

## **Michael Policar - Fifteen Minute Financial Advisor - Transcript**

**Tim Mullooly:** Welcome back to Living With Money. This is Tim Mullooly. On today's episode, I am joined by Mike Policar. Mike is a wealth manager at HighTower Bellevue, and host of the Fifteen Minute Financial Advisor Podcast. Mike, thanks for coming on the show.

**Mike Policar:** Hey, Tim. Thanks so much for having me. I really appreciate the opportunity to chat with you and chat with your listeners.

**Tim Mullooly:** Before we dive into the podcast and some of your other work, let's talk about you. Let's get a brief background about yourself. I always like to ask guests, when did you first become interested in money and finance, and what was your relationship like with money, growing up?

**Mike Policar:** You know, it's funny that that's the lead-in question. Two weeks ago, on my podcast, I told my story. Essentially, how I got started and how I became interested in everything. And for me, it really started in fourth grade. And so, I was about 10. I don't know if I was nine, or 10, or 11, or however old you are in fourth grade.

**Tim Mullooly:** Right.

**Mike Policar:** And I had a teacher who thought he was teaching fractions, or for all intents and purposes, he was teaching fractions but I don't know that I learned it.

**Tim Mullooly:** Right.

**Mike Policar:** I think I understand the basics.

**Tim Mullooly:** They're still tough.

**Mike Policar:** Exactly. I happen to love decimals. It's a lot easier with a calculator. He was teaching fractions and using stock quotes. I'm old enough to say that even despite the fact that I'm a millennial, I am old enough to say that I remember when stock quotes came out in the newspaper every day from the previous day's close, and they were continued in fraction form instead of decimal form like they are today.

He was using that to teach us fractions. I was enamored with this thing called the stock market. And the fact that as a 10-year-old, this is how my brain pictured it or made it make sense, you could send money to a company. If they paid a dividend, they would send you a check, every three months. You didn't have to do anything for it.

**Tim Mullooly:** Yeah.

**Mike Policar:** And then, you could have that money back whenever you wanted. Maybe it would be up, maybe it would be down, but this was like 1993, '94, so pretty much everything was going up.

**Tim Mullooly:** Right. Yeah.

**Mike Policar:** It was especially right before the dot-com thing really started to take off, but it was right around that time frame. So maybe the worst time to get excited about the stock market, maybe the best. I still... I'm undecided on that.

**Tim Mullooly:** Right, yeah.

**Mike Policar:** Yeah. That's how I kind of got introduced to stocks and it's been a love affair, ever since.

**Tim Mullooly:** So learning about that in school, is that ultimately what made you want to become an advisor, once you decided or you were starting to think about a career path or what you wanted to do for work? Or when did you know that being an advisor and working in finance was something that you wanted to do?

**Mike Policar:** Also, a great question. I would say no. At that point in time, I did not even know what an advisor was. All I knew was that my parents had a broker and if I wanted to buy stocks, I would have to give them money. And at 10, I didn't have any. But I think by 13 or so, I had done odd jobs, babysitting, mowing lawns, washing cars, whatever I could around the neighborhood to make some money, so I could invest in stocks. I want to say it was two or three years later. So I was 12 or 13 or so, and I think I saved up \$1,000 and I gave it to my parents to.

**Tim Mullooly:** Wow.

**Mike Policar:** Yeah. It was a lot back then.

**Tim Mullooly:** It's impressive, yeah.

**Mike Policar:** I gave it to my parents, and I said I want to buy Microsoft because everybody... This was like now, but it's probably 1996 or so.

**Tim Mullooly:** Right.

**Mike Policar:** Everybody wanted to buy Microsoft.

**Tim Mullooly:** Yeah.

**Mike Policar:** And I could afford 10 shares because it was like 97 or \$99 a share, or something like that. It had already... The majority of the splits and everything that Microsoft did in the '90s had already occurred. So again, the timing wasn't the best, but I bought 10 shares of Microsoft from my \$1,000, less the commission or whatever. Even though I think they were working with Charles Schwab, the discount broker, but this was before it was online. So they had to call their guy, and I want to say the commission was like \$75.

**Tim Mullooly:** Wow. Timely, considering it just went to zero.

**Mike Policar:** Right, exactly. Right? Yeah. We should have done this last Monday. So I ended up with 10 shares of Microsoft. And to make a long story short, it split twice since I had bought it. And then, they did their special dividend thing, and I can't remember if that was 2003, or 2005, or whatever.

**Tim Mullooly:** Right.

**Mike Policar:** And then, I essentially just kind of gifted that back or gave that stock back to my folks. They had helped me with student loans and getting into college, and all of that stuff and I was like, well, it's kind of a pain-in-the-ass to transfer stuff. It really wasn't a pain-in-the-ass, I just didn't know any better and I think I had just finished college and I said, "Hey, why don't you guys just take it and thanks for the help with the student loans and helping me buy my first car, and all that stuff.

Had I kept it or not, my folks actually still have it, which is good because it's not \$32 a share anymore. Had I kept it, yeah, it would have been worth four times what it was, but whatever. It didn't really matter to me at that time. It wasn't life-changing money anyway. It was 40 shares.

But yeah, I didn't actually really want to become a financial advisor until the Great Recession, the Global Financial Crisis, whatever you want to call it.

**Tim Mullooly:** Right.

**Mike Policar:** Kind of '08, '09. And what I realized at that point, and by this point, I had been already well-versed in what goes on, how it goes on. I think I started trading... When I turned 18, I should say. I will back up a little bit.

When I turned 18, I bought a cigar and I opened an E\*TRADE account.

**Tim Mullooly:** Okay.

**Mike Policar:** That was like my big thing. It was 2002. Those were the two things I wanted do, when my 18th birthday rolled around. And I'm pretty sure I bought the cigar at 7:00 in the morning, before going to school.

**Tim Mullooly:** Just because you could.

**Mike Policar:** Just because I could. And then, I opened the E\*TRADE account. I probably went to the computer lab at the high school because I was a senior, and opened the account there. I'm not sure that was really a sanctioned activity, but whatever.

**Tim Mullooly:** Yeah.

**Mike Policar:** In the crash, you fast forward to 2007, and I saw people doing stuff that I perceived to be really stupid. Like in January, selling all of the stocks that they had because they thought that the market was going to go to zero, and the financial system was going to blow up

and they at least wanted to keep what they had left. They were probably down, 30-40%, whatever. Sold it all, went to cash.

And then, it was 2017 before... And this was a family friend of mine, not a client. In 2017, I believe, or 20, or maybe even early 2018 is when they started to get back into the market.

**Tim Mullooly:** Oh my gosh.

**Mike Policar:** Right. So it's like the textbook of what not to do, right?

**Tim Mullooly:** Right. Yeah. Could have used an advisor.

**Mike Policar:** Exactly, and there were a lot of people who were saying things like, oh, you can't trust the stock market and you should never invest in stocks, and you should do this and you should do that. Maybe buying real estate was a good idea because by the late '09, 2010 time frame, it had come way down. For me, I had read *The Intelligent Investor*. I had read a lot about warm, and things like that in high school and college.

And I guess I didn't know, but I had a strong sense that, you know what? The market is going to come back, and then it's going to crash again, and then it's going to come back. We just haven't had the crash again, yet.

**Tim Mullooly:** Right.

**Mike Policar:** I think it's coming. I have no idea when, but at some point, it has to, right?

**Tim Mullooly:** Theoretically.

**Mike Policar:** Yeah, that's what made me want to become an advisor. At the time, I was working in broadcast advertising sales, so radio and TV. I think I took one math class in college. And then, so I was in this advertising deal and I was working with a couple local kind of boutique firms in Seattle with advertising, and marketing, and things like that. One of the guys said something like, "Wow, you know this stuff better than my guys know this stuff," and he was talking about the advisors or brokers, or whatever that worked for him. And I was like, oh, that's flattering, and I kind of didn't think anything of it, but that statement stuck with me. I really like this stuff.

When I wake up in the morning, I wasn't excited to go talk to somebody about cost per thousand and ad impressions, and things like that. It was also at the time when digital online advertising was really starting to ramp up. So I started asking around about, hey, how do I get into this industry? I'd love to help people manage their money. A few conversations, informational interviews, and I found out really the only thing you have to be able to do to get a job at a wire house is pick up the phone and call people, and not be afraid to do that.

**Tim Mullooly:** Right.

**Mike Policar:** And so, I ended up getting a job at Wells Fargo Advisors and then I went to Merrill. Now, I'm at HighTower.

**Tim Mullooly:** So that kind of leads me into the topic of being a fiduciary, which on your twitter bio, it says, "I'm a fiduciary with a passion to educate." So I wanted ask you about being a fiduciary and kind of holding ourselves to a higher standard in a sense.

Can you explain why you think being a fiduciary is so important for investors, and why it's important that they know the difference between fiduciary and someone who isn't?

**Mike Policar:** When I got into the industry, I thought in my naïve brain, which I can't blame on being a 10-year-old, at this point.

**Tim Mullooly:** Right.

**Mike Policar:** I thought if you're going to manage somebody's money, of course, you have to have their best interest first.

**Tim Mullooly:** Right.

**Mike Policar:** How stupid would it be for somebody to give their money to somebody who doesn't have their best interest at heart?

**Tim Mullooly:** Right, it's like common sense.

**Mike Policar:** It's common sense.

**Tim Mullooly:** You would think.

**Mike Policar:** Well, it should be.

**Tim Mullooly:** You would think. Yeah.

**Mike Policar:** That should be table stakes to manage somebody's money, or to provide guidance and tell them what to buy, and be compensated for what they buy. And to be frank, I didn't necessarily put two and two together. When I started, I went to the training program and it was Sales 101, and I was able to identify that from my prior career in sales. I was like when do we get to the financial planning part of this? I think that's what's important for people. Anybody can buy any stock they want for \$10. At that point, I think it was \$10 a trade for E\*TRADE, Fidelity, TD, all those guys. I had no idea there was these things called variable annuities.

**Tim Mullooly:** Yeah.

**Mike Policar:** I mean, I knew they existed but I really didn't what they were. I didn't know that it would pay the person that sold them to the unsuspecting customer, it would pay them 6% up to 12% of the premium or whatever. I've never sold them. I didn't sell them not for lack of wanting

to, but I never found a situation where I thought that was the best thing for one of the clients that I was working with. It just never was a fit.

So I tell people... I mentioned earlier, I started at Wells. The training was great. Honestly, this was before Wells had all their issues. It seemed like a great firm. It was a great bank, for sure. The firm seemed like it was good and they were trying to do the right thing for people, and then I got recruiting to go to Merrill and the line that worked on me there was Wells is great, but it's JV. You move up to varsity, coming over here, and I was like hmmm.

At Wells Fargo, I learned what not to do. At Merrill Lynch, I learned how not to do it. What that means is at Wells, it was you're an asset-gathered. You sell products. You push people into whatever portfolios the firm really likes. Just go out, get the clients, sign the paperwork, push the money in, and go out and find the next client.

At Merrill, it was a little bit... There was more finesse. There was a little bit more of a focus on planning. But at the end of the day, the focus on planning was just so you could check a box, so your grid rate would be higher. And the thing that drove me nuts at Merrill is they would say something like, "Hey, we're lowering your commission grid."

Okay, fine. Whatever, it is what it is. You got to grow. "But if you earn, we're not going to tell you to push product. But if you want to earn those percentage points back, sell \$4 million worth of home loans. Sell X number of credit cards."

To me, it was like, well, if I wanted to sell credit cards and home loans, I would wear a name tag and work in a branch. Again, no disrespect to the people who work in branches, you need that, but that wasn't me. That wasn't what I wanted to do.

**Tim Mullooly:** Right, that wasn't what you signed up for.

**Mike Policar:** Exactly.

**Tim Mullooly:** Right.

**Mike Policar:** And then, the whole DOL Fiduciary Rule debacle, let's call it. When it blew up, I was like, hey, you know what? These firms don't really have the best interests of my clients in mind. They're trying to produce revenue. They're trying to make money, which is fine but I don't necessarily want to be involved in that. That's not... I mean, I want to make money. Don't get me wrong, but that's not the driving force behind why I do what I do.

And when I'm sitting down with a client in their living room or at their kitchen table and I'm telling them, hey, I can be your advisor and I can give you advice, and I can take you from where you are today to where you want to go. The only thing that makes sense to me is to do that, 100% in their best interest. And so, I knew at that point with the DOL thing going on, that I had to find a way that I could show people, hey, I hold myself to the highest standard that there is.

**Tim Mullooly:** No, I agree. And I think as of right now, that is the highest stakes that there is and that it really should be, like you said, table stakes. And it seems to be trending in that direction, which is good.

**Mike Policar:** It does.

**Tim Mullooly:** So hopefully, at some point, that just becomes the barrier to entry to being an advisor. But until then, it's important for people to understand that there is a difference between people who are and people who aren't fiduciaries.

I want to touch on the second part of that bio that I was talking about on Twitter. You said, "I'm a fiduciary with a passion to educate." So that passion to educate, where did that come from? Why do you think educating people in terms of what we do on a daily basis is so important?

**Mike Policar:** I think the passion to educate for me was kind of instilled in my based on my family and the people that I was surrounded with. My dad did some teaching in his early years, although he worked for the county that we live in, grew up in. I actually still live in the same county, about three miles away from my folks.

And now in his retirement, he actually teaches... I don't know. I think they call them adjunct something professor for Rutgers, the state university of New Jersey.

**Tim Mullooly:** Right over by me, yeah.

**Mike Policar:** Yeah, right. That's in your hood.

My mom was a music teacher, and a classroom teacher. My wife was a classroom teacher for 10 years. She stopped a couple years ago, when we had our son.

**Tim Mullooly:** So you were surrounded by teachers.

**Mike Policar:** I was surrounded by it. And I had, like I said, my fourth grade teacher who taught us fractions, that he was extremely impactful to me and in my life, kind of shaped who I became. And then, I had one other extremely impactful teacher in high school that was a public speaking teacher. And I won't go into details there, but let's just say I served some time. Suspension, or whatever you want to call it.

**Tim Mullooly:** Right. Yeah.

**Mike Policar:** Detention, right? I can't remember exactly what they called it.

**Tim Mullooly:** Right.

**Mike Policar:** Because we didn't see eye to eye, but that by the end of the year, she was one of the most influential teachers that I've ever had and we still stay in touch to this day. Education to me is just that's where everything starts, and there's a lot of people that don't know a lot of things and I don't know a lot of things. The more I learn, the more I realize I have more to learn. That's

one of the beauties of, I guess, life. But really, like Twitter, FinTwit, this finance Twitter community that you and I are a part of, and there's so much out there. There are so many ways to look at things, and to continue to learn, and to continue to educate that I feel like, okay, I have some knowledge. It's fairly specialized in financial planning and really personal finance, and I feel like it's my responsibility to share that with the world. The podcast is all about education, and we can get into the two-pronged approach that I thought I was taking with the podcast and how I have kind of abandoned one prong.

**Tim Mullooly:** I was going to ask about, like how did the podcast get started? So it was kind of like a bridge off of wanting to educate people. For the listeners out there, the podcast is called The Fifteen Minute Financial Advisor.

Tell us a little bit about the layout of the podcast and what the ultimate goal is for it.

**Mike Policar:** I got to give a shout out to Pete Matthew in Penzance UK. But Pete hosts the Meaningful Money Podcast, and he's been doing this for probably close to 10 years.

He has a book out now called Meaningful Money. He's just a phenomenon guy. His podcast is great, and essentially I copied him. Mine's shorter, but.

**Tim Mullooly:** The US version.

**Mike Policar:** The US version, exactly. And if you go back to some of my real early episodes, I actually had him on. The show itself is very formulaic, so I identify a topic. I discuss why it's important. I talk about real world examples, and then I give a couple of action steps that somebody can take in their life to address whatever that topic was.

And that makes it easier for me. There's a lot less thinking that goes involved, or that is involved. Once I come up with, okay, this is the topic I want to cover, then why is it important? What are some real world examples? Can I use examples in my own life?

Can I use examples from a client's life? And then, what do you do to address it? I don't want to say fix it because it's not always a fix, but what do you do to take action?

I think my average episode is probably between seven to nine minutes, so I keep it short and that's also by design. People are time-starved and I'm not Joe Rogan. People aren't that excited to listen what I have to say, and it's just me.

**Tim Mullooly:** Yeah, the three-hour podcast is a little daunting.

**Mike Policar:** It is, and he has some phenomenal guests and he's funnier than I am, and he's just engaging. I'm more, hey, here's some information and here's what you can do it, and I think it's really, really important.

**Tim Mullooly:** Well, I think with something like personal finance too, something kind of more direct and concise and to-the-point is better.

**Mike Policar:** I would agree, but I'm biased.

**Tim Mullooly:** Yeah. Yeah, well, me too, obviously. We kind of have similar goals here with the podcast, talking about money and more importantly, personal finance. Is that the personal finance, the aspect for everyday people who don't really know what to do with their money is that the target demographics for your podcast?

**Mike Policar:** I think at this point, yes. So I mentioned earlier that I started it out with two objectives and one was to educate people. It was really focused on I want to empower people, who are either hiring a financial advisor, or planning to hire a financial advisor to know what questions to ask and what at least I do as an advisor or I see other advisors doing that they should be asking about, looking for ways to vet the professional that they're working with or looking to work with.

And then, the second prong was educate people and to just put this information out there. Kind of... I don't want to say it's philanthropic or whatever, but just kind of a way to give back and to give away what I know, and give away the strategies that I use with high net worth folks that can be adapted to people who have \$25,000 in total net worth, or 250,000 or 2.5 million. It's kind of what I would consider real people. If you're worth a half a billion dollars, your concerns are way different than the guy that's got \$1 million in his 401(k), one more kid left to put through college, and about 10 years left in his working life. The concerns are very different. It doesn't mean they're more important or less important for either party, but I kind of focus on essentially what I know and the strategies and tactics that I use for the types of folks that I serve.

**Tim Mullooly:** Yeah. I like that though too because I think high net worth clients, they're the target for a lot of firms and advisors because they want the big assets, but there are people who don't have those big assets that still need those personal finance concepts that you talk about on the show that they sometimes can't get access to at larger firms.

**Mike Policar:** Totally. Yeah. Those conversations would come up in the monthly huddles or meetings, or whatever the hell you want to call them at the wire houses of, hey, you can't work with somebody who has less than X number of dollars because it's not profitable. You want to have an asset minimum of a million or a half a million, or whatever. At one of the firms, it was you can't open an account for somebody unless they have \$250,000.

**Tim Mullooly:** Right.

**Mike Policar:** And that never sat well with me. I understand it from a business perspective, but it just for whatever reason has always bothered me. So while I may not be able to take on every single person, there are always options for people, whether that's going with one of these robos, whether it's Vanguard, or Betterment, or any of the other ones that are out there. Schwab has their own. I'm sure by now, they all have some sort of algorithm-based re-balancer and I think that's fine.

I am highly portfolio agnostic. If somebody came to me and said, "Mike, I just want to invest all of my money into Vanguard Index Funds." Cool. I think that's great. If you can stick with it,

that's phenomenal. You don't have to have this fund, and that fund, and active here, and passive here. I mean, getting into the weeds of I'm going to increase my international local currency-denominated equity exposure by 2%, that's not me. That's not what I do.

**Tim Mullooly:** Right.

**Mike Policar:** Leave that to the asset management folks. Leave that to the people who that's all they're focused on. I'm sitting down, having conversations with people about, hey, your car payment is \$750 a month, and you make \$4,000. This isn't a big chunk.

Those kind of nuances, to me, are less important. They're kind of the tactical adjustments that you can make, once you have the basics covered. But somebody who has never had a conversation with a financial advisor has no idea how to get started with investing, period.

My advice to them is just start. It doesn't matter what you buy. Maybe it's just the S&P 500 Index Fund. Maybe it's a global asset allocation fund and just get in the habit of putting money into it on a regular basis. Maybe it's every week. Maybe it's every month. Maybe it's once a quarter. Maybe it's once a year. Whatever it is, just do it and do it with regularity. Get into the behavior of making that a part of your monthly budget, or your quarterly whatever it is.

**Tim Mullooly:** Yeah, and I think just getting those little pieces of advice out to people who don't usually hear stuff like that on podcasts like yours, and hopefully they get stuff like that from this podcast as well, I think that goes a long way from people who don't usually work with an advisor. Having a podcast, I've been doing this almost two years now, you learn some things about yourself and about creating content and scheduling things out, and just podcasting in general.

What has The Fifteen Minute Financial Advisor podcast taught you about yourself and all of that in terms of creating content?

**Mike Policar:** On the content front, I would say creating content is simple but it's not easy. It's not extremely tough for you and I to have this conversation, right? It's simple for us to record this. We jump online. We have an app. We click go, and the right is and it's something we can share with the world.

**Tim Mullooly:** Yep.

**Mike Policar:** But one of the hardest parts for me is you have to be compelling. It has to be legit information. If I'm sitting here, talking about dynasty trusts and the fact that they can last for 200 years in the State of Washington and up to 1,000 years in the State of Alaska, that doesn't really do somebody any good, who's kind of struggling to figure out how they can save one more percent per year into their 401(k).

**Tim Mullooly:** Right.

**Mike Policar:** So it's got to be compelling. It's got to be worth listening to. I consider myself extremely blessed, extremely grateful for the folks who spend eight minutes a week or 12 minutes a week with me, or 15 or even 30. Every once in a while, I'll have a guest on it and it'll go longer than 15 minutes. I can go out and make more money, but I can't go out and make more time. And so, for somebody to give me their undivided attention or a large portion of their attention, even for 15 minutes is a huge gift and I feel pressure not to let them now.

**Tim Mullooly:** Right.

**Mike Policar:** So I've had... This doesn't happen as often as it used to, but when I got started, I probably had close to 12 podcast episodes that I have never shared with anybody because I didn't like it. It wasn't engaging. It wasn't worth me asking somebody to give me their time to listen to. That's part of what makes it a challenge, right? I don't want to just put crap out there.

I do have a one star review and a couple two star reviews. So apparently, some people don't like some of what I have to say, but that's fine.

**Tim Mullooly:** Well, you can't please the whole internet.

**Mike Policar:** Exactly, and you know what? I think a couple haters legitimizes me a little bit.

**Tim Mullooly:** Yeah, exactly. It's good. I agree, I think it's good to have a couple.

**Mike Policar:** Yeah. On the kind of personal side, doing the podcast has really helped to solidify my beliefs as an advisor, as an advisor, as a human being. It has allowed me to really just focus on, hey, this is what I do. This is who I serve. This is how I do it. Richard Feynman, Professor Feynman. There is something called the Feynman Technique, where he basically said if I can't explain this concept to a group of incoming freshman students, I don't really understand it. And so, it really helped me to develop a deeper understanding for why I do what I do, and why I think it has value for clients.

**Tim Mullooly:** So I'd like to ask all other podcast hosts that I interview, what's the best piece of feedback that you've gotten about your podcast? And also, what's been the most difficult part about hosting a podcast?

**Mike Policar:** The best feedback that I've gotten, I think was somebody basically said, "Hey, I understand the words that you're using, but some people don't, so cut down on the jargon, as much as possible." Being listed as one of the top 10 personal finance podcasts on Forbes was probably up there. Wow.

**Tim Mullooly:** Yeah.

**Mike Policar:** Yeah, and I was up there. There were some really good talented podcast people. Taylor Schulte, Define Financial, his podcast. To be included with some of the people that were on that list was a huge honor. It was a huge surprise.

The most difficult part for me has been consistency. I had a two-year-old son, when I started the podcast. I have a three-year-old son now. It's kind of hard to have a different topic every week, and record it, and produce it, and edit it, and try and promote it, even though like I said earlier, I don't do a very good job of that. I should outsource it. But at this point, it works for me. It's a short podcast, so the editing doesn't take that long anymore. Believe it or not, I actually script the show. I don't totally read it word-for-word, but I know everything that I'm going to say.

**Tim Mullooly:** Yeah.

**Mike Policar:** I take out ums and ahs though although because it's all scripted, I don't have a lot of those.

**Tim Mullooly:** Right.

**Mike Policar:** So it takes maybe a half hour to write it, call it 15 minutes or less to record it, and about five to 10 minutes to edit it.

**Tim Mullooly:** So I wanted to touch on something that we talked about briefly in our friend Justin Castelli's video. He had a group of us together. It's called The Meeting Of The Minds out at Wealth/Stack, the conference in Arizona. For those listening, if you haven't seen the video, I'll link to it in the show notes.

But I just wanted to get more of your two cents on the debate between different business models for advisors. Do you think that there are any that are better or worse for firms, for investors? What's your take on the different models for advisors?

**Mike Policar:** So when you say business models, I assume you're talking about structuring fees and how clients pay us, and things like that?

**Tim Mullooly:** Right. Yeah.

**Mike Policar:** Because obviously, the fiduciary model, I think is the best. Biased, yes.

**Tim Mullooly:** Yes. Yeah.

**Mike Policar:** But yeah. No. As far as how clients are going to pay for our services, to a certain extent I want to make it whatever works for the client. I don't want them to be frozen with... What do they call it? Analysis paralysis or something like that?

**Tim Mullooly:** Right. Yeah.

**Mike Policar:** But I want them to basically involved in that process as I am. We can do the AUM thing, no problem. We can do a retainer fee or a flat fee, no problem. If you want to do a subscription fee, if that's what works best for you, no problem. Having that flexibility, I think is important.

Now, if I had strong opinions on, oh, it's got to be this or it's got to be that, I would say so but I really don't. And one of the things that's important to me is having the ability to be flexible, whereas the wire houses, it's you do it one way and that's it. But now, this is an example that I have with a couple of clients. One, she runs her own small business and I'm helping her out with her personal financial planning and all that stuff. But what I want her to do is hire me as a business consultant and that way, my cost becomes tax-deductible for her as a business expense. And with the Tax Cuts and Jobs Act, you can't deduct financial advisor fees anymore. But as a business owner, your business can deduct business expenses. And if I am a financial consultant to the business, then I believe that would be tax-deductible.

**Tim Mullooly:** Right, yeah.

**Mike Policar:** At least in some part. I am not a CPA. I'm not a tax attorney. I am not... This is not tax advice, and I'm sure you will have a disclaimer on the end of this show anyway. But those are the kinds of things that make sense to me, and in just a strict AUM model, that may not be possible but find a way to make it work for the client. But other than that, I don't know that any are better or worse than others in general.

**Tim Mullooly:** Right.

**Mike Policar:** I think charging a fee on AUM is reasonable to a point. I think flat fees are reasonable to a point. I think hourly fees are reasonable to a point.

My only hesitation with hourly is I wouldn't a client not to call me with a question because they're afraid of getting dinged for another whatever the hourly fee is. There's got to be some sort of mechanism in place if you're doing hourly or you're paying somebody hourly to have that support, but you certainly want to... As a client, you wouldn't want to abuse that.

**Tim Mullooly:** So another topic that we touched on in that video was that the benefits of collaboration. We touched on it earlier that the FinTwit community, the finance Twitter.

What has that meant to you? For folks not in the industry, what would you say are some of the biggest pros of collaborating with others?

**Mike Policar:** I mean, this is tough and easy to answer at the same time. Tough in that I couldn't possibly cover all of the benefits of having a community like we have on Twitter, where we're constantly sharing ideas.

One of the best things is the flow of information. The fact that some of the smartest people in our industry on the asset management side are putting out whitepapers. Some other folks are setting up organizations. You've got the Advisors Growth community that Justin and Taylor are doing. You've got The Society of Real Financial Advisors that Carl Richards has put together. I know I'm leaving other ones out there.

You have Michael Kitces, who runs a phenomenon podcast and a blog that I don't know how he writes that much every three days or whatever.

**Tim Mullooly:** Yeah.

**Mike Policar:** It's just a wealth of information, and to take that one step further, any time I have a question, I can put it out there. I just tweet it and I say, hey, Fin Twitter, or whatever, can I get a response on this? What are your thoughts about this? What are your thoughts about that? If I have a tax question, there's a couple of guys on Twitter that are tax experts and I can tag them in the tweet. And all of a sudden, I get responses from people who that's their job. That's their focus, and it is so incredibly helpful for me to be able to do what I do, which is the maximum benefit for my clients. There's all sorts of nuanced things here and there, and you can get differing opinions. You'll see people have debates, back and forth, and we get to be a fly on the wall for those conversations, or we can participate in those conversations. It's phenomenal.

**Tim Mullooly:** Yeah, absolutely. It is very rare, it's very unique, but it's... I love it. It's been invaluable really to me. For someone who has a podcast that talks about personal finance on a weekly basis and you're talking with clients on a daily basis about personal finance, what do you find are some of... If you could pick like one or two topics every day that you feel like people ask about the most?

**Mike Policar:** The first thing that comes to mind is when I talk to a client or a potential client, or even somebody who probably won't ever become a client, they want to know how they stack up against their peers. Hey, do people like me have... Is my 401(k) balance right? Am I putting enough in? All that stuff, and how am I doing against other people?

**Tim Mullooly:** It's unfortunate that that's the first thing they ask.

**Mike Policar:** It is, and I don't call them out on it because it's human nature to want to know. It's relative performance, essentially. How am I doing versus the people I know? To me, it's less important than how are you doing towards what you want from life? And I struggle with this with my business as well because I have a very different vision for my business than I think a lot of other financial advisors, and I get it. I understand why they do it, and yet, I still compare myself. I am somebody here who reads behavioral finance all the time, and it's just... The more I learn about it, the more I realize I fall victim to these biases, like all day.

I wish knowing it helped me beat it, but it really... To a certain extent it does, but not really. It has because I can automate things and take my emotion out of a lot of stuff. So stacking your chips up next to somebody else to see how it compares is probably the first thing.

And then, secondly, and this I think is better, but they ask, "Am I doing this right?" And there is no direct yes or no to that. The answer is what's right for you? Where are you trying to go? What are you trying to accomplish?

**Tim Mullooly:** That's definitely a better question though.

**Mike Policar:** Totally, yeah. And it means that they are kind of thinking on the lines of how do I make this better? I think I know where I am going, but I want to know if I am taking the right path to get there.

**Tim Mullooly:** Yeah, that question comes from the right place. It comes from a good place as opposed to the other one, where you just want to compare yourself to others.

**Mike Policar:** Totally. Keeping up with the Joneses kind of a thing, but slightly different context.

**Tim Mullooly:** On the other hand there, what do you think are some personal finance topics that people think that they have down but really they could use some help in?

**Mike Policar:** Right off the bat, cashflow planning.

**Tim Mullooly:** Right.

**Mike Policar:** And that's the phrase that I use that most people call a budget. But I don't like using the word budget because it sounds like you've done something wrong and you're being punished, and it's like, hey, you need to be on a budget because you have no control over you're spending. That's not the case. A budget or a cashflow plan, as I like to call it, is just knowing how much comes in and how much goes out. That's the first step.

If you go and ask 10 people on the street, probably six or seven, maybe eight of them won't know how much they make and how much they spend.

**Tim Mullooly:** Right.

**Mike Policar:** You could ask 10 financial advisors and you might get the same ratio. They might know how much they make a little bit better, but I guarantee you... I can't say guarantee, sorry. I am willing to bet that if you ask 10 financial advisors how much they spend in a given month or a given year, six to nine of them can't answer that question. I cannot tell you how much I've spent on average in the last year.

I used to do it. I have a spreadsheet. I just haven't updated it in a long time, and I knew within about \$35 what I was spending every month. That may be taking it to the extreme, but you have to have a pretty good sense of how much comes in and how much goes out, and I think that's where people think, oh well, you know I spend less than I make. But well, do you?

**Tim Mullooly:** Yeah. Do you?

**Mike Policar:** Yeah, exactly. It's hard to know that for sure, and I'm talking like net income. Not like, oh, I spend less than I make because I pay taxes, and I pay healthcare, and I save in my 401(k). I mean, of the money that hits your account, how much is going out? Is it higher or lower than that?

**Tim Mullooly:** Over the span of your career to this point, what would you say has been the most important financial lesson that you've ever learned?

**Mike Policar:** Spend less than you make. I mean literally, everything starts from there. If you spend less than you make, you'll basically always be fine. Less going out than coming in is a pattern for success. You have to save. I mean, you can't just... I make 10,000, I spend 9,990.

**Tim Mullooly:** Right.

**Mike Policar:** If you can get... Again, this goes back to cashflow. If you can get that part handled, you're good.

**Tim Mullooly:** Yeah, exactly. I agree with that as well. Last question for you here. Whether it's a personal thing or professional, what would you say is the best piece of advice that someone has ever given you?

**Mike Policar:** This is hard because I've been given a ton of advice, and both solicited and unsolicited.

**Tim Mullooly:** All right.

**Mike Policar:** But this is going to go back to my grandfather. You know, Depression Era kid and military. All of that stuff with the greatest generation type.

**Tim Mullooly:** Yeah.

**Mike Policar:** He was a Pearl Harbor guy, all that. He told me, "Don't bullshit a bullshitter." Basically, the family version is you can take it from Bob Marley. You can fool some people sometimes, but you can't fool all the people all the time.

What I did was when I was in my earlier sales career in broadcast advertising, I decided that I wasn't going to try and say or do anything that I didn't know to be true. I'm not going to hide anything. I'm going to be an open book. You can ask me anything. I'll tell you truthfully, whatever you want to know. Which is why now... Well, until the car crapped out on us, I wore my old cars as a badge of courage.

**Tim Mullooly:** Right.

**Mike Policar:** I don't care. I'm not a car guy. That part didn't bother me. But if somebody asked me to see how my retirement accounts are allocated, I'll show them. If somebody wants to see how much I save, I'll show them. I have no problem with any of that. If they asked me, "Do you panic and sell your stuff?" I have. I don't anymore, I don't think, because I have kind of automated everything, so I've taken myself out of it.

I'm an open book. Anything that anybody wants to ask, I'll tell them and it'll be true. And the reason that that is so important to me or the best piece of advice essentially is that I'll never get caught in a lie because I am always being honest and truthful, and forthcoming. I'm not hiding anything. It just makes my life so much easier. I don't have to hide behind, oh well, you know, this product doesn't have fees on it. Hell yeah it has fees on it. You've got to pay X, Y, and Z,

and I get a portion of that and that was the case in the wire house, right? With insurance products, and this and that.

**Tim Mullooly:** Right.

**Mike Policar:** Mutual funds too. UITs. There's another product that really nobody needs anymore, but those existed. I sold those, but I always told people like it looks like you don't pay anything for this, but you pay something for this.

**Tim Mullooly:** Right.

**Mike Policar:** And by just putting all my cards on the table, you can never get caught in a lie or telling somebody the wrong thing. Or not the wrong thing, but you know what I mean? It's just very freeing.

**Tim Mullooly:** Yeah.

**Mike Policar:** It's like I can say anything I want because it's going to be the same for you, it's going to be the same for this guy. You sit me down in front of the Supreme Court, I'm going to say the same thing to them. You sit me down in front of the Pope, I'm going to say the same thing to him, although I will try not to curse. But other than that, it's like I'm going to be me and the more me I am, somehow, for some reason, the better my life has gotten.

**Tim Mullooly:** Yeah, absolutely. That's a great way to do business, and I feel like that's a great way to live your life and a good message to pass along to the listeners here. So Mike, that was all the questions I had for you. Thanks again for coming on the podcast. I really appreciate it.

**Mike Policar:** Absolutely, Tim. My pleasure, and again, thank you for having me. It means a lot to me that you would consider me worthy to be one of the guests on your show.

**Tim Mullooly:** So for the listeners out there, again, I'll link in the show notes to where you can go listen to Mike's podcast. Again, it's called The Fifteen Minute Financial Advisor. Thanks again for listening to this episode of Living With Money, and we'll catch you on the next one.