KEEN ON
RETIREMENT

One Big Retirement Question Leads to One Simple Answer

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hey, everybody. Welcome back to another episode of Keen on Retirement. I'm your cohost, Steve Sanduski. Here with me today, Bill Keen, Matt Wilson. Gentlemen, how are you on this fine day?

Bill Keen: Well, good, Steve. We're seeing some sunshine down here in Kansas City. We thought it would be great to have a nice episode here as we approach the tail end of tax season. How's that coming along for you today?

Steve Sanduski: Well, good. In fact, just today I've communicated with my tax person and we're going to be meeting tomorrow morning. As we are having our conversation today, we're going to meet tomorrow morning and go over ... give him all my stuff. We'll get it done here within the next few weeks.

Bill Keen: Now let me ask you this. Do you basically do your own tax return on TurboTax first, and then give it to your tax people to prepare and compare the outcomes? Or do you trust what they do for you and put it in their hands? How do you do it, Steve?

Steve Sanduski: I trust what they do, yeah.

Bill Keen: You are a delegator. That's a good thing.

Steve Sanduski: I'll delegate that for sure. I just collect the information, let them do it. Then, when they give me the completed return, well, you can bet that I'm taking a close look at that return and see if everything's on there that I think should be. But no, I'm not doing a comparative analysis with my own calculations and stuff. That's why I hired you to do it. I'd rather be doing podcasts with Bill and Matt.

Bill Keen: Well, thank you. Matt, what do you do? Do you watch over your information as well? I know that you're pretty focused on some of this stuff, so I'll bet you do, don't you?

Matt Wilson: Yeah, actually, I do my taxes myself because I like doing them. I like to understand all the different components, and all the pieces to it, and what's changed from year to year. I'll do that. I've spent some time digging into it. Haven't finished them completely, but getting closer and closer to getting that done.

Bill Keen: Well, I'm glad that we don't have a season in our industry that we have to stay up until 4:00 or 5 o'clock in the morning for several weeks while we're getting everybody's information processed, like some of these CPAs do. Aren't you guys?

Steve Sanduski: Yeah. Of course, we do have certain periods of time when we do have some deadlines, like with tax time with IRA contributions and Roth IRA contributions. Just getting those processed for clients that bring those funds in. Then also at the end of the year, making sure we get all of our required minimum distributions processed as well. Fortunately, we're ahead of the game on that. But definitely some deadlines that we are aware of.

Bill Keen: Well, that's true. That is true. One of the things that we always say, too, is when ... Yes, we do a proactive outreach to our clients. We do a lot of educational events to keep people engaged and informed about what's happening. Of course, we do the podcast. This is a perfect example of it. Every two weeks or so, one of these come out and we try bring thoughtful information.

But one of the big things is that when our client calls us between our meetings or our phone calls, and they have an issue ... and this happens ... issues come up that they need help with ... we've got a policy at Keen Wealth that we say that we want to have a one-hour response time and a 24-hour resolution. That's the culture that we live by at the firm. If someone reaches out to us, we better have the capability, the resources, the competent team in place to be there immediately for those folks when they have something come up.

So you know what? Maybe we don't have a, quote, "tax season busyness." But I think the way that we structure the culture of our firm, we want to make sure that clients don't just put down numbers, and they have to leave a voicemail, and get called back a week later. That's not what I think is right. Anyway, I think it's good to talk about these things and get some clarity.

Steve, do you get inspired in the middle of the night, sir? Now, I'm going somewhere with this question, so don't think this is weird. Do you get inspired in the middle of the night?

Steve Sanduski: Well, I'll tell you what's kind of weird about my answer, is that I don't always sleep through the night to be inspired during the night. Just for example, this past evening, I woke up at about, what, 1:40 AM? I thought, "I don't what to get up right now." So I laid in bed. Couldn't fall back asleep. So I got up at 2:20 this morning and have been up since 2:20 AM.

Now, that doesn't happen every day or every night. But it happened last night. So yeah, I have some weird sleep patterns. It's not like I fall asleep during the day, then. Well, last night I went to bed at 10 o'clock. But normally, I mean, I'm typically in bed by about 9:20 and get up super early. But last night was just a weird one. I think I'm really early.

Bill Keen: Well, I'll tell you what. You sound very alert and on point. But I'm sorry you didn't have a good night's sleep.

Well, so this speaks into my point here. I was online, doing some research recently, and a commercial came up. I thought it was a joke. Seriously, I thought, oh my gosh, look at this. This is a Saturday Night Live spoof or something. But it said, "Are you inspired in the middle of the night? If so, TD Ameritrade now has trading all night long if you're inspired."

Here, we're giving a plug to TD Ameritrade. But I can tell you this. Anybody who's attracted to trading securities all night long would not be attracted to Keen Wealth. We would tell them that is not in their best interest. We're not compromising anyone that might want to work with us by telling them about this.

Did you guys see this? Seriously, you can trade all night long?

Matt Wilson: I've heard about some of these platforms that are allowing people to place what they call after-market trades, after-hours trades. Yeah, it's interesting. You think about, well, what's the purpose of that? The custodians that are offering it, I mean, they just want the commissions that they generate.

Bill Keen: Right, right. Here's what it says. It says, "More trading hours, more potential market opportunities, with news breaking overnight. Today's highly connected world requires a way to react right when market-moving events happen. 24-hour trading isn't just for derivative traders anymore. The same functionality is now available for some of our most widely traded securities." It says, "Trade on your time."

Now, it says here, "Trading after normal market hours" ... this is in small print ... "comes with unique and additional risks, such as lower liquidity and higher price volatility. Your order may be only partially executed or not at all. Learn more now."

I saw that and I thought, again, that that was a joke. This is the absolute last thing that someone who is investing in a globally diversified portfolio that's sustained them for the rest of their lives ... encouraging people to not only obsess during normal working hours, but all night long? It's a travesty.

Matt Wilson: Yeah, recipe for disaster, there.

Bill Keen: Oh my goodness, how quickly can we blow ourselves up and lose all our money? Maybe there's some people out there that are going to benefit from this, but I've never met or seen one.

Anyway, I saw that. I thought that was interesting to bring to the table today. Steve, now you are ... We tease Steve a lot about his potential bitcoin holdings. Now, maybe we did just uncover something, Matt. Maybe Steve was up last night, trading his TD-

Matt Wilson: Bartering his bitcoin?

Bill Keen: Well, maybe he was doing that or trading on his new TD Ameritrade all-night trading platform.

Matt Wilson: Yeah, that's possible.

Bill Keen: Are you holding out on us?

Steve Sanduski: I am not. I am not. I just think that that is such a horrible idea.

Now, you guys, you know as well as I do that TD Ameritrade has a couple of main divisions. One is their, quote, "retail division," which I'm sure this is where that is coming from. So they're just marketing to the general public. But then they also have an institutional division, where financial advisors transact their business and custody client assets through the institutional side. I can be pretty confident that the institutional side would never come out with something like that, because good financial advisors would never do that with their clients.

It's weird that you've got one company with two different divisions that give totally opposite information. If I was the head of that company, even if I felt like I could make more money doing that, it's like in the end, it's going to ruin your business because that is just bad for clients. Ultimately, you might make money in the short run. But in the long run, it is bad for your business.

Matt Wilson: It's funny. I'm on that website right now, and they have a screenshot of a cell phone. It's telling you, "Breaking News." It says "Breaking News Alert." It doesn't tell you what the breaking news is. But just insinuating that that is a tradable event that you need to get on your account right now and make some moves with your based on whatever ... yeah.

Steve Sanduski: I'll tell you, if I was a financial advisor, and I was custodying my business through their institutional side, I would be ranting and raving to the people on the institutional side, hey, talk some sense into your retail side. This is ridiculous. This is hurting your brand. It's hurting me, because my clients hear about that, and they see that we transact through TD Ameritrade, and by association, they're going to think bad of me. So, I just think that is bad business.

Bill Keen: There's a reason that casinos are open all night long as well.

Steve Sanduski: You'll make bad decisions in the middle of the night, when you're not thinking clearly.

Bill Keen: That's right. It's not because the casinos are losing money by staying open.

Steve Sanduski: That's right. As you also know, there's no clocks in casinos.

Matt Wilson: That's true.

Steve Sanduski: You ever notice that?

Bill Keen: I haven't noticed that, but I don't go to casinos very often, because when I go do things, if I want to be entertained, I'll spend some money and know about it. But when I go to a casino ... and I have the wrong attitude. My attitude is, I'm coming here to lose money and give the house money, so it's never fun for me to even go play a little bit. So even in Kansas City, we have casinos around, but we don't do a whole lot of time down there, do we?

Matt Wilson: Yeah, no. They don't have windows in those places, either. Crazy.

Bill Keen: True, true.

Steve Sanduski: They've got all kinds of tricks up their sleeves to get people to lose more money.

Bill Keen: Well, we are a financial program.

Steve Sanduski: We are, so maybe we should get back on track.

Bill Keen: Right, right. We want to bring things that we see that are relevant and that our clients are seeing out there. They could either throw them off track or they could get them on track. That's why we bring up these things that are very real and very timely. But we can move on with your program, Steve.

Steve Sanduski: Well, I know we've got a listener question that we're going to go through. This is actually a fairly long question, so there's a lot of different angles that I think you guys could go through here as you answer it. But is there anything else, Bill or Matt, that you want to address before we go into this listener question?

Matt Wilson: Yeah, there's one recent article that came out. It was a report published by the Social Security Administration. This is interesting, because a big part of our planning and what we discuss with clients, and retirees, and potential retirees is how to account for Social Security and what choices do you have when it comes to claiming your benefit, because there is a myriad of choices, and some are better than others from a financial planning standpoint. We like to just educate everybody on what those options are and how it impacts your long-term plan.

Well, from time to time, Social Security will do an audit of the trust fund. They just released this report. It said, "A vast majority" ... and they're saying about "82% of beneficiaries that were entitled to receive survivor benefits" ... So it's just specific. 82% of these specific people weren't informed of an option to claim a larger benefit.

They've estimated that they've underpaid almost $132 million to just over 9,000 widows or widowers who were age 70 and older.

Bill Keen: So basically, they just wanted them to figure it out on their own. Is this right? To dig around and figure it out? Because lately I've heard that Social Security has been a little bit better about giving people their different relative options. But this? This is the Office of Inspector General or the Social Security that cited their own study, right?

Matt Wilson: That's right. I mean, they do audits and they released this to the public. Basically, yeah, their own internal workings said people basically showed up to the Social Security office, informed them that they wanted to turn on their benefit.

The Social Security Administration, the representatives there, just turned on their benefit without informing them that they could have filed what's known as a restricted application, meaning they could have claimed a benefit based on their deceased spouse, which may have been lower ... most cases was lower ... and then let theirs accrue to age 70 and switch to a larger benefit later.

Basically what this audit is saying ... and if those folks would have done that, we would have paid out $132 million more than what we have already paid out. So people receive less than what they could have had they known about this option. The audit is saying that people weren't informed of it, is what I'm interpreting is the outcome of the audit.

What this tells us, and does confirm, that you do have to be informed of these decisions before you go to the Social Security Administration. You can't rely on them to confirm or to walk you through all the different choices that you have.

Bill Keen: That's right. That just speaks to getting with the fiduciary/financial firm that has a checklist-driven process ... I'll say it every time and forever ... that has these issues on there, so that something like this doesn't get missed, and you look up, and you're one of the people that looks back and says, oh, I wish I would've. There's nothing to do about it.

Matt Wilson: That's right, because right now, when you go and look up your Social Security benefit ... They don't send out statements anymore. It's extremely rare where someone tells me they received something from the mail from the Social Security Administration. So you go to their website, which is ssa.gov. You can answer some questions and set up an account, and you can pull up your statement.

What they inform you on there is just what your benefit is. It doesn't tell you what the spousal benefit is, or if you have deceased spouse, what the spousal benefit is. So right there, you don't know, even, about these options unless you do research on your own or, as Bill mentioned, you get some education from advisors or other places, to really understand what all the different choices are, and then what questions you need to be asking the Social Security Administration to get the right answers.

Bill Keen: I'm glad you brought that up, because there's so many pieces to this financial planning and retirement planning process. Around the time where someone is actually transitioning to retirement, it is a really complex time. Many decisions are being made that shouldn't just be made in a vacuum. These things affect other aspects to their financial plans.

So the more we can bring things like this up, the more, I think, attention it gives folks and says, hey, this is urgent. Don't make the transition into retirement without going through a process and looking at all these things. It still applies to people that are retired, of course, long term, all the different aspects, but especially around that retirement year.

Matt Wilson: That's right.

Bill Keen: All right, Steve. You can go on with the question now. You can tell we're passionate and we have fun with what we do, but we know that it makes a difference. We get so much feedback from our listeners that are investors, clients of the firm, friends of the firm, and also advisors. I get a lot of the feedback from advisors that listen to our programs, that thank us for just bringing up real-life information and situations that come up in the practice. So I feel like we're achieving our goal of spreading good words that help people out there. So you can kind of maybe sense that in us here.

Steve Sanduski: Hey, I just want to mention to the listeners that as Bill said, we love to get feedback. So if you have a question, you can go to keenonretirement.com. That's K-E-E-N on Retirement dot com. You could click on the Contact tab, and there's a little form there you can fill out. Ask us your question, and maybe you too can be on the podcast.

Y'all sitting down here? Here's the question. The listener writes, "I have been working and saving for nearly 40 years in my 401(k). I am embarrassed to say that I haven't had much of a strategy other than spend less than I make and put 12% in my retirement savings account. Somehow, and I pinch myself every day about this, I looked up and have accumulated over $2 million in retirement accounts." I hope you guys are taking notes here.

Bill Keen: I got my pen, and my pen is rolling as we speak, Steve.

Steve Sanduski: "I owe $80,000 on a $300,000 house. My wife and I will be receiving Social Security of approximately $3,500 per month. We are 64 and want to retire, but aren't sure if our money will last after inflation and health care expenses. We need about $8,000 per month after taxes to live on comfortably, and that includes fun things and not being strapped.

"We have been doing our taxes on TurboTax" ... Yeah, there you go. You were talking about TurboTax earlier ... "and they seem relatively simple, although we have about $500,000 in mutual funds in our after-tax account, and it seems we have to pay a lot of taxes from time to time on capital gains distributions even when we didn't sell anything or make money on certain funds. Confusing.

"We have three grown children, one of which we trust the most and would make them in charge of our affairs if we can't handle it someday. But we have done nothing to put that in place in writing. We have no life insurance, except for company policies that will go away at retirement. We are being told by an insurance broker that our kids will pay taxes on our IRAs when we pass, and that we need life insurance to cover that?" Question mark.

"We are concentrated in our company's stock, which is privately held, and we know we need to diversify our holdings. Again, all of this has been on autopilot. We have seen the market's ups and downs over the years, and understand that we have our wealth largely as a result of being invested in stocks that now we are thinking we need to be conservative soon because we're going to be retirees soon.

"All of this to ask, how do we go about getting help with our issues now that we realize all this is very real and has to carry us throughout the remainder of our life? Who can we trust, and how do we go about laying all this very personal information out there for someone to help us? It seems scary."

Bill Keen: Wow.

Matt Wilson: How much time do we have?

Bill Keen: I think that this person, their family needs to make an appointment with Keen Wealth. Wouldn't you say, Matt?

Matt Wilson: That is the first step. There's a lot of moving parts here, that's for sure.

Bill Keen: A lot of moving parts, but I would like to give this listener kudos for being so disciplined and being able to articulate these things, because I think what this person is demonstrating is exactly what we were just talking about: the complexity of all these issues and they way they fit together, and the decisions that one needs to make.

So first off, before we dissect it, I would tell you that people end up working with our firm ... and I would suggest other good fiduciary firms as well. Because they are smart enough to know what they don't know, first off.

Two, like Steve and his taxes, they want to delegate these decisions. One, because, again, they're smart enough to know what they don't know. But two, because they value their time and they don't want to have to make these decisions, either at retirement or ongoing.

Three ... and this person spoke to this. I could read between the lines of this when they mentioned about their investments. They know that they have their biases, and their emotions will hurt them, and they need help with investing. We're all wired back to front. Having a disciplined program so that we're not panicking when the market goes down 3% or goes through some correction, and we're not doing things, when things are going higher ... we're not doing the opposite of what we should be doing because of emotion. That's the third reason people work with us.

The fourth reason I would say people work with us is because they want to make sure their spouse or a loved one is not taken advantage of if and when something happens to them and they're gone. They want to get with a good firm that can help them think through all these things, make decisions, and know that their spouse is taken care of if something were to happen to them.

The questions, my goodness, tee this right up into those reasons that this person should go find a good person, a good fiduciary firm, that they can trust to help them navigate these issues.

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Matt Wilson: They have one question about insurance that's in there, and then everything else is just more about explaining their situation and, as you mentioned, certain biases and things that they have.

To answer the question on the insurance side of things ... So their question was they are being told by an insurance broker "that our kids will pay taxes ... when we pass, and that we need life insurance to cover that." The answer is yes and no to will the kids pay taxes when they pass.

The estate tax applies when someone passes away and they have a net worth as an individual. In 2018, this just actually got changed with the Tax Cuts and Jobs Act. It is now 11.2 million for an individual. So you pass away with less than 11.2 million, there is no estate tax applied from a federal level.

Now, individual states have their own state tax. The majority of them just mirror whatever the federal government has. So in Missouri, Kansas, we don't have to worry about that, where we're located. But other states could have an estate tax, depending on where you live. That is something just to be aware of.

But in this case, with this individual, they would not have any estate taxes when they pass. So no tax. No insurance needed for that.

Bill Keen: Right. So then that's what they might be playing on here with this folk's insinuating there's a state tax. We've covered in prior episodes, yes, the IRA would be taxable. But if the kids had it set up correctly, they could take that money out over the course of their lifetimes and not experience a big, taxable event upon the death of these individuals.

I would say that insurance would not be needed for that. I guess if they want to just give their kids more money ... I mean, it sounds like they've got a net worth here of somewhere approaching $3 million ... If they wanted to forgo some of the resources themselves and buy a big life insurance policy for the kids in addition to that nearly $3 million, that would be a decision for this listener, but that's certainly not needed.

One thing I wanted to give voice to here, too, is when Steve started reading this, this is a really great example of the people we work with at Keen Wealth. This person has worked for 40 years. They've been deliberate in their life. He says he's embarrassed to say that he hadn't had much of a strategy other than "to spend less than I make."

Oh my goodness. If you had one strategy that you could feel embarrassed about and it was spend less than you make, you are on the right track. And then couple that with putting 12% in his retirement account all those years? That is a winning combination. So congratulations on that.

Again, he said he pinches himself every day when he looks up. That's the folks we work with, isn't it, Matt? People who are ... I call them salt of the earth folks: a lot of the engineering community, people who have lived within their means, worked hard, put money out of sight, out of mind, and look up, and they've got the ability to be able to retire and truly be independently wealthy at this point.

I see no reason that they should pay off their house. They did mention having 500,000 in after-tax assets. They could pay the house, the 80,000, off and have their house debt free if they wanted. They don't have to. That would be a decision that would solely based on their emotion reaction to having debt. If they don't like it, pay it off. If they don't mind carrying a little debt, it's nothing compared to their net worth at this point.

It's not a cut-or-dry answer for each situation, is it?

Matt Wilson: That's right. I mean, they have after-tax funds, so it wouldn't necessarily probably be a big tax consequence to pay it off, so personal preference there.

Bill Keen: Something tells me these folks might actually downsize at some point. But you know what? Downsizing doesn't necessarily mean less money in this day and age, does it?

Matt Wilson: That's right, yup.

Bill Keen: They mentioned 8,000 a month after taxes. Without knowing them more personally and seeing how they came to that, it seems to me like they've done their homework, because they did say that that includes fun things and not being strapped. But just based on the asset base ... I know we run through thousands of simulations and look at all the different aspects and the things that could happen that could be adverse scenarios and those type of things.

But can you give us the back-of-the-napkin assessment of whether you think with their asset base and their Social Security ... I know that you're a tax guy. You already mentioned it. You're a tax nerd, and that's good. Can you, in your mind, from all your experience of running these plans, tell us if you think that 8,000 a month after taxes, net of inflation, would work based on what they have resource wise?

Matt Wilson: Just glancing at the numbers here, there's no red flags to say that this is really going to be stretching the parameters of their resources. 8,000 a month with almost half of it coming from Social Security is definitely reasonable. We can't say for certain what's going to happen in the future. But we do know, based on some historical analysis, what different investments have done, and what life expectancies are projected to be, that these people should be fine.

But it is why we walk through our analysis when we talk about probabilities of success, just because the future is unknown and there are a lot of different factors that we've got to plug into it. But just looking at their situation, they should be in a very favorable tax bracket, which allows for Roth conversions, and gifting, and other things that might be important to them. Then, too, their resources shouldn't be overly burdened from the withdrawals that they would need to take from it, which is great.

Bill Keen: That's exactly what I'm thinking as well. They mentioned doing their taxes on TurboTax. It seemed relatively simple. A lot of folks who don't have outside businesses, they don't have a portfolio of real estate that they're ... rental homes and things like that. If they're W-2 employees, it can be relatively simple, yes.

But they mentioned this 500,000 in mutual funds. We tend to shy away from the mutual fund concept. We like holding securities outright, individually, because of cost basis identification and tax efficiencies. They mention in here that they're paying taxes on capital gains distributions, even though they didn't sell anything or, in some cases, didn't even make money on certain funds. Could you speak to that a little bit, about some of the planning that you can do around that, and maybe even the structure of how investments can be made so that it's more efficient?

Matt Wilson: Yes. Basically the first step that we would do with them is they have $500,000 in after-tax investments, so those are investments that are not inside an IRA or a tax-deferred vehicle, like an annuity or anything like that.

Because they own mutual funds, they have exposure to what's called capital gains distributions. That's when a mutual fund has a gain, it distributes that gain to all of the shareholders of record whether you made money or not. It's just the mutual fund itself made money, but it doesn't matter if you did. It just the mutual fund distributes those gains to the shareholders. That's what they're getting hit with.

Bill Keen: There's no other way for them to track all this. Imagine hundreds or thousands of securities inside of a mutual fund, and the fund might have bought Apple 10 years ago. The fund sells Apple this year, makes a huge profit on it, passes that gain on Apple through to whoever happens to own the fund this year. You might have bought the fund this year, and you might even be down in that particular fund, but you will pay the gain that the fund made on that Apple.

I'm not suggesting that people go buy Apple. It was just an example. But that's something we call inherited tax liabilities. When you start building up assets to this level, it makes sense to try to avoid that if you can.

Heck, even one step farther. If you own individual securities, you can actually purposefully identify ones that are done and do what we call tax loss harvesting. So actually, potentially have made money in a tax year, but you chose to only sell the things that were down toward the end of the year, and lock in a loss for tax purposes. So not only being completely almost helpless in these mutual funds, but able to be proactive in your after-tax investing when it does make sense.

I mean, that's something where that's just one of the checklist items we go through when it comes to investing in the tax side of things that you alluded to there, earlier in the program. Need to be happen before year end each year, being paid attention to.

Matt Wilson: I've seen studies that have looked after-tax money and tax inefficiencies with these mutual funds. Those can end up reducing returns by over a percent a year just because of the tax inefficiencies.

Bill Keen: Just that, yeah.

Matt Wilson: Just think about that. You can boost your returns. So another way to think about that. Increase your returns by over a percent a year just by having a more tax-efficient portfolio.

Bill Keen: Somebody might listen to us and say, well, what are you doing? You're selling things when they're down? I thought you guys said buy low, sell high. Well, we're locking in the losses in certain cases buying a like-type security or index and waiting the 30 days ... Is it 30, 31 days, I guess, right, Matt? Before you can go back into the security to avoid the wash sale rule?

Matt Wilson: Mm-hmm (affirmative)

Bill Keen: It's more work. It's more work for a fiduciary advisor to this for a client. But it makes a difference.

Matt Wilson: By owning individual holdings, and indexes, and ETFs, you get to control and we get to control the tax ramifications. That's the major piece of it, is we get to decide when we take a gain, and whether it's long term or short term, and what year we do it in, versus you're just at the whim of whenever the mutual fund decides to do it. You have no control over it.

Bill Keen: That's right. I notice here they have three grown kids, "one of which we trust the most and would make them in charge of our affairs," but not put anything in writing yet. That can be dangerous, because folks are in great health, they said. They're in their ... what is it? Early 60's or so?

But anything can happen. We did the podcast with Devin called 20 Minutes to Live, where we talked about this. No one knows what tomorrow brings. So this would be something on our checklist we would be referring them to an estate planning attorney or two to evaluate them and get some things put in writing to make sure that their affairs are in order.

Hey, that's another reason people work with financial professionals. I think I listed four earlier reasons. But this is another reason. You get with somebody you trust. Get with a good firm that you trust. They will help you. They will quarterback other financial relationships for you. So they'll help you find a good estate planning attorney and help you hold them accountable. They'll help you find a CPA and hold those folks accountable.

When I say hold them accountable, I just mean there's a system, there's professionals, there's a team working collectively for clients. I think that can be very powerful, to get the right team in place.

Steve, we haven't heard anything from you. Are you taking notes, sir?

Steve Sanduski: I'm just soaking this all in. I'm still having a hard time getting past the very beginning here, where they said, "I'm embarrassed that I haven't had much of a strategy other than spend less than I make and put 12% in my retirement savings account." I'm thinking to myself, if there's a golden rule in financial planning, that's about as close to the golden rule as you're going to get. So pat on the back to these people.

Matt Wilson: They've done good.

Bill Keen: It speaks to their character, that's right.

Matt Wilson: The young millennials, I think they'd call that a humble brag.

Steve Sanduski: A humble ... There you go.

Bill Keen: A humble brag.

Steve Sanduski: There's one thing I did want to riff off of, what you were just saying here toward the end here, Bill, about the importance of building your team, and being with a financial advisor that you really can trust. It just reminded me of a previous podcast episode that we did with Leslie Michelson. He's the guy who wrote The Patient's Playbook, and so he's in the medical field.

One of the things that he talked about ... He said one of the single most important things that you can do to improve your health is have a longstanding, trustful relationship with a primary care physician. I think that analogy holds true in the financial side as well, that one of the best things that you can do for your long-term financial health is to have a longstanding, trustful relationship with a fiduciary advisor. I think it works on the health side and it works on the financial side.

I definitely recommend folks to go back and listen to that episode on Keen on Retirement with Leslie Michelson. It was titled Here's How to Avoid Making a Deadly Healthcare Mistake.

Bill Keen: Thank you for bringing that up. Again, not to get too off track here, but I wanted to let you know, since you did, we recently had an issue come up with a client. It was a pretty serious health issue. We needed some help navigating and understanding what the best process moving forward would be.

I contacted Leslie Michelson and had an experience with him and helping us, his firm helping us make some decisions, or helped this client make some decisions, on what the next best course of action would be for their healthcare.

Yes, he's a great guy. He was a guest on our podcast. But even more so, I've had a recent experience with him he brought his wisdom in his efforts to play for us. It was very, very impactful for the client. Anyway, I just wanted to throw that in there, since you mentioned him.

Steve Sanduski: Well, happy to hear that. Well, guys, I think we're getting ready here to wrap up. Are there any final thoughts from either one of you?

Bill Keen: I think the final thought here would simply be this client mentioned at the end ... mostly the things they mentioned was planning issues, which we've addressed, some of the planning issues they were dealing with. They also mentioned at the close their portfolio. They had a company stock that was concentrated. They know that they need to diversify their holdings. It's been on autopilot. They're seeing that this wealth has been created in their life as a result of being invested in stocks, in the equity markets.

But now, as they're moving into retirement, they're wondering, should they have a different strategy, what do they do, how do they get help with this. One of the things that is, I think, really important ... We always say the investments are an engine to the plan, and we have to have perspective.

So if I were to go through some of the core beliefs at Keen Wealth, it would speak to this last part of it. It's having a plan is a must, seeking wise counsel is a must, because I think the plan comes first before you make the decision on how the investments should be allocated.

I always bring up flying. When you fly on a sunny day, life is good. You can see the horizon. You can see other airplanes. Everything's great. If you're flying up through the clouds, it's called being on an instrument flight plan. You're flying in the clouds. When you're on a commercial airliner, you don't even really think about it. You just notice you're up in the clouds. They have it all controlled, and you're trusting that pilot. Talk about a trusting relationship.

I'm an instrument-rated pilot. I can fly in the clouds. I would never fly in the clouds without being online with air traffic control. Air traffic control directs you. When you can't see anything outside, they're telling you what heading, what altitude, where to go, when to do it, where other traffic is. They're guiding you and helping you.

Yes, you have some instruments in your plane that you can see other traffic and things. But you would never fly on a day that you couldn't see anything outside, you don't have any guidance.

That's exactly the same thing as trying to navigate all these things on your own with no help. No ATC, so to speak, in that example.

Two, get with a fiduciary advisor, someone who doesn't have any ... They're totally objective. They don't have any reason to direct you into some certain product because they get paid more or they get kickbacks under the table. Get with a firm that provides perspective. I believe that having perspective around these and this investment question makes a lot of sense, because you know this person has four years of perspective of investing, but they don't have any perspective at all of investing for retired people. They need to have someone who has experience investing for retired people, to help them have that.

The media is bad. The media is not your friend as a long-term investor. Getting the spending nailed is key, and I think these people have done that. Getting with a firm that has fee transparency, so they're telling you what your all-in costs are, not just what their fee is, which happens a lot on Wall Street in these firms. They tell people what their fee is, but they don't tell them what the total costs are. So people are paying way more than they think that they're paying, because they're not being told the full truth by their brokers.

The finally, just understanding that you can't time these markets, trying to get in and out. The way we opened the program today, the TD Ameritrade thing. Why would you trade all night long? It's a fool's game. But you can't time the markets. You have to have a program that can be set up right for you no matter what happens the next day, and you're not in there knee jerk reacting.

We say put a plan together and act. Do the things we know works. Don't react to every single thing we see in the news each day. I just think that with those things in mind, this couple could come up with an investment program. Yeah, maybe it's a little less equities than they're used to in their life as they've grown their wealth. But there's some combination that makes sense for them that we could get deeper in if we had met them in person.

I hope that answers their question and summarizes our thinking, you two. I know we've been all over the map today in our episode. But again, we live this stuff and we love bringing to the table in our episodes.

Steve Sanduski: I think you did a great job there summarizing that, Bill. That was an excellent question from our listener, so thank you for submitting that. Again, we encourage all of you to send us questions. Go to keenonretirement.com, and you can go to the Contact Us page, and fill out the little form there. Send us a question. We'd love to hear from you.

So gentlemen, thank you. Another great, educational episode. Lots of great information, sharing it, getting that message out there, and helping more people do a better job planning for their financial future. So thank you very much.

Bill Keen: All right, Steve. Thank you. Matt, as always, thanks for bringing your wisdom to our shows. I really appreciate it a lot.

Matt Wilson: Thank you.