Jeremy Walter - Fident Financial - Transcript

Tim Mullooly: Welcome back to Living With Money. This is Tim Mullooly. On today's episode, I am joined Jeremy Walter. Jeremy is a CFP. He's the founder of Fident Financial, and he blogs over at Calibrating Capital. Jeremy, thanks for coming on the podcast.

Jeremy Walter: Hey. Thanks so much for having me on, Tim.

Tim Mullooly: I've been following Jeremy's writing for a while now, but for those may not know you, Jeremy, let's start with a quick background about you. What was your relationship like with money growing up? If you can think all the way back, what was the earliest memory you can remember about learning about money and the importance of money?

Jeremy Walter: Yeah, that's a great question. As I was thinking about it, came two answers came to mind. One, and it was such a vivid question that I don't remember the answer to, but when I was in third or fourth grade, my dad was bringing me home from football practice. We were pulling into the driveway, and he was getting something out of the mailbox. I remember asking him, and this would have been back in what the late '80s, "Dad, why do we work? Why don't we have machines that are able to do all of the work for us and just send us money every month?" Kind of this conversation that some people are having today I remember asking my dad. I don't remember his answer unfortunately, but I was starting to think along these lines. I didn't have any idea of what the value of work, and the nonfinancial satisfaction that comes from it, but that was one of the first conversations I remember.

But what I remember as a vivid memory came when I was in high school. My dad was part of the family business that my great-grandfather had started and was very much so involved there. To be honest, we earned a decent income and were able to enjoy a lot of things in life. In my junior year of high school, when I was a typical spoiled teenager, my dad decided to leave the family business and actually become a pastor.

Corresponding with that decision was about 70% reduction in income, and a severe lifestyle shift for us as a family. But I look back on that as being really influential in my own view of money and just one the faith that my dad had, but also just the importance of aligning your money, and your decision with what's really important to you. There was a whole host of background reasons why he couldn't continue to work in the family business, but a huge, huge milestone for me when I look back on things.

Tim Mullooly: So, just that experience of learning to changing the family lifestyle and learning to live on a different amount of income. Would you say that that has had a direct impact on how you manage your finances today with your family and everything?

Jeremy Walter: Yeah, for sure. Thinking specifically, we used to go out west to go skiing there in Vail, Breckenridge, a lot of the amazing places that we weren't able to do after he made that change. I think about that on a regular basis. I wanted to be able to provide my kids, to give them the options of experiencing those things, but also being mindful that you can create a false sense of reality as far as what's normal for a family.

So, I feel that my wife and I are pretty intentional with trying to find that balance of providing for our kids, but also making them aware of the real world and what things cost. So yeah. For sure, it's definitely influenced my own parenting decisions and how we provide for our own kids.

Tim Mullooly: Let's talk about Fident Financial. You started it in 2017. For you, when did you realize that owning your own RIA was the route that you wanted to take, and what was the process like getting the firm off the ground?

Jeremy Walter: I'm a big journaler, so I write out a lot of my thoughts. There's a quote that I always botch, but something about I don't know what I... how can I know what I think, and so I read what I write. That rings very true with me. So, the idea of creating something of my own lingered around for a really, really long time period, probably five or six years before I ended up acting on it. It was one of these things that would kind of surface in my journal entries of wanting to create something of my own. I mentioned my family business before. My wife comes from a family of entrepreneurs as well. What I tell people is I have this desire to create, but I am not creative.

As far as when I think of creativity as far as artistic abilities, I don't have many artistic bones in my body, but the idea of creating a business always resonated with me. But I had an amazing job. Straight out of college, I actually got hired by the company that I interned with in the financial advising space and was part of the succession planning there, was empowered there, was part of a great team. It was funny to kind of read back on these journal entries of I'd bring up this idea of wanting to go out and start my own thing. Then a day later I'd be like, "No, you idiot. You have such a good gig. Why would you ever want to sacrifice that?"

Tim Mullooly: Yeah, it's good.

Jeremy Walter: Right, right. "You need to kind of stay in your lane," but it never went away. Towards the end of my time there, and I'd a very open relationship with my then boss, I was just very honest and said, "Hey, look, I know I'm part of this succession plan. I know I'm going to start buying into the business here shortly, and I feel I need to be very honest with you as far as where I'm at." To his credit, he didn't fire me on the spot or tell me to pack my bags and get out. He said, "Hey, look, let's have a real conversation about this." So, we did. We brought in an executive coach. It was a very honest conversation, and we agreed that I was going to go out and try and do this thing on my own. That was I guess the second half of 2016, really the last quarter of 2016.

Then 2017, I think January, the first week or two of January was my last day. Then I started getting everything up and running Fident.

Tim Mullooly: I have started journaling as well. When did start doing that, and how consistent are you with it, and what do you think is the biggest benefit that you found from journaling?

Jeremy Walter: Oh man, that's such a softball answer for me. I appreciate that.

Tim Mullooly: Yeah.

Jeremy Walter: I started at some point in high school. I think it was either at freshman or sophomore. Now, I think I'm up to 19 volumes of journal entries. I am a relatively frugal person, but I really splurge on buying my journals. I spend a fair amount of money on them.

Tim Mullooly: It's such a personal item you know.

Jeremy Walter: It is. It's one of these things that I vainly hope that my kids will read some day to kind of be able to relate to me at certain ages throughout my own life. But I would say I journal, enter an actual journal entry, in those hand bound journals once or twice a week probably on average. It kind of comes and goes, but that's probably a decent average.

Tim Mullooly: Well, if they ever make a movie about your life, they'll have the script right there in the journal. That's awesome. Can you tell us briefly just about why you chose to have the fee-only structure for your firm?

Jeremy Walter: To be completely honest, I was a little ignorant of all the fee models that were out there in the advisor space for the majority of my career. I was at a broker dealer. I kind of would hear of this fee-only space. I didn't really know a whole lot about it. We were a fee-based firm. Then I came across Michael Kitces and the XYPN movement and really started unpacking more about this fee-only movement and brought it up with my then employer as far as saying, "Hey, is this something maybe we should think about pivoting into it?" For a host of reasons, it wasn't really something he was interested in.

But then when I decided to set up my own firm, I don't want to call it a no-brainer, but it was a pretty easy decision. I really believe that's the future of the industry, I mean if it's not there already, and it's not perfect. I'm not one of those who says if you're not a fee-only practitioner, you're unethical or anything along those lines. I do think it eliminates the most potential conflict of interest. It's not perfect. There's certainly still are conflicts of interest, but it goes a long way in eliminating a lot of those. Then certain products that aren't currently available for a fee-only advisor aren't that far away from being available, whether that's insurance products or annuities.

So, I think as the advisors continue to drive interest into the fee-only space, providers such as insurance companies are going to continue to adapt and provide the tools that... I really would like to have a complete toolbox in that space.

Tim Mullooly: Yeah. I definitely agree. The trend seems to be shifting that way if we're not already there. As advisors, we all hold so many beliefs and values about money and financial planning. But if you had to pick two or three that were like the core foundation building blocks for you, what would you say are those core beliefs that you just constantly pass on to every single client?

Jeremy Walter: I think one would be along the lines that personal financial planning is more personal than it is planning. You have to spend the time to figure out what is really important to you and then craft your plan uniquely tailored to that. I don't think there's these cookie-cutter templates out there that work on a broad basis. It takes some work to figure out what's important to you and then how do you craft your plan to live that out.

Then really along that same line of thought is be flexible because things change, whether that's circumstances outside our control or even circumstances within our control. Our plans are going to change. Our goals are going to change. Our circumstances are going to change. I've been in the industry long enough to remember when we turned out these 80 or 90 paged leather bound financial plans. They eventually just end up being dust collectors or coffee table ornaments because they get outdated so quickly. I guess my two core beliefs there would be make it personal to you and then be flexible once you've created that personalization.

Tim Mullooly: I'd have to agree with those and they definitely go hand in hand. I feel like for that first one, it's some people would rather it be the opposite where they wish there was a cookie-cutter that they could fit into because it would easier for them then to figure out what their actual personal beliefs and values are, right?

Jeremy Walter: For sure. Yeah. We want certainly, and we want easier work. We want someone just be, "Hey, go do this, this, this and this," but unfortunately that doesn't always work out the best.

Tim Mullooly: Yeah, agreed. Your blog is called Calibrating Capital. For the listeners, I'll link to it in the show notes. Tons of great posts. We're going to touch on a few here.

When did you decide to start this blog, and what is blogging and being able to write about personal finance and everything mean to you? What purpose does that serve?

Jeremy Walter: Yeah. It was in the spring, maybe early spring, probably so many bloggers can tie back to him, but Justin Castelli, a good friend now, really nudged me along this path, to create something and get my thoughts out into the broader public. A little bit of context is I send out a weekly email to my clients, and there's a couple of prospective clients on that list as well. It's a real quick email. I actually do a hand word count at 250 words. So, in brief, but then I link to a couple of other interesting resources that I might have come along. Just it had tremendous success, I mean it still does from an open rate and engagement and click throughs. I got a lot of good feedback.

I was thinking in my head, what would it look like for me to get this outside of a closed loop? That email list is a closed loop, and it's a community, and it's awesome, but it's limited to whosever is on that list. I wanted to get my thoughts out there in the broader context, and a blog seemed to be a good way of doing that. It's not that I feel I have anything necessarily overly special to share. I really enjoy writing. As I said in the beginning, it's therapeutic for me, and then it seems to be resonating with folks. So, it's been neat to see the traction that the blog has really taken off with.

Tim Mullooly: I've been a big fan since the beginning. When you were talking about journaling earlier, I was like this question is easy for him. I mean, he loves to write in journals. It's kind of a natural transition there to blogging.

Jeremy Walter: Yeah.

Tim Mullooly: So, for your very first post, you started with a quote that talked about a sea of ignorance. It really touched on, I mean, it could be applied to pretty much every facet of life. Do you want to explain the quote to the listeners and how it applies to their lives and how we can begin to kind of process what the quote means?

Jeremy Walter: Yeah. John Wheeler is at least the source that I found for the quote. His quote went along the lines of we live on an island surrounded by a sea of ignorance.

As our island of knowledge grows, so does the shore of our ignorance. I remember reading that years ago, it might have been back in high school even, and it just sticking in my head. Then I think the immediate knowledge honest was more like church doctrine that I read it within as far as saying the more we learn about faith and the Bible and so forth, the more I realize there's so much more I don't know.

The same thought applies in the financial planning that as we increase the base or as we grow the island of our knowledge or our wisdom or things that we know, we're increasing the beach or the shore where it's touching the sea as well. We view the sea as being ignorance or things that we don't know, when that island is small, our base of knowledge is small, but so is the shore of what its touching as far as the sea of ignorance. Then as that island grows and our knowledge grows, it's almost this paradox going on that the more we know, the more we realize we don't know as that kind of shore boundary expands. For a while, this was a paralyzing thought for me of saying my goodness, the more knowledge I'm obtaining, the more I realize I don't know.

Tim Mullooly: It's kind of counterintuitive.

Jeremy Walter: It is. It is. But then I eventually realized I embraced that and just recognized that this is one of these paradoxes of life that the more we do know, the more we recognize what we don't know. I think that's a decently healthy sign of humility as well. If we get to the point where we think that we know everything, then that's a dangerous spot to be.

Tim Mullooly: Yeah, absolutely. I feel like that can apply to really any aspect of learning, whether it's about finance or whatever fields you're in. Probably serves as good motivation to just continue learning.

Jeremy Walter: Mm-hmm.

Tim Mullooly: Another one of your posts was about the money value of time, which is kind of the opposite of what people hear about a lot. You hear about the time value of money, but you kind of flip that on its head. I wanted to ask, how do you balance the value of time and money and how can others do the same or figure it out for themselves?

Jeremy Walter: Carl Richards really started influencing my thoughts with this as far as he kind of flipped the script on time is money and comment saying time actually doesn't equal money. Time is nonrenewable. We can't replenish our time. Whereas with money, most times we can replenish things, but time is a finite amount of what we have where money can be replenished. That's what kind of started the thought process, but it was funny that that blog came about because I was painting an area of our house. It was like a two story foyer, and it was a massive pain in the butt. The whole time I was doing I'm like, "I actually should be paying someone to do this."

I recognize that most business coaches, maybe even a lot of advisors would tell you, they'd be like, "Yeah, if you can pay someone X amount of dollars, and you can go earn Y amount of dollars, which is greater than that, then you should always do that." But to me, it wasn't quite that simple, but there are some things that I just enjoy doing, I get a certain level of satisfaction from it, and painting sometimes is included in that. But it also led to other things I was thinking about, when would I pay someone to help my wife with the dishes after a meal? Hopefully never. Then this literally was I thought, I was like, "Well, will I ever teach somebody to train my boys how to ride a bike?" I googled that and there's actually a service that does that, which-

Tim Mullooly: No way.

Jeremy Walter: ... I'm judge free zone, but that would not resonate with me. There's no dollar amount that I could ascribe to that. These kind of thoughts evolved to saying well if time isn't money and if it's this messy equation, there's still a relationship there in that you can use your money to perhaps buy more time to allow you to do some of these things, whether that's painting or teaching your kid to ride a bike or a million other things. But I kind of love that approach to it of viewing money as a tool and using as a tool to perhaps leverage your time.

Tim Mullooly: Yeah. I think that that, like you're saying, you can outsource pretty much anything. I think that goes back to what we were talking about before about people. It gets the gears spinning in their head about figuring out what would I pay for or what would I actually want to do? It helps you figure out the values, like the things that are more important to you. Like yes, I could pay someone to teach my kid how to ride a bike, but it's more important to me to actually spend the time and do it. So, it's another exercise I think in figuring out what's important to you.

Jeremy Walter: Yeah, exactly.

Tim Mullooly: So, probably my favorite post that you wrote was called Today vs. Tomorrowland. That was about the fine line between saving for the future and living in the moment today. Can you explain to the listeners why it's so important to find that balance, but also at the same time why it's so difficult to sometimes find that balance?

Jeremy Walter: Yeah. I think I shared this example in the actual post, but one of my earliest memories at my old firm was working with a client who retired relatively early. I think he was like late 50s. Him sharing very openly with us that he had early on in his career volunteered to work the graveyard shift at the company that he was at, recognizing it was creating strain on his wife and with his kids. For him, it was like well, I need to put in the sacrifice today so that I can earn a little bit of extra money. I can save it all away so that when I get to retirement, then I'll have the ability to enjoy the time with my wife and enjoy the time with my kids. I just need to sacrifice today to get to that point tomorrow.

Unfortunately and super sadly, his wife didn't have that timeframe. His wife had left him. He hadn't talked to his kids for years at that point. It was just this kind of crushing realization for me at a pretty young age in our industry of thinking like man, this guy was so focused on tomorrow that he completely neglected today. It was very influential to me because as financial advisors, we're all about saving for tomorrow, whether that's retirement or our kids college education, a down payment on our new home. We're so future focused. There's a place for that. There certainly is a place for that.

Too many people are overly living in today, but I think as advisors and as individuals, we need to wrestle with that balance because another really hard example is a friend of mine. He's right around my age, 35, 36. He got diagnosed with ALS at an extremely young age. His timeframe is extremely uncertain. It could be a couple of years. It could be 10 years, but him and his wife are having to have awful conversations as far as did they spend down their savings and their investments to kind of the memories while he's still physically able to kind of do some traveling and stuff.

It's easy for us to just always think that tomorrow is going to be promised in that, and when I say tomorrow, I could mean next week or next year or three decades from now, but it's not promised. We have to find that balance in living in today enjoying what is around us today while preparing for tomorrow, but it's a seesaw that you have to figure out how to balance on each side of it because it's difficult. We talked about not having a clean cut plan. There's no clean cut answer as far as well you should save this percent of your income, or you should save to this dollar amount. I mean, it's so subjective, but I think it's a really important conversation so that people enjoy both today while preparing for tomorrow and don't err on either side of it.

Tim Mullooly: Right. In terms of the traditional retirement that people have known for generations of get out of school, and you work for 40, 50 years and then retire, I feel like that's changing a little bit in terms of the younger generations are more focused in terms of living today as opposed to saving for tomorrow. Have you noticed a similar type of shift and how can we kind of... Like you said, it kind of is a seesaw. It goes back and forth, but how can you combat living too much in today and finding that balance with tomorrow?

Jeremy Walter: It's a great question. Anecdotally, I think in my experience working with younger clients, I think there is some truth to that. You also factor in that most college graduates are graduating with an imaginable amount of student debt compared to other generations. But there's an element of me that embraces that thought. I know this is extremely controversial. I'm figuring how I can write this without sounding like a complete heretic, but I think it's good to be questioning the concept of retirement. I mean, like an extreme view of retirement of saying work a job that you hate for 40 years to get to a point where you can actually enjoy life.

I embrace the fact when people say, "Maybe I don't want to work in a job that I absolutely hate. Maybe I'll work for less money and maybe not be able to accumulate as much or as quickly, but I'm actually enjoying my life." I know millennials, and I'm on the upper age of millennials, but we get a bad rap for not wanting to do the hard work and maybe some of that is justified, but I think a lot of it is healthy in saying, "Yeah, I don't want to work a job that I hate for 40 years so that then I can enjoy life. I want to do the hard work, but maybe do something that I enjoy from a creation standpoint, or a job I have autonomy where I can pursue mastery that provides me some current satisfaction so that I don't need to get to age 60 being like, 'Oh, thank goodness, that chapter of my life is over.'"

Tim Mullooly: There's such a fine line because I agree it's good to question if that's not something you want to do. But at the same time, you can't go to the other extreme and spend down to your last penny each paycheck. You can't just fly by the seat of your pants. So I think there's definitely a balance that needs to be found, but I think it's a good conversation, and a good thing to think about when you're starting working and as you start accumulating more and more assets, like how much do I want to put towards the future versus how much do I want to save and spend today.

Jeremy Walter: Yeah. I would love to even hatch like a super preliminary percentage driven range of saying as a starting point, maybe start thinking here as far as what to live on today, here what to maybe be preparing for tomorrow, but even that makes me nervous because I don't want someone to view that as constricting or as any type of instruction. I'd much rather they figure it out themselves, but it's a hard conversation, and it's usually not one conversation.

Tim Mullooly: Yeah, absolutely. Kind of another big broad question for you here, but I just want to hit the pause button and ask you, what does money mean to you? What its purpose? What is ultimately having money, making money, the concept of money? What does that mean to you?

Jeremy Walter: Yeah. I'm going to answer it from I believe that money has been entrusted to each one of us in varying degrees. My approach to view this is from a stewardship standpoint. I think money is three things. One, it's a tool. Everyone says it's not the ends, it's the means. I wholeheartedly agree with that. It's a tool to accomplish things in life, whether that's to provide food for our family, whether that's to provide a roof over our head, whether that's to bless our neighbors through gifts, whether that's to prepare for tomorrow. It's a tool.

I also believe that it's a testimony in that if someone looks at how we spend our money, they should be able to ascertain certain things about what's important to us. The old saying, the calendar and the checkbook never lie. I think there's a lot of wisdom in that, in that if someone looks at how you're allocating your money, they're going to get a pretty good idea as far as what's important to you. So, I believe it's a testimony.

Then I also believe that it's a test. How we handle certain circumstances is indicative of our character. I think money is one of those objective things in life that we can see how we handle, whether that's high stress situations or low stress situations. How we make decisions is again a test to our character and how we go about doing that.

Tim Mullooly: Yeah. Well, for a very broad question, you succinctly nailed it down to the 3Ts. We'll refer to it as tool, testimony, and test. I like that a lot. Your latest post on your blog. I think it was last week or the week before. It talked about the most important component of a financial plan. Do you want to tell the listeners what that component is?

But I also wanted to flip it for you, and if there is one, what do you think is the least important component of a financial plan?

Jeremy Walter: I love that. Yeah. The most important component of a financial plan, in my opinion, it's not necessarily a subchapter of the plan, but is a characteristic of it, which is flexibility. When we talk about a financial plan, and different planner have different scopes of what they talk on, but generally plan talk about your investment allocation, your estimate plan, your cashflow, your tax component, all important components. But I believe the most important is flexibility, and that's to kind of roll with the punches as far as life changes. I kind of sketched out a couple of examples of what those life changes could be.

As I joked earlier on the podcast, there's 80 paged leather bound plans. They're not too flexible. That, to me, is the most important is the flexibility to roll with the punches as life happens. Also, one of the more newer realizations to me was it's not just investments change or tax law changes or our family dynamic changes. It's also we ourselves change. What's important, so you and I right now as we sit here and chat in October of 2019, like if you and I have another conversation in 10 years, it would be funny if we could just capture what's most important to us now versus what's most important to us then. So, I think we change. You and I change. So, you want to have a plan that's able to change with that.

The least important is probably projections. I know everyone loves projections, I mean myself included. We want to know where we're going to be five years from now, 10 years from now, 20 years from now. Most of the planning systems that we use generate these Monte Carlo simulates, and there's an element of value in that. But goodness graciously, so much changes that those projections, as they currently stand today, they don't carry a whole lot of weight. They're good in allowing us to know should we be doing today based on those projections, but they're going to change so, so much. As much as us as planners love projections, we need to put an asterisks next to them of subject to change.

Tim Mullooly: Yeah, I have to agree and especially planners love projections, but the clients also love them too. But they're dangerous because then you anchor yourself to those projections and expectations get thrown out of whack, and then people get upset when the projections don't happen, even though on the surface everyone is like, "Yes, of course, I know you can predict the future, but you said this was going to happen." So, I'd have to agree.

Jeremy Walter: Yeah. My net worth is supposed to be this amount by this year and $100,000 off of that. Yeah.

Tim Mullooly: Let's say you're in an elevator with someone and they find out that you're a financial planner. They ask you how to build a successful financial plan. You have the duration of the elevator ride, about 30 seconds to tell them how to build a successful financial plan, what do you say?

Jeremy Walter: And this is someone I want to have a conversation with and not just looking to end the conversation with?

Tim Mullooly: Yeah. You're looking to be as helpful as possible.

Jeremy Walter: Okay. Good, good, good. Good clarification. Otherwise, I'd just tell them I'm advisor and then usually that stops the conversations. But if I'm selling them how to build a successful plan in a 30 second timeframe, I would say spend some time with themselves or if they're married, getting really, really clear on what is most important to them in life. Getting clear on their values. With that in mind, one of those universal laws that you can kind of apply is spend less than you earn. It's amazing how common that advice is and how uncommon people actually obey it, but spending less than you learn so that you can start to align those values. Make all your decisions, whether that's investing or cashflow based on reasons that you can live out those values in your own life.

Tim Mullooly: Like we were talking about before, it's a difficult thing for some people determining those values. On your Twitter bio it says, you help people align their wealth to their values. I wanted to ask what the process is like in terms of finding out what a person's values are for you. Do you give your clients homework and tell them to go figure this out, or do you actually sit down with them and flesh it out and help them figure it out themselves?

Jeremy Walter: So, I'd actually want to answer it two different ways. One is how I go about getting at those values when I'm going through an initial financial plan with clients. So any new client of my firm has to go through what I call phase one of the financial planning process. That phase one is three different meetings, and in the first of which is when we just spend time only talking about what is important to them and what their goals and what their objectives are in their life.

I jokingly tell people that this might feel more like a therapy session than it does a financial planning session because we're going to be talking about some emotional stuff. Don't tell my clients or my prospects this, but I actually have an internal goal of having somebody cry during that meeting. It's a work in process as far as the type of questions that I ask during it, but one of the most common ones I'll ask is tell me why money is important to you and leaving it open ended. Usually, people haven't thought about that before. Typically, you get an answer like, "Well, I want to be secure." "Okay. Can you tell a little bit about what that security looks like?" You keep pulling back the layers of answers that they give you.

Eventually, you really hit a soft spot as far as something in their family history, or some type of a traumatic event that happened to them that really gets at the core of why they're talking with you. Even if they can't themselves have said why it is that they're talking to a financial advisor because there's usually some fear, or some deep rooted issue that needs to work itself out. There's a series of questions that I'll go through to kind of dig at that. Then I write that down. In fact, I use a one page plan when we go through this planning process. Then in the upper left hand corner, that's the first thing that they read are family values. I'll list out some of those values that would have come out of that conversations.

Those generally don't change a whole lot over time. I mean, they can. But even this morning, I had a meeting with a client. She was having some hard decisions to make as far as some of excess income that she was wrestling with. I pulled out the one page plan and said, "Hey look, here are things that we talked about when we first through this plan. Are these still true?" She's like, "Yes." "Well, using these as a lens, I think it's pretty easy to decide what we should be doing with some of these excess." I kind of dig it out initially and then I keep it in front of the clients on a regular basis, from an ongoing basis.

Tim Mullooly: Yeah. I feel like getting that going from the get-go is important because it sets the table for the rest of the relationship.

Jeremy Walter: Yeah.

Tim Mullooly: So, what are your thoughts on benchmarks both in finance and personal life, other aspects of life? You've written about it on your blog, but I just wanted to hear you explain your thoughts to the listeners here.

Jeremy Walter: Yeah, I got some private feedback of people not necessarily loving that. That post led to some good conversations. I like to distinguish between benchmarks and benchmarking ourselves to those benchmarks. I'll give two examples.

One is just thinking of our investments. If we're invested and you and I are most likely both still in the accumulation stage. So, we're not so worried about market drawn downs and necessarily preservation. We're just looking for growth in our accounts. So, we could apply a benchmark, like the S&P 500, to our investments to say are we doing better or worse than the agreed upon benchmark.

There's value in that. You want to know are the fees that I'm paying to an advisor or to a mutual fund or an index fund or whatever else, are they worth it compared to just if I just go buy this benchmark, I know you can't buy a benchmark, but through some index fund that gets really close to it. But let's say you do, let's say you beat at benchmark every single quarter of every single year of your investing life, but you still don't meet your goals for whatever reason. Maybe the goal was too big. Maybe it didn't measure how much you need to be saving or maybe some life event happened. But even if you beat the benchmark, and you didn't meet your goal, I don't think you're going to be satisfied because the whole purpose, the goal was not achieved.

If you flip that on the other side, let's say you underperformed the benchmark every single quarter for every single year you're investing, but you did hit your goal, again for whatever other reason, I don't think you'd care if you didn't hit the benchmark because you hit the goal. This example is-

Tim Mullooly: Yeah, I agree.

Jeremy Walter: ... directly lifted from Carl Richards in one of his podcasts. So, I don't want to steal credit for that. That idea of benchmarks is saying they're valuable to know are we doing all right, but man, they should not be the only factor in determining if we're successful or not. Then thinking on more of a personal standpoint, I obsess over metrics with my firm. I found it interesting. This past year, I did two different firm benchmarking studies that looked at my growth and assets and clients revenues and blah, blah, blah and compared them to other firms

across the spectrum.
It was interesting to me and then somewhat saddening to be honest that I've done this for a couple of years now and every time I read my results, I got to the firms that are a little bit above beyond what I'm doing and anchor myself to what they're doing successfully. I was like, "Man, I am not keeping up," or "Man, I man not as profitable," or "I'm not at this growth rate." It doesn't matter what my actual peers or people who I'm doing a little bit better than are doing.

I've kind of moved the goalpost every time, and it [inaudible 00:40:59] is like, "Well, timeout." Why did I start this business? Is it accomplishing its objectives to provide for my family, to allow me to enjoy the entrepreneurial space? Am I feeling like I'm doing a good job for my clients? The answer is there's a yes, but the benchmark itself, I kind of unhealthily tied myself to, and I if wasn't keep up, and I felt like I was behind. That's my kind of love-hate relationship with benchmarks.

Tim Mullooly: In terms of the markets and financial benchmarks, I agree 100% with what you said. Also, in terms of the personal life, moving the goalposts, I think in one sense, it does serve as continued motivation to always want to get better, but the same time, you do need to be able to enjoy what you do have in the moment and not constantly beat yourself up for not being the best.

Jeremy Walter: Yeah, I agree. There's something to be said about wanting to always get better. It's good to know what other people are doing, but you can't beat yourself up especially if you're always moving the goalpost and saying, "Well, as soon I catch up to these people, then I'm just going to start chasing these." That's a rough game to play.

Tim Mullooly: Yeah, absolutely. A couple of more questions, kind of a two parter here. Since you've joined the industry, what would you say has been the most promising improvement that you've seen among professionals and advisors in this space?

Jeremy Walter: I love the collaboration that I see. I see it in a bunch of different spaces, whether it's through online fin tweet community on Twitter or within XYPN or I'm part of the new advisory growth community initiative. It seems like, more so than any times I can remember in the past, that advisors are actually coming together to help each other and help their clients. Whereas if I think back at my older firm, we had our immediate team, which was really good, but we were part of a broker dealer where there wasn't really any collaboration. You go to those conferences and everyone was good as their competitor and did not want to share best practices with them.

I think that's a win all around. It helps us as advisors do better work. It helps our clients receive better work. I think if we shift this mentality from a scarcity mindset where we're all competing over a finite amount of clients to more of an abundance mindset, that just helps us all do better. Better work for our clients, live our better lives, be less stressed. I love seeing that component of our industry.

The area that needs the most attention or room for improvement, I was just meeting with someone maybe two weeks ago who shifted careers and is looking to get into the financial advising space, which is curious is someone who started his own firm and had been in the industry for a while. We had a really phenomenal conversation. The guy is super bright, and I think he'll make an amazing advisor. But then he asked, he's like, "I'm going through the CFP process. Right now, I'm kind of taking the courses on my own. Where should I go to go to get my experience?" I did not have a good answer for him because I think as much as the RIA space has done well and has grown, there's still not a proven roadmap for people new to our industry to get involved, to kind of get an entry level position and kind of move up the ranks.

When I look in our local regional space, the only people who have those training tracks are the insurance companies, and the broker dealers who are going to get that guy and make him go sell to his friends and family. Put him on a 100% commission pay situation. I feel like we still have some work to do to create that space, and those apprenticeships to bring those people along and not have to have them go fend for themselves at some pretty vicious potential... I want to be careful with my language. Some less than ideal shops that have that infrastructure, but most likely it's not optimal.

Tim Mullooly: Yeah, I'd have to agree. It seems like for new people, the only way to kind of break into the RIA space is to just start your own firm. That's not for everyone by any means. So, I definitely agree with you on that one.

Jeremy Walter: Yeah, I mean especially with a CFP because if you're going to start your own firm, having the CFP designation is going to go a long way in getting you some credentials and getting credentials, as in clients wanting to come work with you, but you can't hold yourself out of the CFP holder until you have the experience. So, you can't just setup your own firm and hold yourself out of the CFP. You need to go get the life experience.

Tim Mullooly: All right. The last question for you here. I like to wrap up all the episodes by asking the guests, whether it's a personal or a professional piece of advice, what would you say is the best piece of advice that you have ever received? Last big broad question for you.

Jeremy Walter: Yeah. Can I give you two answers or is that cheating?

Tim Mullooly: Yeah.

Jeremy Walter: All right.

Tim Mullooly: No, that works.

Jeremy Walter: I'm going to give one answer that my old boss told me right before we had our first kid. He told me the saying... I actually thought he originated it. He didn't, but it's so true nonetheless, but he said, he's like, "Jeremy, with children, the days are long, but the years are short." I was like, "Oh, that's a cute saying." Man, it resonated so true. Parenthood is awesome, but there are days when you just can't wait for bedtime to roll around, and you get to go downstairs with your wife and just relax and not be on parenting duty.

So, some of these days are really, really long. Then things just snap by, like our oldest is 10 now. I look back, and I'm like, I remember when we took her back from the hospital. Like how on earth has it been a decade since she's been born? The same thing applies with business. I mean, gosh, especially being an entrepreneur, some days are just awful and never seem to end. But then I look back I'm like, "That's been two and a half years since I started fighting. It feels like it's been a couple of months sometimes." So, that saying is certainly true.

But the other comes to mind comes from Andy Stanley. He defines success something along the lines that I've really adapted for my own life as far as being successful is being respected the most by those who know you the best. That's really resonated with me because in our online world, whether that's Twitter or Facebook or Instagram, we can put out a certain image of what we want people to think about us. Even me, I can write Calibrating Capital articles or post things with Fident or my Twitter feed or whatever. We can somewhat easily manipulate people into thinking what we want them to think of us. But those who know us the best, we can't fake. So our wives and our closest friends and our children, we can't live a fake life with them. They're going to know us intimately well.

So, success to me, I can fake success online or even talking with my clients or whatever. But true success is going to be seen by those who really know me the best and how I want them to view me as being successful is they respect me the most compared to everyone else. If everyone else who knows me, I want those who know me the best to have the highest amount of respect for me. So, I'm currently indebted to Andy Stanley for introducing that idea to me.

Tim Mullooly: Yeah, absolutely. I couldn't agree more with both of those pieces of advice. Two awesome pieces to give to the listeners and two great pieces of advice to end on. Jeremy, that was all the questions that I had for you today. Thanks again for coming on the podcast.

Jeremy Walter: Hey Tim, thank you so much for having me. I love following the work that you and the whole family is doing. It really is an honor to be on the show.

Tim Mullooly: For the listeners out there, I'll link in the show notes to Fident Financial and Calibrating Capital. You can find all the posts that we talked about here on this episode and more.

Thanks for tuning to this episode of Living With Money, and we'll see you on the next one.