Arizona at the Grand Canyon.

Bill Keen: Yes.

Steve Sanduski: You're rafting on the Colorado River.

Bill Keen: Yes, I know. I know.

Steve Sanduski: Yeah. I guess that's probably because what? It starts in the Colorado Rockies is where that river actually emanates from I would imagine.

Bill Keen: That's right. I guess they're not going to change it, are they?

Steve Sanduski: Right.

Bill Keen: There's so much at stake.

Steve Sanduski: Yeah. All right. Okay. Hey, all right. Bill, I know we got a lot of stuff, other things we want to talk about here today, so 2 things here. One is I know you got a couple of technical issues that you want to talk about here in terms of some tax issues. These are questions that you get fairly regularly from your clients, so we'll go through that. Then, the second part of what we want to talk about today is, how do you evaluate a financial advisor?

Bill Keen: That's right.

Steve Sanduski: Whether you're looking for a new advisor today, what kind of questions would you want to ask them? What should you be looking for to try and ensure that you get an advisor who's really compatible with you or even if you have an existing advisor today? These are some things that you should be thinking about and asking yourself to make sure that you're getting what you think you should be getting, so lots of good things to chat with.

Bill Keen: That's right.

Steve Sanduski: Let's just start with ... I know you got a couple of tax issues that you want to talk about here first.

Bill Keen: We've had a couple of questions this last week in the practice here around these issues, and I'm always thinking ahead saying, "You know what? If I have something that continues to repeat itself, I'd like to bring it up on the podcast." They're both around taxes. The first is a lot of people will retire and move to a different state. This last week, we had clients who retired, and one moved to Texas, and one moved to Florida, and that's where their primary residence will be.

Although, Keen Wealth Advisors is headquartered in Overland Park, Kansas, so the question that we received from ... in both these cases was, "Hey, if we're living in Florida, or Texas, or ..." In both cases, a no-state-tax state, "But you're sending us a distributions from our IRA accounts and you're located in Kansas, will we be subject to Kansas' state income tax?" Good question. Really, a thoughtful question, and the answer is no. It doesn't matter where your advisor is located, or say if you're receiving a pension, it doesn't matter where the corporation you're receiving a pension is located. What matters is your home state of residence. I just wanted to bring that piece of it up as well.

Another question that we get quite often is around tax withholdings. If you've worked in a corporation over the course of your career, you're used to having your taxes withheld from your paycheck, and yes, you might have to adjust your withholdings, be thoughtful about that, but the taxes are withheld typically every paycheck, so that you hopefully are close to having paid in what you owed context time.

Once you're retired, most folks think that they have to do estimates. If you're

working with a firm who will help you get out ahead of that and proactively produce some projections, it can withhold federal and state tax from your IRA distributions if you're taking money from your IRA.

There's a nuance to this if you don't pay in enough tax to cover what your tax liability will be, there can be a penalty, so there's something called a "safe harbor rule" that says if you pay in at least 100% of what you paid in the prior year, even if you owe more tax than that, there won't be a penalty. Does this make sense to you here?

Steve Sanduski: Yeah, it does.

Bill Keen: Okay.

Steve Sanduski: I've been in that situation as well, that safe harbor provision. Yup.

Bill Keen: The one thing I also wanted to mention is a nuance, but if you're making over \$150,000 a year, then you have to pay in 110% of what you paid in the prior year to avoid any penalty if you indeed owed more. There's a lot of simplicity around having taxes withheld from IRA distributions, and even looking at, "What would the tax be on other income?" and then up in your withholding on your IRA distribution to cover the tax on all of your income that year.

That's something that, in my opinion, a good financial advisor is sitting down with a client and saying, "Let's look at your tax obligation, and let's come up with a strategy so you don't get caught short on this." Again, if necessary, to work with the client tax advisor as well and coordinate.

Those are nuances, but those are things that if somebody is on the glide slope to retirement and they're getting ready to make that transition, those are details that have got to be talked about and thought through. Again, part of the process that we go through here, but I did want to bring that up this week.

Steve Sanduski: Now, let's talk about how do you evaluate a financial advisor? As I mentioned earlier, whether you are looking to hire an advisor or whether you already have an existing advisor, these are some things that you should be thinking about to help ensure that you are with the person that's really the best fit for you. Bill, let's just go down the list. What are some things that you think are important for consumers, for investors to be thinking about as they work with an advisor?

Bill Keen: The thing that I think is most important is for folks to be educated and engaged in participating in this process. The first thing is, one, interview multiple advisors. I know it's a pain to go out and disclose some ... at least some level of personal information to multiple advisors because it feels like you're exposing yourself. Most people are and should be pretty private with their finances.

It's such an important decision that I always recommend people go find and talk to

at least 3 advisors, and go through these questions that we're going to be talking about today with them. Take notes. Don't be afraid to ... and if somebody takes it personally that you're evaluating multiple advisors, that's a great way to eliminate them from your process, and I'm not kidding about that.

Steve Sanduski: Okay.

Bill Keen: The first thing I always say is make sure you're sitting down with an advisor who really is trying to understand your "why." The way you can tell is, are they asking you about your family history? Are they asking you about your journey, about how you've gotten to where you're at, how you've gotten into the seats that you're sitting there that day? There's a story behind how you've gotten to where you are as you sit there interviewing that advisor, and are they asking you about that story?

Are they asking you how you were raised, what your feelings about things are, what your thoughts are, what your opinions are? Are they asking you how you've reacted in prior market corrections? Are they asking you your philosophies on supporting kids and parents? There's a lot that goes into an advisor truly understanding someone's "why," and it's not about just finding out how much money somebody has in the first 10 minutes. It's more about finding out about the person.

Steve Sanduski: Right. If they do ask about how much money do you have, then probably just run as fast as you can the other way?

Bill Keen: Yeah. Eventually, you have to figure that out because all the things you talk about, it has to be funded. You know?

Steve Sanduski: Yeah.

Bill Keen: We talked about that in Mitch's podcast a few episodes ago. Of course, you eventually have to talk about the numbers, but I think our listeners get what I'm saying here.

Steve Sanduski: Sure.

Bill Keen: You can tell when you sit down with somebody, "Are they here just to try to close some sale, or are they really listening to me?" I'll tell you what. This day and age, it's very difficult to find people that will actually listen to you, Steve. It's a world of distraction.

Steve Sanduski: I'm sorry. What was that, Bill?

Bill Keen: There you go. I knew you were coming back with that.

Steve Sanduski: Yeah. You set me up well for that one.

Bill Keen: Yeah, exactly. Exactly.

Steve Sanduski: All right.

Bill Keen: When you're talking to somebody. If your mind is thinking or looking for it, you can tell what I'm talking ...

Steve Sanduski: Sure. Okay. Number 1 here is just really find an advisor who's really interested in you and really trying to understand your why because that's going to be an important ... They'll need to know that in order to put together a good plan and be able to effectively manage your money. Okay, so that's number 1. What about number 2?

Bill Keen: Number 2 is work with somebody that has a belief system. What I mean by that is somebody who can articulate what their philosophy is and what they believe.

An example would be, "Should you carry a mortgage into retirement at these low-interest rates, or should you make sure you're completely debt free in retirement?" If a client asks me that, I'm going to tell them what I think. We've talked about that in prior episodes as well. It's a tax question more than it is a debt question as long as the debt equity ratio is in place, but I'm not going to ask the client, "What do you think?" and then just go along with what they think just so they got the answer they were looking for.

Clients are hiring us to have a belief system, and to have a philosophy, this is a great year to be talking about people that are chameleons, people that will change physicians, and ...

Steve Sanduski: You're not talking about our political scene, are you, Bill?

Bill Keen: Oh my goodness gracious, no.

Steve Sanduski: Yeah.

Bill Keen: Something totally different.

Steve Sanduski: Okay, got it. Yeah.

Bill Keen: People that have a belief system and can stand behind it. I think you got to know what you believe about things.

Steve Sanduski: Sure, sure. Yeah, or ...

Bill Keen: Yes, sir.

Steve Sanduski: Yeah. Okay, excellent. How about number 3?

Bill Keen: Number 3 is work with somebody that has a checklist, and I won't go ... I won't pain you by going into any analogies between this and flying. We've already done that enough on this episode, but you've got to look across the table and see somebody who's taking copious notes and somebody who has a detailed documented checklist that they will be running through with you on a continuous basis. It's the core of a practice and a system. No one, however smart they were, can remember everything, and I would even ask the advisor to show you an outline of what are the things you're going to be keeping track of and reminding me of over the course of our relationship so that nothing slips to the cracks.

Steve Sanduski: Yeah. I know, Bill, we did a blogpost on the checklist-driven process, so we'll make sure we link to that in the show notes.

Bill Keen: Yes, perfect. Perfect.

Steve Sanduski: Okay, great. How about number 4 here?

Bill Keen: Number 4 is a focus on education, and it's slightly a repeat of what we talked about last time because I mentioned it in the last podcast, but I want an advisor who's educated. I want that advisor to not just have the minimal education that he or she needs to maintain their licenses. I want to know that they're out in think tank groups, that they're out at things like the Barrons Conference. Matt Wilson and I attend each year where some of the top advisors in the country get together and share ideas and best practices. I want to know that they're continuous learners and that they're out thinking outside the box. I want that again from my tax advisor, from my CPA. I want it from my physician. I want it from everybody that I consider my advisor.

Steve Sanduski: Okay.

Bill Keen: Okay? I also want my advisors to educate me, so I want my tax advisor and my legal advisor to say, "Bill, this is what you and your wife should be considering." I would prefer if once or twice a year, they had a meeting I could attend, a newsletter. Where I'm going with this, Steve, is we make it a huge priority in our firm to provide ways for people to be engaged and educate, and this podcast is a very example of that.

Steve Sanduski: Yeah, great. I think an informed investor, an informed consumer just like if someone is going out to buy a car, you want to do a little research before you go out and buy that car. You want to get a little educated to make sure that you're making a good decision and you're getting good value. Yeah, that definitely works both ways. Okay. How about number 5 here?

Bill Keen: The commitment to communication. No one wants to feel like that they were just a number and that they were corded. Then, once the cording was over, that they just got lost in the shuffle and no one cares about them.

If I was out shopping for a financial advisor, I would demand that someone give me some sort of outline of what the communication will look like, what the access to the advisors and the advisor team will look like, and how many meetings per year, what will the event schedule will look like, how do we communicate back and forth, and get that upfront. You never want to have your assets with somebody and feel like you're a pain. Can you imagine that, Steve? You feel like you're a pain making a call and you're the client.

Steve Sanduski: Right, right.

Bill Keen: That's not ...

Steve Sanduski: I'm thinking you mentioned the number. I recall there's a commercial out there from a company that talks about, "Do you know your number? What's your number?" I keep thinking, "I don't want to be thought of as a number, and I don't want to ..." I think you talk about how there's not a number that you need to be looking for, that you need to save in order to retire. It's really an ongoing process, isn't it?

Bill Keen: The whole thing is a process, so it's a work in process the entire time. Life happens, and you plan. Life happens, and you plan, and you've got to have advisors that are actively engaged and staying up with your life.

Steve Sanduski: Okay, good. All right. How about number 6 here?

Bill Keen: I think another thing too that speaks to higher standards are working with people that are committed to having a relationship, so what I found at least in the generations that we're working with, they want to have relationships, and maybe the newer generations coming online, Steve, will want to work through computers and Skype, and not have the face-to-face relationships in the future.

What I'm finding is that most of the clients we work with want to sit down and look us in the eye. I can relate to that because I'm 48 years old, and that's what I want from my advisors as well, but a commitment to the relationship. Also, I believe that You should be able to look at your firm and say, "There are some great people that are leaders of the firm. That's wonderful, but he or she is also creating an environment where there's younger folks that are smart and educated, that are backfilling the roles because at some point, that leader may or may not be there." I don't want to kick somebody so keen on retirement. They thought Keen was retiring. I had someone ask me that, Steve.

Steve Sanduski: Really?

Bill Keen: Yeah. Yeah, so keen is not retiring at this time.

Steve Sanduski: That's right.

Bill Keen: I'm 48, so I'm probably around for 20 more years. What I do believe is that an advisor should have a team. It should be a team of qualified professionals that are there. In case something were to happen to the primary advisor, just anything, that there's a team to fall back on.

Steve Sanduski: All right. Excellent, Bill. You've shared a lot of great things here, so again, as folks are thinking about hiring an advisor or if you already have an advisor, Bill, you've just gone through what? About 6 things here that you should be thinking about, and asking, and making sure that you get comfortable with because this is a very important relationship. The relationship that you have with your financial advisor is extremely important. You're going to be talking about some very personal type issues, and emotions can get involved, and so you need to make sure that you feel really good about who you're working with. Anything else you want to add here as we wrap up, Bill?

Bill Keen: The last thing, Steve, that I think is important, and it's like it would be the elephant in the room if we didn't talk about it. It's know what your fees are. Know the cost of doing business. Let me just give this advice. When you're sitting down with an advisor, I want you to ask the advisor, not, "What is your fee?" but, "What are my total costs?" They are 2 very different questions.

When you're making an apples-to-apples comparison with other advisors, you've got to have the real number.

There's a lot of investments out there that have embedded fees, and then the advisor maybe charges a fee on top of the investment's costs that are hidden and commonly, will just quote their fee. They won't quote the entire cost. Again, so not to go on about this, but I want people to be informed and educated consumers.

I'm all about transparency of the process, and I think it's very important to be armed with that question, and then really be thoughtful about documenting the answer with the folks here. Just understand the engagement and the costs, and to be clear about those things.

Steve Sanduski: Great. Bill, good. I think you've really shared some excellent ideas and thoughts here to really help consumers and investors out there to make sure that they are making good, solid, informed decisions when they're working with a financial professional, so thank you for sharing that. We'll get a lot of this stuff out on the show notes page as well. For all of you that are listening to this, if you haven't been to the website to check out the show notes, please do. Make sure you go to [keenonretirement.com](http://keenonretirement.com).

You can also listen to the episode right on the ... We call it the "show notes page." It's essentially a blogpost, but then we also highlight some of the things that we talk about here. Maybe if you're in the car and you can't write anything down, you can just go straight on [keenonretirement.com](http://keenonretirement.com), and you'll be able to pick up a lot of the highlights of what we're talking about here and just reinforce the learning. Bill,

thank you for what you're doing here with the podcast, and it's a great honor to be part of this with you, and I look forward to lots more episodes.

Bill Keen: You're welcome, Steve. Me too. We'll talk to you soon.

Steve Sanduski: All right. Take care.