

## The Best of 2018: Pt. 1 - Transcript

**Tim Mullooly:** Welcome to this episode of Living With Money. This is your host, Tim Mullooly. How's it going, everybody?

Quick trip down memory lane here. About 14 months ago, I had the idea to start a podcast, and eventually came up with the idea for Living With Money. After a couple months of planning, scheduling episodes, topics, guests, all that, we were able to launch in January of 2018. 50 episodes later, here we are. It's seriously amazing to think back on the past year and look at how far we've come as a podcast.

I want to thank anyone listening to this episode, anyone who has ever listened to even a second of one of our episodes. It seriously means the world to me. I also want to thank all of our incredibly talented guests for volunteering their time and expertise to help make our show what it is today. As the host, having guests with such interesting stories and insights to share, it makes my job so much easier. For any guests that might be listening to this, thank you so much for coming on the podcast. It really means a lot.

I'm very excited to see what 2019 has to bring, both personally for me, and professionally with this podcast, as well. But first, I thought it would be fun to kind of recap the year that was. The next two episodes of Living With Money will recap the year of 2018, our first year here at Living With Money, first of many to come, hopefully. Every episode, every guest, every conversation I had, was extremely educational and exciting for me personally, and hopefully for you listeners, as well.

So it was pretty difficult for me to narrow it down, but I've managed to come up with a handful of clips that I thought stood out.

If you missed any episodes that are brought up here in these next two episodes, the links to the full episodes will be in the show notes over at [livingwithmoney.com](http://livingwithmoney.com), or you can find all of our episodes on iTunes, Spotify, and Stitcher, just by searching "Living With Money."

So without further ado, here's the first installment of The Best of Living With Money 2018 edition.

In the very first episode of Living With Money, I talked with my good friend, Brian Perrino. Brian runs two small businesses, one a tutoring business that helps high school students with math and standardized testing, as well as a landscaping company called Allenwood Organics that will come to your home and build and maintain a garden for you. I asked Brian what his quote, unquote, end game is for making money, and he hit me with this awesome answer.

**Brian Perrino:** My end game is time. I want to stop feeling rushed in any sense, I think that being relaxed and not feeling stress. And again, I think stress is very important, because I think stress at some level motivates you to do anything. If you didn't have any stress in the world, then you probably wouldn't push yourself to do anything, but I think I mean the wrong types of stress. So for me, my main goal, the end, if money is a means to the end, then the end is the money just

funding a normal lifestyle where I'm free to try to make myself the best person that I can be, which would involve, to romanticize it, a lot more reading, a lot more thinking, a lot more working on myself as a person, and a lot less trading my time, like you said, for money.

**Tim Mullooly:** I like that answer a lot, as opposed to saying, "I want to use my money to go out and buy all of these things," you just want to have enough money to be able to relax and live your life and have the freedom to pretty much do as you please.

**Brian Perrino:** Exactly. And "as I please" means just live simply. You know what I mean? I think that's the important part. It's almost your goal is to not want anything. That's your goal. I feel like that's the main goal of life, now that I think about it. The main goal of life ... There you go. This is where I wanted to get. Now we're here. All right. The main goal of life, in my opinion, is to stop wanting anything. We have unlimited wants, and we have limited resources. That's just the general concept of the world, the general way that the world works. And to not want anything is to win, I think.

And I don't think of life as a game, at all, like I don't think of successful people as winners and not successful people as losers. I really don't like that. I don't like that terminology at all. But I actually think that as a win if you look at life and you consider what it is and you realize that the only thing motivating you to do all the not necessarily great things that you might feel you do and the people around you is because of their want and their need. And so yeah, I think the goal is to not want anything, to be happy with what you have, I guess is it.

**Tim Mullooly:** In episode 2 of the show I discussed with Tom how someone should start their financial plan. We walked listeners through the very beginning steps of outlining your financial plan, areas to focus on, and how to get the ball rolling. Since this episode was all about starting your financial plan, the clip that I picked out, appropriately, was when we discussed the very first place to start. Enjoy.

**Tom:** So Tim, I think this is a good place to really get down and into the meat of this. Where should we start?

**Tim Mullooly:** The best place to start in my opinion is with your cash flows. And sometimes when you say the words "cash flow" to people, their eyes kind of glaze over, but it's very important. And the easiest place to start when you're measuring your cash inflow is your pay stub. Even if you direct deposit your paycheck every month or every couple weeks, however often you get paid, you still get a pay stub, and that'll show your net and gross income. Understanding your pay stub is crucial, and that's a very important topic. We're actually going to be covering that in a completely different episode, but for now, just looking at your pay stub is a great place to start when measuring your cash flows.

**Tom:** I think really just understanding where the money in your paycheck goes really will help open a lot of eyes for folks. They start to see how much healthcare costs, how much money they're paying towards taxes, what's going on with their retirement account at work. All of these things are important, but you get the answers every two weeks or twice a month right in your envelope, and take a look at it. We've gotten to the point in our society where folks just skim

over this stuff, because it shows up, the money shows up in the bank on payday, and they just move on. What a mistake.

**Tim Mullooly:** A lot of times when people start working at a company, they sit down with the HR rep within their first week, and they pick some sort of withholding for their taxes, federal and state, some number, and then they just forget about it and they never really check how much they're contributing or withholding from their paychecks, and it says it on your pay stub every time you get paid. So it's always something to keep an eye on, and when you're working with a financial planner, they can easily identify from your pay stub whether you're over-withholding or under-withholding, and that can make a significant change to your month-to-month numbers.

**Tim Mullooly:** In episode 3 of Living With Money, I talked with our good friend to the firm, Justin Castelli. Justin is a fellow advisor and runs RLS Wealth Management out in Fishers, Indiana. Being a like-minded advisor, we clicked on a number of different topics throughout the episode with Justin about financial planning and investing and just building a firm in general. But probably the most important thing Justin said was when we asked him about what the biggest eye-opener was for him as he opened and grew his own business.

**Justin Castelli:** I think the biggest eye-opener has been that it's okay to be yourself. And what I mean by that is prior to having my own firm, where I get to be the chief compliance officer and the CEO, and I have the responsibilities that come with wearing that hat, but in previous lives, I couldn't do everything that I wanted to. I couldn't have a podcast. I couldn't have a blog. I wouldn't have been able to have Twitter, which is how I've met and learned so much over the last couple of years. And that's just naturally who I am.

The writing that I want to do, that's something I've always wanted to do, but I couldn't. I had to kind of be somebody that I wasn't, or restrain myself from fully telling everybody who I am. So being on my own and being able to do those things and to see that what I think is what people want, maybe that's not right for everybody, but there are people looking for what I'm providing, and they share the same vision as I do, even though I was told that probably wouldn't work and I wouldn't be successful doing it. So I think it's being yourself and letting that attract the people who you're meant to be working with and not trying to force anything on yourself or the people that might come in.

**Tim Mullooly:** In episode 7, Brendan and I discussed investing apps. A listener of the show wrote to us and asked us if we could discuss the pros and cons of certain investing apps and just the concept of them altogether and what we thought about them. A lot of great points were made in the episode, and we talked specifically about a few apps, Acorns and Stash. I've highlighted one pro and one con from the episode to give you just a little taste of what we talked about during the episode. And again, for the full episode and all of the pros and cons and our takes on these different apps, you can head over to the show notes and find the full episode there.

What are some of the pros that you see with these investing apps, to put a blanket over it, in general?

**Brendan:** Well, the first pro that comes to mind is the reason that we're having this podcast. They generate interest, and especially from young people. So the fact that these apps have been created and they're getting people interested about their money, in whatever capacity and whichever end of the spectrum they fall on, I think that's great.

**Tim Mullooly:** We say it all the time, time is the biggest advantage investors have, so young people getting started early in the market or in saving money, creating good habits to build on over their lifespan, think it's definitely a pro, getting younger and younger people interested, investing, and just learning about how the markets work, saving money, and seeing some benefits from that.

**Brendan:** And just to piggyback off that, with another pro is low barrier to entry. We've all downloaded apps on our phone before, so you know how simple it is to pick up your phone, download an app, and start learning how that app works.

**Tim Mullooly:** So now that we've covered some of the pros, let's talk about some of the cons that you see with these investing apps.

**Brendan:** I think-

**Tim Mullooly:** There's one big one.

**Brendan:** Overstimulation is what I'll call it. I know personally, if I have an app on my phone, it means that I use it. If I use it, I'm probably opening it-

**Tim Mullooly:** Almost every day.

**Brendan:** ... probably once a day, if not more, in some cases. It's great to have this stuff on your phone, but at the same time, it can really hurt you, too, especially for those who are using these apps for long-term investing, is exactly who I'm thinking of with this. If you're checking in on your retirement account every single day, I think it's going to drive you insane. If you can do that and not be affected by it, more power to you.

**Tim Mullooly:** I don't know many people out there that can do that.

**Brendan:** Yeah. It's great. We want people to know what's going on with their money. I'm not suggesting that. Completely not understanding anything, that's not the goal here. But there is a point where you have too much. And maybe these apps are giving people too much feedback on something that doesn't need that much feedback, like you don't need daily updates on your retirement account that's for-

**Tim Mullooly:** Diversified portfolio.

**Brendan:** ... like 30 years.

**Tim Mullooly:** Not much is changing on a day-to-day basis.

**Brendan:** Yeah.

**Tim Mullooly:** And it doesn't matter.

**Tim Mullooly:** On episode 8, I had the pleasure of interviewing Dennis O'Connor from NJLTC. Dennis also works with his father, so we talked initially about the ups and downs of working in a family business. When we got into the meat and potatoes of the episode, talking about disability insurance and long-term care, which is what NJLTC specializes in, Dennis gave us some insight on why disability insurance is a good idea, and when someone might think about getting some disability insurance.

**Dennis O'Connor:** I always argue that DI's one of those things ... and DI, disability insurance.

**Tim Mullooly:** Right.

**Dennis O'Connor:** One of those things where it's kind of like a slap-you-on-the-head type of thing, like if you don't have it, why, what are you doing type thing. Now, there's always analysis of each individual person's situation. My particular case is a great example. I have it on myself. Obviously I do it, I believe in it. I work, but so does my wife. And my wife has it through work, so she didn't really need individual disability; she has it through work. There may be a point where she wants to look against that, but we're both young. We're 29. She's also 29. It's enough that it's comfortable. But, if something happens to me, I'm not the sole breadwinner, our ship would continue to sail. It would probably be a little bit harder, but it would continue to sail.

So in my case, my policy doesn't cover the maximum amount that I need it to. It covers enough to basically cover the mortgage and cover the bills so that if something happens to me where I can't earn an income for whatever reason, we get to keep living as comfortably as we possibly can to how we do now, where it's not like we're struggling, she's got to pick up something else.

**Tim Mullooly:** Yeah. Completely change your lifestyle.

**Dennis O'Connor:** Yeah. It helps me sort of artificially carry my weight through the insurance itself. So to me, that's always a big thing, what is the situation. If you're a sole income earner, if you're the sole breadwinner of the household, then it's no longer a "if"; it's an absolute necessity, because if something happens to you, especially if you have other people depending on you, yeah, it's-

**Tim Mullooly:** You need to have income coming in.

**Dennis O'Connor:** Exactly, or something supplementing that. Everything will go down. All of your way of life at that point will cease to exist. Your other spouse will have to start working, without a doubt. And depending on what your income levels were, the disparity between a nonworking spouse not picking up a job, and depending how long they've been out of the workforce, it's-

**Tim Mullooly:** Might not be able to find a job that will bring in the same amount of income, too?

**Dennis O'Connor:** Oh, yeah, without a doubt.

**Tim Mullooly:** So there still would be a gap, even if the spouse starts working?

**Dennis O'Connor:** Yeah.

**Tim Mullooly:** In episode 13, I had the pleasure of talking with one of my closest friends, Kenny Taylor. Kenny's family owns and operates the popular Jersey shore hotspot Casino Pier in Seaside Heights and Jenkinson's Boardwalk in Point Pleasant. When asked what he would say to someone who might be hesitant to work in a family business, Kenny had this to say.

**Kenny Taylor:** Well, to begin with, if you are in that second generation or third generation, per se, and you have children that are either in that ... they're in their teenage years or they're thinking about joining the business, or even if you have little kids, one thing I learned is that you always ... whatever you talk about the business, you always want to talk about it positively. You never want to be around your children saying, "Oh, I can't stand this guy or I can't stand this worker, this today was horrible," because you're creating a negative image of work and the failing business, and your child's going to say, "Why would I want to work there? It's such a terrible thing."

**Tim Mullooly:** Yeah. "All dad does is complain about the business. Why would I want to join that?"

**Kenny Taylor:** Exactly. That, and you want to create opportunities at an early age for your kids to start getting familiar, start getting to know the people there, even if it's something minor, like, "Here, over the Easter sale, here, can you stuff these envelopes for the shipping orders?" And I feel like that engagement with employees and the business itself goes a long way.

**Tim Mullooly:** Right.

**Tim Mullooly:** In episode 14 of the show, I talked with Brad Sherman. Brad owns and operates Sherman Wealth Management, an RIA, in Maryland. Brad is another good friend of the firm here, and we talked about a lot of useful tips for RIAs, registered investment advisors. We talked about the different types of technology that Brad uses to help scale his business as a solo advisor and make things run smoothly in the office. And Brad was able to shed some light on the important difference between fee-only and fee-based advisors. If you're not sure what the difference is, you might want to check this out.

**Brad Sherman:** It was really eye-opening to me, especially this commission world. As I mentioned, my mother came from ... She was a public schoolteacher and we've written about how egregious the commissions and things are on the 403(b) plans for teachers, and this got me kind of most interested in the fee-only world and discussion. And the fee-only just means ... I think it's a simple forum to explain what fee-only means, and then there's nothing really to be

said about the other, is that every dollar that Sherman Wealth makes comes from the clients directly. There's no soft-dollar relationships with a mutual fund company or an ETF provider or any of the professionals that we may link up to at other firms that are fee-based. If they sell you a mortgage or a life insurance policy, they're getting paid on those, as well. They may have sales goals or quotas, different products. We're very transparent in the fact all of our clients know what fees they're paying. They get an invoice. And it's out in the open, versus I think in the fee-based world it's a little bit more confusing to the end consumer.

**Tim Mullooly:** In episode 17 of the show, I talked with Kris Venne. Kris is the director of Wealth Management at Ritholtz Wealth Management in New York City. This entire episode was absolutely packed with valuable information from Kris, not only for fellow advisors, but for individual investors, as well. I asked Kris about the importance of setting client expectations.

**Kris Venne:** Without expectations being right from the get-go, these relationships we have with our clients, they could be really perceived as being very. If our job is to help to increase the predictability of someone's financial future, you're going to have to do what you can to increase the predictability of their relationship with you.

And for the advisors that are listening, there's a pile of great books that I think everyone should read, and one of them is a book called The Supernova Advisor.

And I'm going to reach down and get the author's name. It's not on the top of my head. It's by Rob Knapp. The Supernova Advisor, this is a phrase stolen directly from this book, they really do a good job, he does a good job of discussing how to communicate your value proposition. One of the terms that is highlighted in the book that we use all the time is 12/4/2. 12/4/2 is simply how we're going to be in touch with you over the course of the year. And what that implies is that there are 12 proactive touches that come from us to our clients. That could be a phone call. That could be a sit-down. That could be just a simple email exchange. But we're going to reach out 12 times over the course of the year.

The 4 is we're going to do four full-scale reviews of your plan. That could be maybe something that isn't always relevant to having on a quarterly basis, but we're certainly going to reach out to make that offer. 2 is we're going to offer two planning sessions, right? So those two planning sessions could be, "We've reviewed your plan, but let's kind of dig into this thing and make sure it's up and running and functioning the way it should and that things haven't changed in your life."

Now, does that mean that every single client, all those things are happening like clockwork? No, because you know what? If you were a client of ours, if we spoke about something off topic last week, I'm not going to certainly jump on the phone and be like, "Okay, hey, I know we're talking about this one thing, but let's go about this robotically." I mean, that's obvious.

We want to make it really clear that we'd like to see all of our client relationships have these sort of pre-scheduled contacts. This way, the client is sitting there thinking to themselves, "Well, all right. Kris is going to be in touch in the middle of May and we're going to set up a call," rather

than that, like I said, that sort of amorphous set of expectations, where, "I don't know, I guess when volatility picks up, they're going to call." That's the last thing we want to do.

**Tim Mullooly:** A little later in the episode, I asked Kris about the term "behavioral investment counselor". I asked him if he could describe what that was, and he gave me this response.

**Kris Venne:** First off, behavioral investment counselor is a term coined by Nick Murray in his book "The Behavioral Investment Counselor". It's simple. If we know that one of the top determinants of a successful investment plan is going to be the client's behavior, the investor's behavior, then our value has to be around managing that behavior.

And I tell clients this all the time. Without removing your emotions from the equation, you're probably going to be fine going to Vanguard and paying almost nothing, buying S&P 500, participating in the growth of the economy, and going about your business. But the reality to it, it's not going to happen.

**Tim Mullooly:** Yeah. Easier said than done.

**Kris Venne:** Yeah. It's simply not going to happen. Over a 30-year investment plan, the probability of that working out for someone is next to zero. When we're thinking about all the stuff that we do here at Ritholtz Wealth Management for our clients, I'd like to think of every activity that we're putting out there to client relationship as a behavioral nudge, the starting with figuring out if the client's the right fit, building them a financial plan to realign their expectations, to make that benchmark a personal one, building an ultra-diversified, globally diversified, low-cost portfolio, that's another nudge. Right? Acknowledging that sure, the S&P 500, it'll get you there, but if we could figure out a way to build a truly diversified portfolio, diversified by asset class, we're providing you with another nudge.

We run our portfolio goaltender, our tactical portfolio that's meant to be another behavioral nudge for periods of fight and volatility. We reduce our clients' fees. We call it "milestone rewards". So after you're with us for three years, we reduce your fees to help get you over that three-year itch. That's really common out there for investors who maybe want to go out and try something new, or they're account didn't go up enough or went down, whatever it is.

Though all of these elements coming together, that really makes up your job as the advisor here, to be that behavioral investment counselor, by utilizing all these different nudges to help keep your clients' wits about them, to help keep your clients invested. That's the heart.

**Tim Mullooly:** Cortland Coleman of Antelope Marketing was our guest in episode 18 of the show. Cortland helps businesses grow their marketing presence both online and offline. And we talked about the importance of finding your target demographic, and also, how to quantify marketing results, when at times, that can prove to be kind of difficult. So here's what Cortland had to say about quantifying marketing results.

**Cortland Coleman:** The first thing we do out of the gate is determine the baseline. Where are we? How are we doing, without doing anything? And this is similar if you go to a new doctor. I



think I heard in a previous podcast someone had tried a new doctor and they wanted to get a baseline of how that person's health was. And that's similar to what we do. We like to get a baseline of, "How is your marketing and sales and advertising health in general?" Being able to quantify marketing and advertising results is absolutely essential in the long-term for these campaigns to be effective and to improve over time.

So what we do is campaigns that we work on with our clients, we'll specifically put some goals in place. That could be website traffic. It could be foot traffic in the store, it could be phone calls into the office, or forms filled out on the website. But there has to be something you're measuring so that you know if your efforts are moving the needle. In a very small example of this, we work with a client that does online pay-per-click ads through Google. Somebody searches through a certain thing on Google, their ad comes up first and foremost.

They invest about 500 to 600 or \$650 a month in this advertising program. Out of every four or five leads that they get, they'll get a new client worth about 15 to \$20,000. So for them, it's just an investment. If they go two or three months, invest 1,500 to \$1,800 to get a \$15,000, \$20,000 client, they'll do that that all year, and they've been doing it for five years.

**Tim Mullooly:** Pays for itself.

**Cortland Coleman:** It does pay for itself, but it provides positive ROI. It's an investment. And when your marketing is an investment, what we have found is business owners do a lot of it and do it aggressively.

**Tim Mullooly:** In episode 21 of the show, I had the pleasure of speaking with Brian Portnoy. Brian had a new book, *The Geometry of Wealth*, launched this year, and we talked in depth about the topics discussed in the book. Brian described how he incorporated three geometric shapes into the book, the circle, the square, and the triangle. If you haven't yet picked up a copy of *The Geometry of Wealth*, you can find a link to buy it in the show notes.

**Brian Portnoy:** Maybe just by way of background, why am I using these shapes and am I too clever by half in their use? I do a lot of writing and speaking, and also think a lot about sort of educational process and how people learn. Human beings tend to be very visual in the way that we learn, so generally pictures or images will resonate more than words, and so what I wanted to do was write a story that people could absorb on multiple levels. So for example, at the end of the book, there's a recap.

I saw Daniel Pink do this in some of his books, and I think he's a fabulous communicator, so I basically sort of copied his format. And the recap summarizes the book in several ways. There's a tweet, there's a cocktail party summary, there's a drawing, and then there's summaries of sections, and then there's some raise of chapters. So you can get at this in a lot of different ways. And if you can remember that to me the journey to wealth is shaped by, or I should say drawn by, these three shapes, the circle, the triangle, and the square, which I'll describe in a second, then you have a leg up over others in terms of understanding what it means to become truly wealthy.

For me, the circle refers to defining our purpose in life. The triangle discusses setting priorities. There's a couple chapters in the book. And then the square alludes to specific tactical decisions that we make. And those are the three steps on the path towards funded contentment, defining your purpose, setting your priorities, and then making tactical decisions.

And why those shapes? The circle kind of represents that it's a round world. We think in terms of linear goal-setting, but so much of life is falling down and getting back up and defining yourself and redefining yourself. And to me, that process of growing and adapting is one of the joys of life, and so the circle kind of captures that. And I spent a fair amount of time in the book talking about that process of what it means to tell one's own story, but then rewrite and edit that story as life moves on.

The triangle refers to three priorities I see in our money lives. The first is managing risk, what I call "protect". The second is what I call "match", which is really kind of mapping up what you own versus what you owe, bread and butter of financial planning that a lot of people do on a daily basis. And then the top of the triangle I call "reach", or I could have called it "aspire", this idea that once you've got your money life in order and you've got things bedded down in terms of managing risk and having your assets and liabilities and balance, it's a really great thing. It's inspirational to reach for more in the right way.

So the triangle with three points or three sides alludes to three priorities, and then finally, there's a square, where I get into some details. It's the most technical part of the book. But for those who are thinking about investing, per se, not the other parts of money life, the earning, spending, and the saving, but investing, per se, I walk through four basic dimensions of where I think we can simplify the conversation and decision-making process about smart investing.

**Tim Mullooly:** On episode 22 of Living With Money, I was joined by Robert Scott of Monmouth University. Robert has his PhD in economics and is a professor of economics and finance at Monmouth here in New Jersey. Robert talks about his firsthand experience with college students on campus and skills they need to learn and embrace while in college in order to thrive. I really enjoyed Robert's take on student loan debt and saving for college. Listen in.

**Robert Scott:** It's really interesting. I have a grant that I'm doing right now. It's looking at the impact of student loan debt on first-time home buyers in New Jersey. And so as part of this research project, I've been interviewing a lot of mortgage bankers and other people. I did a survey and then I'm following up and making phone calls and talking to people about it and seeing what they know. It's really interesting. I've talked to a number of people.

One person in particular who sent me said he's just been horrified by the student loans and the impact and the cost, and he sent me ... He erased all the names and everything. He said, "You've got to see this." And I said, "What is it?" He said, "You've got to see this." He says, "This is one year." I won't tell you the school, and it was not Monmouth. It was not Monmouth. But a one-year graduate school, the person had racked up \$60,000 in debt, and it shows on the bill how much that's going to cost once they pay it all off. And I think the amortization was like 15, 20 years, something like that. It was going to be over \$160,000.

**Tim Mullooly:** Wow.

**Robert Scott:** And that's one year. That's not even the whole total. It's just a piece of it.

**Tim Mullooly:** No, no.

**Robert Scott:** When person's done, they're going to be quarter of a million in. Unless you're guaranteed to really be doing well, that's tough. I mean, how long is that going to take to pay off, coming out of school with essentially like an entry-level job or something like that, even if you start at a pretty decent salary.

**Tim Mullooly:** That's right.

**Robert Scott:** I'm a parent. I have two young daughters. People always say to me, "Oh, you're a college professor. Your kids can go to school free and they can go to other schools at discount, and all the rest of the stuff." And I said, "Yeah, but what if my kid's 18 years old and she's about to go high school and I drop dead and I drop dead? That's not a great plan." Or I say, "What if I change jobs or something else happens?" Lots of things could happen. There's no guarantee.

So all of a sudden they're going to come up, be ready to go to college, and have nothing?

Or, flip side, that the person at the school that I was mentioning, okay, so they can go to school, let's say, for less or for cheap, or they get a scholarship or something like that, and so they choose to go to a certain school ... They might want to go to law school, so they get into law school. Law school's 60 grand a year, 65 grand a year, and so three years of that ... So if they choose to do that, then that's options.

The problem is, you only have 18 years, and so your investment ... The reason retirement's such a great deal is if you start young, you've got 40, 50, 60 years before you can draw on that.

**Tim Mullooly:** Long time.

**Robert Scott:** Right. So you can really rack up that compound interest.

**Tim Mullooly:** Right.

**Robert Scott:** But with college savings, you've got 18 years, and that's if you start from day one. And I know, because I've done the research, most people don't start until much later. The kids get to be-

**Tim Mullooly:** We see that a lot, too.

**Robert Scott:** Oh, yeah. They get to be eight, nine, 10, 11, 12, and all of a sudden it's like, "Oh, my kid's turning into an adult."

**Tim Mullooly:** "Wait a second," right.

**Robert Scott:** Yeah. "I should start funding a 529 plan." It's like, "No, sorry."

**Tim Mullooly:** You should have started that ... yeah.

**Robert Scott:** You'd start that 10 years ago.

The problem of it is, and I know, because I'm a parent, you're looking at this baby, and it's hard to imagine this baby going to college, day one. And grant it, I'm a born economist, so I'm like, "Well, yeah, you know, this kid's ... you're going to have start early." But I can see where people easily fall into that trap where they're like, "You got all these new expenses, you've got all this other stuff," and it's like, "Jeez, this idea of-

**Tim Mullooly:** And you have to pay for something that's 18 years away. It's like, "I have so much to pay for now."

**Robert Scott:** Precisely.

**Tim Mullooly:** In episode 23 of Living With Money, I was lucky enough to interview Jamie Hopkins about his newly released book, "Retirement: Rewiring the Way You Think about Retirement." Jamie gave his take on the definition of the word "retirement" and how that's changed over the years.

**Jamie Hopkins:** This one's a fun one. If you want to talk about something that'll get you trolled on the internet, right, try to define "retirement".

**Tim Mullooly:** Right.

**Jamie Hopkins:** And what it tells you immediately is there really is no generally accepted term here from everyone, right? We kind of have this notion that retirement means that we're coming to the end of some working career. I guess that's about all that people agree with. Realistically, retirement means a lot of different things to different people, that to some people, retirement does mean continued work. It just means that they're probably working because they don't have to, that they enjoy, and they scale back. They might have switched do a different career. And for a lot of people, they're still working, and they define themselves as in retirement. So it's not just this pure, this last day you stop working is when you're retired. There are lots of people that consider themselves retired but continue to work.

Now, what does retirement look like for people? Again, completely different. Some people travel. Some people spend time with family. Some people want to spend time with no one. All of those are very viable options there. So what are you going to do in retirement? And then your finances, which is mostly what I typically focus on, is really just a means to an end, right? Very few people, I wouldn't say no one, but most people aren't just trying to get the high score in your savings, right, that the goal in life is not just to accumulate the single highest dollar amount possible and die with that dollar amount, right?

For some people, that's true. It is a high-score game. But for most people, it's not. For most people, those things, right, those finances, your savings, your wealth accumulation, is there to support some lifestyle, right, whether it's traveling, whether it's legacy, whether it's giving back to charities, your church, your alma mater. But that's really what your finances are there to support, the other things you want to do.

Really, when you get to retirement, how do you define it? Well, you have to define it yourself. You have to visualize what you want it to look like. And until we visualize what you want your retirement to look like, it's very hard to set up the income plan, because the income plan is there to support what your vision of retirement is.

**Tim Mullooly:** That's going to wrap up this episode of Living With Money, the first installment of The Best of Living With Money 2018 edition. That was just episodes number 1 through 24 of the show. Check back next week for the second installment, part 2 of The Best of Living With Money 2018 edition. We'll go through episodes 25 through 48. Thanks for tuning in.