Alex Palumbo - Ritholtz Wealth Management - Transcript

Mullooly: Welcome back to living with money, this is Tim Mullooly. On today's episode, I am joined by Alex Palumbo. Alex is an Investor Advisor Representative at Ritholtz Wealth Management in New York. And if you've listened to previous episodes, we've had one of his coworkers Kris Venne on the podcast. Us here at our firm Mullooly Asset Management are big fans of all the guys at Ritholtz. Alex, thanks for coming on the podcast, I really appreciate it.

Alex Palumbo: Thanks for having me, Tim. First time, long time. Is that too cliché?

Tim Mullooly: No, I love it. I had seen a video recently that Alex did with Josh Brown at Ritholtz talking about being a young advisor in the field and some of the different challenges and benefits that being such a young advisor could bring to clients. First thing that I realized, is that I didn't realize how young you were, Alex. You're going to be ... you're 26, right?

Alex Palumbo: Just turned 26. We've got our own health insurance now, now we're big time.

Tim Mullooly: Yeah, well, I'm turning 26 in August, so that's coming up for me.

Alex Palumbo: There you go. All the listeners are just signing off now. What wisdom do two 26 year olds have to give us?

Tim Mullooly: Right. Well, throughout the next 20, 30 minutes they'll find the answer to that question. For the listeners out there though, can you give a brief background on yourself and how you ended up at Ritholtz Wealth Management?

Alex Palumbo: I graduated from Penn State University in 2014. Majored in accounting because everyone needs an accountant. Then my parents said, you better get a job, which seems reasonable. So I went to the career fair. Giving out, it was hard to get an interview or talk to someone, but of course giving out interviews was a financial company, financial services company. I thought, this seemed great.

So I ended up working for a financial services company in Philadelphia for about two years. Started out really exciting, I got my life and health insurance licensing. Series 7, Series 66. Got all three licenses, was ready to start in the business, and shortly realized that I was kind of just selling products to clients using sales tactics. Versus what we do and what I'm doing now, which is definitely more holistic, goal based financial planning.

And then so I worked there for two years, didn't really know what I was going to do. Had an interview for Ritholtz Wealth Management where I sat with Josh Brown and Kris who you mentioned. And they were looking for someone to ... you know, we get a lot of people reaching out to us which is obviously pretty rare. And when they told me that, the light sort of went off. People reaching out to us, that sounds amazing, versus what I was doing-

Tim Mullooly: It's like the opposite of what you were doing, probably.

Alex Palumbo: Yeah. I was cold calling, which was the most anxiety ridden activity I have ever had to do. I was vomiting in the bathroom before each phone clinic. It was brutal. But I came here, they wanted someone to take the load off of Kris, who you mentioned. My colleague, if I don't call him my boss he's going to have words with me after this podcast.

But Kris was dealing with all the leads, so they wanted to bring on someone younger who could handle the influx of leads. So they brought me on as a quote unquote, "Junior Advisor", that's fort of an ongoing joke here that I'm still a junior even though I have my own book and things now. But yeah, I stared off on a three month quote unquote "internship" as a Junior Advisor, and it all went from there. It's been two and a half years and it's kind of flown by.

Tim Mullooly: Now, how did you find Ritholz Wealth Management? Had you been following them online? I know a lot of people read Josh's blog all the time, and Barry's stuff. Did you know about their blogs and their presence online before applying for a job and getting an interview with them?

Alex Palumbo: Yeah, so I was looking around. I wasn't exactly sure if I wanted to go the advisor route, because of my prior experience. It definitely left a poor taste in my mouth, but I stumbled upon the blog. One of my family friends, his name is Bill Singer. He was trying to get me -- it's all about who you know, right?

He was trying to show me opportunities, so he was doing a YouTube channel with Josh. He said hey, let me know what you think about this. And it was pretty much Josh saying, yeah, now I write a blog and people reach out to us, and I like wait, what? I was like, that would be crazy if I could work for him. And he forwarded that email to Josh, I ended up getting an interview. The rest is history. I know they were interviewing a few people. I guess for some reason they chose me, and I got pretty lucky in that sense.

Tim Mullooly: So how would you say that working at the previous job, financial services firm before Ritholz has helped you become a better advisor?
Alex Palumbo: That's a really great question, because I think it's helped immensely. And I personally wouldn't really sacrifice what I went through on my last job for two years for anything. Because I think it helped shed some light as to, hey listen, this is one way of doing things, versus what I'm doing now, which is the right way of doing things.

And I don't think I would have had that perspective as to how great what we do here really is. And also, honestly, the not so great way of doing things. Which was my last job. Honestly I think it all helped. It helped from a sales perspective as well, I mean, you have to cold call people. So having that experience of really getting beaten down, becoming a better quote unquote "salesman". I think that helped too.

And just noting the difference between what isn't the right thing, and what is the right thing. And maybe I'm doing a sidebar here, but I think that when people ask, where should you get your start? I'm torn between telling people they should have a shitty job like I had, where you work for free or cold calling, selling products. Really just getting the crap beat out of you for a few years. And then going to a real job where you really appreciate it. But then it has to come, well, do you really want to cold call your family and friends and deal with that. But overall I do think it helped.

Tim Mullooly: Yeah, sometimes that first job that you have, it might not be what you want to do, but it kind of shows you what you don't want to do. So I feel like that was probably the case with you. It showed you that this wasn't exactly the field that you wanted to be in, but it kind of narrowed down the choice of where you wanted to go.

Alex Palumbo: Yeah, it helped a ton. Plus I had a few years of experience, so obviously I wouldn't have been hired here if that didn't happen. It's like, the one thing that I would never want to do again, but I am personally happy it happened for me. I just don't know if everyone else who took the same route ended up in such a fortunate position.

Tim Mullooly: So when I was watching the video that you did recently with Josh, you guys were talking about being such a young advisor in the industry, which is not the norm by any standard. Most advisors are in their 50s and 60s, which is the complete opposite for guys like me and you. In your time as an advisor, what would you say has been the hardest part about being such a young advisor in a field where most of the other advisors are sometimes 30, 40 years older than you are?

Alex Palumbo: Yeah. That's another good question. I think that, it's kind of obvious. The hardest part is being taken seriously, I would say. I don't know how young I sound, I think I sound younger than I am. When I first started doing meetings, working with prospective clients, it was definitely nerve wracking. I think that being younger, people don't really take you as seriously. But that wasn't a huge problem for me, because I was doing a lot of these meetings on the phone. But I think that's one thing. Is people don't really take you seriously. They think of their finance guy as a 50, 60 year old gray haired guy who has seen it all before. Things like that.

But then, as I mentioned in the video, like anything in life, the more you do these things the better you get. So now I don't get nervous talking to really anyone, because I know 100% what we do here. I've done it hundreds of times. So now I'm just completely confident. One thing I notice is there were, let's just say there were five or six prospects who said, "Hey, I want to talk to someone else on the team." Because I did sound young, or they saw my picture and they saw I was young. And none of those people ended up becoming clients. So it's not like working with Bill or Kris, now I really get it.

You know, I'm going to walk you through the same process, and do the exact same thing, and through time even if I do it more I may have better answers. The hardest part was certainly at first being a little nervous, talking to people because maybe they didn't take me seriously. But now it's like, I know you're going to be a bad client if you want to work with the oldest guy here, because that's the opposite of what we do here.

And I think it made sense back in the day when the older people, they had more sales, they dressed nicer, they had the better presentations. They had the younger guy setting the appointments. But now, you know how we manage money, more scientific and evidence based. We're not selling commissionable products. I can explain the mathematical approach just as succinctly as a 50 or 60 year old. So it's not like I need 40 years of experience because I've looked at the data as well.

Tim Mullooly: Right, exactly. And I feel like the process, too, that you guys have and we emulate a little bit at Mullooly Asset Management, is pretty simplistic. Which is, like you're saying, the opposite. You're not selling these complex products and different things, bells and whistles, that quote unquote "seasoned salesmen" would need to sell people. It's simple stuff, really. You can explain to anyone at any age, and it's just trying to get the clients, or prospective clients, to realize that you're going to get the same information from me as you would someone in a suit and tie with slightly grayer hair than I do.

Alex Palumbo: Yeah, and you also have to be self aware. I mean, I actually met with someone today, in person, which is rare because I do most of my meetings on the phone. And I said, "Listen, I'm not going to be the one that's designing your portfolios. That's not me. That's Michael Batnick, Ben Carlson. Some of the brightest minds in all of finance, and they might even be in their 30s. But it's not like me, some 26 year old kid is saying, 'Hey, you should go into this fund. Trust me, I looked at it.' I'm not that at all. I'm moving you through the process, the same exact process that Kris or Bill or Tony would. It's no different working with me or them, I just happened to get assigned to work with you."

Tim Mullooly: Exactly. It's a firm wide process, so it's not like you have your own individual process that you put your clients through.

Alex Palumbo: And a good way of framing this to people that I've learned to say is, "I'm just the liaison between my company and you. I'm just your representative, and you get to utilize my whole firm's suite of services, our decades of experience. You know, we work with TD Ameritrade or certain custodians who have been around for longer than I have." So it's not like they're working with some guy who just graduated college four years ago.

Tim Mullooly: Right, exactly. We just touched on some of the difficulties of being a young advisor, what would you say are some of the benefits of being a younger advisor. What do you think young people can provide some of the older clients that are nearing retirement?

Alex Palumbo: I think it's pretty self explanatory, right. If I'm 25 years old, and you're 65, and you're retiring. How long are you planning on being retired for? 30 years? 95 maybe? That's when I'm going to be 55. So I'm literally going to be working with you, getting better and better, diligently grinding over the next 10, 20, 30 years. It's pretty obvious that you don't want to be working with someone that's your age. You're talking to you client, you know, hey Alex, hey Tim, I'm working on retiring next year. Me too! Where do you want go? It's not what's going to be the case. From your age 65 to 75, I'm going to be going from 26 to 36, 25 to 35.

Just becoming better and better, becoming more well versed, becoming more knowledgeable. Versus someone who's going from 55 to 65, do you think they're going to learn new things? Do you think they're going to get out of their comfort zone? Certainly maybe, but I think that the benefits are pretty obvious, especially when we're talking about something where the people who we're working with are going from working to not working. They don't that to be the case with their financial advisor.

Tim Mullooly: Right. I feel like that's probably the most crucial time. When you want your advisor to be on top of his game is while you're in retirement, because the stakes are potentially as high as they could get for you. You're not working anymore, you need this money, and your plan and everything to stay in place so that you can continue to live your life. You wouldn't want an advisor taking his foot out of the game and trying to maybe pass you off to someone that you're not familiar with. Do you think having that long lasting relationship too, it helps build trust over the years as well?

Alex Palumbo: Oh yeah, for sure. You hit the nail on the head. I mean, this is a relationship game. So when you build this relationship -- let's say I was 50. I build this relationship with someone for five years, then I got to retire. I can say how great the person who I'm handing you off is, but it doesn't matter.

Because you don't have that relationship built for five, ten years. I mean, I'm literally going to be working here over the next 20, 30 years. So the clients that become my clients, they become clients and then they become family. It sounds cliché, but whenever you're entrusting someone your entire net worth, you can't just be a program. You can't just be a robot. You have to have someone who you can build that trust and personal relationship with.

And again, being younger, it's kind of guaranteed that you're going to be working with them for the next 20, 30 years depending on the firm. And that's the opposite of someone who's 60 years old. They've seen them for 40 years. Only going to see them for 4 more and then they're retiring.

Tim Mullooly: Exactly. Kind of shifting gears a little bit here from gearing our questions and answers towards older clients. Our own peers, people in our generation, the millennials. A lot is being made about the struggles the millennials have to accumulate wealth and become independent. Being a millennial and sure, all of your friends have certain challenges. What would you say millennials in general are best at, in terms of money and finance?

Alex Palumbo: Are we even millennials? What's the one after that, Gen Z? We're just so young, we're like barely millennials, huh.

Tim Mullooly: Right, we're on the border of even being millennials.

Alex Palumbo: I think that millennials are ... it's very interesting, in my opinion. Because listen, we haven't been around for 20 years but I'm sure, I know you do. You read a ton of these blogs, and the research, and the data, and you read about all these stories about-- you know, Michael just wrote a book. "The Best Investors and Their Worst Mistakes," and you read all of these things. And then you see the parallels to what's currently happening, and I think it's honestly pretty obvious what millennials are good and bad at.

What they're good at, is they're being, in my opinion, a higher percentage of them are more into the science and they're mathematics driven. They're not really going to be swooned. Is that a word, swooned? They're not going to be schmoozed, you know, enthralled by some guy who's wearing an Armani tux and watch. You know, how the hell can you afford that if you're supposed to be managing my money.

They're more looking for the more transparent and honest advice, which helps advisors. Practices like ours, where we use science, we use math. And also they're doing their own research, right. I'm not going to go to a restaurant unless I Yelp it, and I see 10 5 star reviews, you know? But back in the day, it's like, well let's just go to this place. My one friend said it was good. Kind of similar parallels to working in finance, where hey, I used this one broker, he's great. But, is he really great? So I think they do their own research and they're more mathematics driven versus the aesthetically pleasing view of an Armani suit or some guy who's been doing it for so long.

But I think, in terms of what they're the worst at, it's very hard to think and act long term. It just really is. With all this information nowadays, the Wall Street Journal used to post stuff that happened the day before. Now it's like, if you open Wall Street Journal from the day before, it's like, I already knew all this stuff. I have a Twitter account.

So there's so much information out there that truly being like, they can act long term, this is a 20 year portfolio. It kind of all sounds like bullshit and minutiae. But it really is. And I think one thing that's very obvious honestly is the whole crypto currencies. I don't know. Listen. In five years this podcast could age very poorly, and bitcoin could be worth half a million dollars.

But I just think that, all these millennials who think oh, the stock market is for old people. I got to get rich quick with this whole bitcoin, and the alternative coins. And it is so appealing, right? The stock market won't have Vanguard's Index Portfolio. No one wants to get 7-8% a year. It sounds really boring. But that's just-

Tim Mullooly: Right, when they can get 50% in a week from bitcoin, why would they waste their time in a boring index fund.

Alex Palumbo: Yeah, exactly. But in my opinion, and maybe I am still old school. Again, maybe this one will age well, but that's just what you should do. But it's hard to tell people who are 25, listen, invest this thousand dollars. It'll be worth $1,100 next year. Which is like a 10% rate of return which is fantastic. But it's kind of boring. And that's why I think it's good for younger people to, listen, buy that individual stock. Mess around with some options.

Don't get yourself in trouble, just know that doing this is probably not the best way to build long term wealth. But I think the whole cryptocurrency, alternative coin, shit coin parallel, is so obvious to me where I see these millennials with, I want to make a million dollars in cryptocurrencies! It's like, if we heard anyone say that about the stock market, we'd know they have no idea what they're talking about.

Tim Mullooly: I hear it a lot from my friends, they're like, oh I don't have enough money to begin investing. But at the same time, they have ... they're like oh, but I just bought some bitcoin, stuff like that. It's like, well, you got to pick and choose your battles there. Would you try and as a remedy to that, suggest to younger people to have a little bit of both? Maybe put some money in the boring side, and on the other hand some more kind of exciting shiny stuff for them to focus on, like bitcoin and other stuff?

Alex Palumbo: Yeah, 100%. I think that's really important, because we know that the most important determinate to any investor success, whether it's us, people younger, people older, is their own behavior. Right. So, if owning 10% of Ethereum in your 90% index portfolio will give you the mental wherewithal to stick with the more quote unquote "boring index fund", then I think that's really imperative and really important for someone to do. Especially someone who's younger. What is 5% of their net worth really, when they're not even earning as much as they will be moving forward.

Michael always says this, I think it's important -- Michael Batnick -- I think it's important to play around and make mistakes while you're younger, so when you're older and the wealth actually matters to you, you've been through it and you have that mental ability to understand what's right or wrong. So I would certainly recommend to people. Say, if you're interested in bitcoin, go buy one. See what happens. Maybe you're right, but probably not, and I think playing around with that stuff while you're younger is really important to building that mental fortitude for being an older investor.

Tim Mullooly: So that might be one way for young advisors like ourselves to get our peers and friends interested in their own financial lives. Do you have any other ways that we might be -- because people are kind of hands-off, I feel like. My friends, they avoid looking at their bank account, they don't check their finances, they don't check their cash flows. What would you say to people to try and get them on the right track, and help them see the importance of taking an active role in their own financial life?

Alex Palumbo: Yeah I mean, it's hard. If people aren't interested in this stuff, how are you going to get them interested. Show them a long term SMP graph over the last 40 year returns? They're just not going to be interested. Which I think it's fine -- well, it's not fine for them. They should obviously be interested. So I think it's very hard to change people, it's very hard to get people interested in something they're just implicitly not.

I think one way is 401Ks. Most people have 401Ks. Just set it up once, set up the allocation, and don't look at it. And maybe that's not what you're looking for in terms of getting them interested, but at least it gets them to save, it gets them the dollar cost average in. Just set it and forget.

I never look at my 401K personally, I kind of forget it's there. Obviously, because I can't really touch it anytime soon. But I think 401Ks are a good way to get people involved, contribute to the company match, get that free money. And eventually I think they'll see, listen in five years holy shit I have $50,000? I kind of forgot about this! So I think that's one way, but it's just hard to get people invested in something that they're not. It's kind of like someone, if you're interested in exercising is like, look what this does to your cells! But it's like, I don't care, so stop showing me this stuff.

Tim Mullooly: I agree. And I also think it's a shame too, because people kind of fall into it. They get to their mid-30s or they're having kids and they need to start planning things out, and they're like oh crap, I wish I started doing this 10 years ago. And they can, they just choose not to, because they think they don't have enough money.

Alex Palumbo: It's pretty shocking too, right, because oftentimes the excuse is, I can't man. I'm just so busy with work. I'm so swarmed with work. So it's like, well why in the hell are you working so hard? You're working so hard so you can do good at your job so you can make money. And then you're not even going to want focus what you're doing with that money? It's just as important.

Tim Mullooly: It's a waste, then.

Alex Palumbo: Yeah. You see the billboards that are like, oh we spend more time spell checking our emails than planning for retirement. It sounds very cliché but it's actually pretty true. And you're right, it is pretty shocking. Even prospective clients of ours, I'm sure you'll find. They're like oh, man, I've just been so busy with work. It's like, busy doing what, earning money? And now what is that money earning for you, don't you want to spend an hour talking about that, and then we can set you up forever? So I think setting up a systematic approach is important.

Tim Mullooly: I honestly, the way that you said that, I had never really thought about it that way. People spend so much, and that's usually the main excuse. I'm so busy at work. What are they working for? To get money. And then they get money, and they don't want to bothered to do anything smart with it? It's backwards. We've been talking a lot about how being young in this profession can be tough at times, and there's always a lot that we can learn from people that have been in the business for a long time. What do you think is one thing though that the older advisors could potentially learn from us?

Alex Palumbo: I don't really know exactly what the response may be, simply because, you know, I still have people who work for my old company. They're younger advisors, doing the wrong thing. But we know older advisors like your dad and your office, who are older advisors, doing the right thing. So I don't really think it's all, oh, what can the older learn from the younger, and vice versa. I think that they can learn, and they can maybe see that clearly the old commercials of hey, some old couple coming in and shaking the hand of their broker, Merrill Lynch or Prudential, or just insert brokerage company here. On the TV. No one even watches TV anymore. And no one even watches the commercials, I'm looking at my phone, I'm switching channels.

And now, what's becoming more popular is the blogs, and the Twitter. The Twitter, you know? So I think that a lot of this stuff is just shifting -- noticing the shifting in your industry, and what's happening. And I personally, I don't know if this is younger versus older advisors, but whenever you chat with someone, even if they're less experienced than you, you always come away with something. One little snippet. So I think that that's, even if older advisors may be more knowledgeable, they can always take something away from the younger people in terms of their processes, how they do things, the way something gets explained for example. That's important.

But in terms of, what can older advisors learn from younger advisors, I think it's just their job to stay on top of the trends in the industry, because things are ever changing. It's important, you can't just be doing these old school tactics that no one is really paying attention to them anymore. So don't fall into that trap of getting complacent or stuck in your ways. I think that's important for older advisors. And be open to change, right? You can be open to change and now do the right thing, even if you've been doing the wrong thing or maybe a different thing for 20 years. Things can change.

Tim Mullooly: So I guess a better way to phrase that question might not have been older versus younger, but just more plugged in versus less plugged in advisors? Because like you're saying, it doesn't really matter if they're older, I know older advisors that are really on top of their social media game. And I know younger advisors that aren't. I think it's more like you're saying, staying on top of the industry trends, and being able to adapt to that. So, in the same vein, you've been in the business for a couple of years now. Seen some shifts, technology is always changing. Do you see the industry continuing to change over the next handful of years?

Alex Palumbo: Honestly can I say, it depends on how the stock market does? Because if the stock market just takes a tumble, or we enter a bare market any time soon, I think that just drastically changes things. We saw it happen in 2000, we saw it happen in 2008, who knows when the next one's going to be. But I definitely think that that could sort of change and create this huge divergence in how people are doing things. But I think that, as we currently see what's happening, portfolios are becoming more commoditized, right. And people aren't looking for the portfolio that can generate the most alpha, or out perform the benchmark. Because literally there are stats that show that's something that's hard to do and something you probably shouldn't be trying to do. So a lot of the benefit's going to come from other things. Like tax planning, I don't really think that's focused on enough. In our industry is, you're after a tax return, which is arguably just as important. If your fund beats the benchmark, whatever the hell it is, by 1%, but you have a 2% tax drag, then it's like, did you really beat the benchmark?

And doing other services that are very beneficial. Like estate planning. And just utilizing technology to aid in your relationships with your clients. Because I don't think the human element is really going to be replaced in our lifetime. Who knows after that. Because people want to work with a human advisor. In that sense, they don't want to go into someone's office, and see you writing on a lawyer pad with your pen and paper. No one wants to see that, because you're not up to date with the technology. So I think technology is going to make our job easier, it's probably going to make things more competitive. And I think that people are going to have to offer more than just a portfolio solution for someone.

Tim Mullooly: Yeah, and that point about the next bare market too, is something I hadn't considered as well. For a lot of people, if they join the business from any time after 2008, they haven't really experienced that yet. Seeing how businesses would shift, and clients react differently in bare markets, it's going to be potentially eye opening for a lot of people.

Alex Palumbo: Yeah, I mean, good luck being an investment advisor with your clients in just index portfolios and seeing their accounts go down 30% one year. I mean, seriously, good luck. Maybe you are that good at coaching in behavioral investment management, but I think you got to have other things in place. And I think that it's just natural human characteristics. When that happens, the market is down 30%, more active products are going to come out, more people are going to flock to those products. Because if you have a million dollars, right, and you've been coached on indexing, and everything makes sense. And then your accounts drop down to 700k? Are you really just going to be like, oh no, I'm just going to think and act long term, when you turn on Twitter or the TV and there's new flashing like, is this the next 2008? Will we ever recover?

It's really hard to deal with. So you're going to need to, I think that's just going to happen, and this huge rise of indexing is great, right. But it's really only great because the market's been going straight up for the past eight years with a few minor bumps. When we see a major bump, I think a lot of people are going to reconsider a lot of things. Some for better, and some for worse.

Tim Mullooly: Something that just crossed my mind, you know, in the last handful of years we've seen a lot made about behavioral finance and behavioral economics. Do you think that that has grown, and people have accepted it more, because it hasn't really been tested too much in the market yet? Meaning the market has just gone up. There hasn't really been too much stress put on people's accounts, except for those little blips that you were talking about.

Alex Palumbo: We kind of operate in a bubble, where we're like, oh downtown Josh Brown, oh Michael Batnick, who sort of preach a lot of the similar things? So I would guess that the behavioral side of things, I think it maybe has been aided by the bull market, or it certainly is increasing. But I think it's increasing because, for reasons we mentioned earlier, these insurance companies, sales practices, or people hedge funds charging 2 and 20, the stats are kind of out, right. The cat's out of the bag.

We know that that stuff doesn't really work, and the people that can actually do this sort of stuff, they're not offered to people like you and I. Right. So that sort of stuff is kind of out there, so I think people were kind of looking to reasons as to why this is the case. Why does the average investor underperform the benchmark or the stock market by multiple percentage points over long stretches of time?

Why do that accounts of someone at Vanguard who has the wrong address, they never look at it, why are those the best performing accounts? So I think it's kind of looking at, hey listen, it's not the best fund managers that leads to the best performance, necessarily. It's where is this short fall in investor returns versus investment returns. And I think that study is sort of, well, it's because people freak out when they lose a million dollars. As I would, as you would, if we didn't work in this business. Or know the reality of the situation.

So I think it's people again being more science and analytical driven, and thinking, well, if it wasn't necessarily, maybe I could have picked a different fund manager. It's not that. It's how they freaked out when the market dropped and they never got back in.And tons of people have PTSD about it. And certain advisors, too. That's what happens when there's a lot of money in play, and also people to not really be able to explain to you what happened.

Tim Mullooly: Yes. So I feel like some of these behavioral finance things that we've been reading about over the last couple of years are really going to get put to the test the next time the market does turn down. No one knows when that's going to happen, but we'll see what happens when it actually does. So, we got a couple more questions for you, Alex. Kind of personal question for you. I follow all the guys that you work with at Ritholtz, Josh, Batnick, Kris. All those guys. Ritholtz seems like a great place to work. What's your favorite part about working at Ritholtz Wealth Management?

Alex Palumbo: Yeah. Besides everything? It's just the best. I think what becomes more apparent as you work with these guys every single day is that, the way Josh writes, the way Barry writes. The way Michael and Ben write. I mean, that is literally just their personality. They're blunt, they're transparent, they're in your face. Josh is going to curse ten times in one sentence, but that's how it is and we don't really sugarcoat anything we do at all, which is obviously a good thing in terms of managing money, ignoring all the BS that's given to you by the media.

So I think that, the overall laid back personality. I mean right now I'm wearing jeans, a polo, and some sneakers. So everything is very laid back, and the way these guys write is very much so relayed into how we manage our money and work with clients. And it's also, you know I'm pretty jaded in the fact that listen, if you don't want to work with us because you want us to do something that we don't do, then it's just not the best fit.

And even for someone who doesn't get an influx of leads, that's really important. This is a very good, here's a tip. Tip number one coming at minute 36 is that, if you're a younger advisor, obviously the grind is real, and some people aren't in a very fortunate enough position to say, hey listen you're not a fit, good fit don't work with me. But that is so important. You don't want to bring on a client who's going to be a pain in your ass, who's going to email you every single day, who's not going to fully believe in what you do.

But the thing is, there's always someone wait who is going to believe in that. So there's no need to bend over backwards, or change your process, or change your philosophy. Just because someone has a two million dollar account then you really want to land. That doesn't build to long term success. It may lead to short term success. When they leave in six months, your operations team had to do a ton of work. You had to do a ton of work. You put a lot of time and effort for six months of a relationship?

And now they're gone and you look back, you say hey, I knew it. So I think client fit is very important, and that's something we really emphasize here. If you don't get it, you don't get it, and that's fine. Maybe you'll come back in the future when you do get it. Like I said, people don't change. And there's always going to be a client who's really interested in what you do and will be a great client and trust you implicitly because you're doing the right thing. Versus someone who, interest rates are rising and they call you up and email you, get me out of all my bonds! I don't want be there! That's not the type of person you want to be working with.

Tim Mullooly: Yeah. I totally agree with everything that you just said. Last question here, I saw in that video that I was talking about earlier, Josh said that you're taking a CFP exam in a week or so? Is that correct?

Alex Palumbo: Yeah. Tim, really eating into my study time right now, I'm going to have to back and review some things.

Tim Mullooly: Well, I actually, I am starting studying for the CFP course myself. So someone who's finishing up the course, about to take the test, any tips? Or, how was it, how was studying for the exam?

Alex Palumbo: Well, you can ask me that in about two weeks when I'll have a better idea -- no, I'm just kidding. Kind of. No, it's tough, it's a lot of work. I think it depends on what company you go through, but it's just a ton of information. But the good thing is, and this is the opposite of when we went to college and high school, is that it really is all relevant information. Which is cool. Like I'm studying stuff, that I actually can implement and help my clients with.

Like the tax planning section, some of the estate planning sections. It's of course a little bit boring, like studying anything. But it is pretty interesting. And I think one thing that -- I mean, story of my life, but. I think that one thing that I would recommend to people is, study a little bit each day. It just sounds like something that seems so obvious, but I'm kind of like the worst studier of all time.

But just study, you know, even if you read a little bit each and every day, it's much better than cramming towards the end. But like I said, every CFP program is different, I had to take five preliminary exams. And now this main CFP that I'm taking in two weeks, is the culmination of all those things. So if you just study, I know for a few sections I studied for a few months, and when I took the exam it was so much easier than the ones I had to cram for. That's kind of over all general life advice, but I think the cool part about the CFP is, you can actually help your clients out with this stuff.

And also while you're studying it, you're more knowledgeable than someone who's a current CFP. I mean, no offense, if Kris took the exam right now, of course he wouldn't pass. Because there's so much minute details that you really need to understand to pass an exam, right. It's like a doctor that takes the MCAT. They wouldn't pass that now. So you really learn about to nitty gritty detail type stuff.

Tim Mullooly: I'm looking forward to the process and getting all that information, obviously I know it's going to be a grind. Studying for it. So, best of luck to you in a couple weeks.

Alex Palumbo: Thanks man, best of luck to you.

Tim Mullooly: If you're listening to this on iTunes, please subscribe to the podcast to get new episodes very week. And feel free to leave us a review, or a comment, because it would really mean a lot to us. Be sure to follow us on Twitter, and Instagram @LWM_Podcast for more news and updates about that show.

That's actually going to wrap up this episode, Alex, thanks for coming on and talking. I really appreciate you taking the time.

Alex Palumbo: Thanks so much, Tim.

Tim Mullooly: Alright, so that's going to do it for this episode of Living With Money. Thanks for listening, and we'll see you on the next one.