

*“Not talking to your spouse about your finances for the future is the equivalent of not talking to your spouse about your children.”*

Paul Adams: Hello and welcome to Your Business, Your Wealth. My name is Paul Adams, and I am joined by the ever present and effervescent Cory Shepherd.

Cory Shepherd: And ever present means something extra special today. Actually, my favorite part about our set up for today is the instant feedback, that I can... [laughter] if anything goes wrong.

Paul Adams: So the bruised right shoulder will be an indicator that perhaps I needed a little extra coaching before we had our conversations. Today, I'm also really excited to see what you will get out of this episode. We're gonna cover the second part of our top 100 things you should not do to forward your financial future, improve your finances, or build a future that you would in fact be able to predict that you'd wanna live in it. But before we do that, let's talk about this week in planning. And what we're gonna do is a slightly different approach. It's not gonna be about what's going on the news but actually something that happened this morning.

Cory Shepherd: Or didn't happen.

[laughter]

Paul Adams: Bitter much. So I did not hold up my end of the bargain in terms of the podcast production because I left the home studio. Today we came down to do this recording in Seattle, and what did I do? Lo and behold, I forgot a ton of equipment. And this is something I'm used to, it's something I'm familiar with, the only difference was doing it in a new location. So we talk about the importance of things like checklists, etcetera, make sure you're not forgetting things, and I did not run a checklist this morning, clearly, I forgot some things. But now let's compare that. This is a set of equipment we use and set up on a consistent basis every single week, four hours, we use this equipment. I am highly familiar with what it takes to do this. But let's compare that to your finances, something that maybe you sit down and visit on a deep level with your spouse, twice a year, four times a year, maybe. And you can find yourself ill-equipped to make certain decisions or even to have somebody else's set of eyes look at all the decisions at once.

Paul Adams: So if you find yourself financially in a spot, maybe like I was this morning, gathering up all kinds of tools, pretty sure you got all there but now you need that second set of eyes, that's the reason you might wanna reach out to us or a firm like us, which if I knew any other ones, I'd promote them on the podcast, I don't know who they are. I believe they exist, like I believe baby pigeons exist, but I've never seen one. Have you ever seen one?

Cory Shepherd: Never seen one.

*"If you do not  
have a  
destination, you  
don't have a  
direction to go."*

Paul Adams: No. I Googled one once after I kind of thought about I've never seen one before.

Cory Shepherd: Did you find a picture of one?

Paul Adams: I've seen a picture of one, I've never seen one live.

Cory Shepherd: And for the record, Paul, packing for this trip, I had a checklist, I ran the checklist, I still forgot a belt which is on the checklist. I don't know how that happened, I had to borrow one from my dad this morning because if you've ever tucked your pants in without a belt, it feels like you're worse than naked. So it can happen in so many other context.

Paul Adams: This why we only shoot Corey from the waist up, for the record, for the podcast.

Cory Shepherd: Well, we didn't have to bring up that. I forgot all my pants too.

[laughter]

Paul Adams: Well, while Cory is Donald ducking it for the rest of the podcast, what we should do is probably jump into these top 26 reasons. [laughter]

Cory Shepherd: I think it's about a good time 'cause we're gonna start going in some places that we don't wanna go.

[laughter]

Paul Adams: Next time, we're gonna do the top hundred things you should not do on a podcast to have it be successful.

Cory Shepherd: And we've already got 30 of them this episode alone.

Paul Adams: That's right, yeah, we've got 30. 30 of them, we've already violated. With that, Cory, do you wanna kick us off with number 26?

Cory Shepherd: Yeah. Oh, I was gonna set the timer. I got the timer.

Paul Adams: Oh, we forgot the timer, yes. Remember the rules, all. This is one minute on each topic, we can't go any longer. So Cory's job is to try and hit the pause and be in a position that indeed he's able to brief you all on one of these mistakes in less than a minute. Ready, set, Cory.

Cory Shepherd: Alright, number 26, not doing a business plan for your career, each year.

*“Self-indulgence is thinking about the way you’re going to feel about your actions and then taking the action that feels good. Self-discipline is thinking about the consequences first.”*

And this is like planning anything in life. If we don't have that map, then we don't know whether we're getting closer to our destination or not. So there's so many people out in the world that are dissatisfied with whatever is going on in their life, whether it's personal or career, and I ask, "Well, what do you want? What make you satisfied?" And they don't have an answer. So we need to have an answer of what's gonna satisfy us just to have a clue of the things that we wanna do to get us closer to that goal. And let's say our career goals go out three to five years, which anything longer than that, we're just guessing in the future anyway. Well, then, once you have those goals, you can start saying, "Okay, every quarter, every month, am I at least not doing anything that is in opposition to those goals?" It's not that we can predict future, but we can keep ourselves from moving ourselves farther away from where we wanna be, and I think that's the key.

Paul Adams: Wow, he didn't even have the buzzer go off, two seconds to spare.

Cory Shepherd: Two seconds left. Alright Paul, now, number 27. Not including in that business plan the ways you are personally going to invest in yourself. Go.

Paul Adams: I'm so ready for this. So here's something that happens to many people, and I think it's especially created, although not explicitly by our higher education system. Let's say you're in college, you've just finished four years, maybe you've finished six years of master's degree, some graduate degree, or maybe you're one of those people that just managed to cram a four-year degree into five years. Whatever it is, you've been studying for a period of time. It is a result of that studying you're now like, "I am done for a while." And oftentimes, people then sit back, and I have had friends who completed master's degree programs, I'm like, "Hey, there's a great book I just read." And they're like, "Oh my gosh, I'm not opening another book for a while." You see, it creates that learning fatigue. The problem with the Learning fatigue is then we tend not to have learning and development plans for ourself every single year. You need to learn some things to accomplish your business plan this year, and then you need to learn things that are gonna be valuable in three or four years that needs to be in your business plan every year, part of how you're improving yourself, not just what you're gonna get done this year. One second left.

Cory Shepherd: See on our last episode, Paul gave me some feedback about my timer technique, and he didn't like 'em ringing if he was officially done. But see now we can both run it, so there's no...

Paul Adams: Yeah, that's right. That's right. I like that. I had even forgot that I was dissatisfied about that, but Cory knows me better than I know me. Alright, let's take the next one to you, Cory.

Cory Shepherd: Yeah.

*“A luxury once  
experienced  
becomes a  
necessity.”*

Paul Adams: Spend on immediate satisfaction rather than build wealth to afford dreams, not just right now, and building contentment.

Cory Shepherd: Sorry, that was my note from the other. My idea on this is, and I do this with myself all the time because as soon as I could walk out of the grocery store checkout line without actually looking at the receipt to know how much was there in any one purchased, I really got to a spot where I could out spend my monthly goals really easily. And I had to get myself to a place where I wasn't telling me, "No, I can't do it. No, I can't afford it." It just, "No, not right now." And I think, "No, not right now," is great, 'cause we're not telling ourselves definitively it's never gonna happen. We can wait for a time when we really, really wanna appreciate that thing, and most of the things that we want in the moment. And this is the Amazon, "I can buy it right now, and get it tomorrow." Kind of factor, to staying up in the middle of the night ordering Amazon. It's really easy to do, but if we can just say, "Not right now," half of those things, we actually don't end up wanting to get to anyway, and that money can go towards something more important, our long-term satisfaction.

Paul Adams: And that is the first buzzer of our time together.

Cory Shepherd: And it was me. Wow.

Paul Adams: That was, yeah. We didn't think the first one would be you, neither you nor I thought that.

Cory Shepherd: Alright, Paul, number 29. Not talking to your spouse about current and future financial concerns. Go.

Paul Adams: Staring patiently into the camera, waiting for the clock to start. Here we go. So, here's the issue, not talking your spouse about your finances for the future is the equivalent about not talking to your spouse about your children, not talking to your spouse about your pets, not talking to your spouse about your career or where you want to live. For some reason, in our culture, not talking about money has become a problem, and it's bled over to not even talking to our spouse consistently about money. And probably, both spouses have things they want to broach, and they don't. And the reason they don't, they're worried about the potential discord. Most of that discord that happens in a family comes about disagreements about how something was spent last month or what they're gonna do this month. What brings cohesion, and this is the thing people forget is, they've been so bruised in talking about money in their relationship. What will bring cohesion is being able to talk about what you're gonna do in 10 years and making current decisions based upon that. You have to talk to your spouse about money to make that happen. One second left.

Cory Shepherd: Great. Gosh. Great.

*“What should  
you do when the  
market has a  
downturn?  
Celebrate!”*

Paul Adams: I'm tearing it up today. I wish we were keeping points. Maybe next time. I know we do with some of our new equipment. We actually have the ability to keep a scoreboard.

Cory Shepherd: Of who went over.

Paul Adams: Who went over, yes.

Cory Shepherd: Three strikes, you're out?

Paul Adams: Not out. We don't have to have an out.

[laughter]

Paul Adams: But maybe we record.

Cory Shepherd: Penalty box, something like that.

Paul Adams: I'm thinking one of those things where it drops you in the tub of water if somebody gets the basketball hoop or hits it with the ball with the thing, except if you go over three times, right in the water. Suspend our mics above it. We'll see about that. Jordan, see if he's up to setting up that particular set. Okay, next one.

Cory Shepherd: Alright.

Paul Adams: Thinking that cars others drive or the homes they live in are an indication of their assets. Cory, go.

Cory Shepherd: We've all done it. I've done it, too. I've done it last week. Seeing someone drive by in a really, really cool car and thinking, "Wow, they've got it all together. They must be doing some really great things." And really, all that it proves these days is that they have enough cash flow to finance the possession, not even ownership, but just possession of that object.

Paul Adams: Oh, what a key distinction, Corey.

Cory Shepherd: Don't take my time. Don't take my time.

Paul Adams: Sorry, that was just... Not even with complement. You can take my time anytime, to complement me.

Cory Shepherd: Alright. So years and years and years ago, hundreds of years ago, castles, cattle, the equivalence of a nice house and a nice car, were signs of real wealth, because those things were income-producing assets. These days, those things don't prove

*“Disability insurance, life insurance, health insurance. People think that you buy them with your money. You don’t buy these with your money. You buy them with your health.”*

anything anymore, except for some limited amount of cash flow inside of our banking system. So, don't think anything but, "Oh, they're spending a lot of money every month on that asset." Don't make any judgment other than that. It's not positive, it's not negative. You just know a certain amount of money is going that direction. That one doesn't count against me because I got...

Paul Adams: Fair enough. We're not even keeping score.

Cory Shepherd: Oh, that's right, but I'm just getting already.

Paul Adams: I don't know. Yeah. Jordan is holding up fingers giving us scores. Alright.

Cory Shepherd: Alright, number 31. Access home equity for consumption. Go.

Paul Adams: When we talked about this a little bit in the last episode, but the idea is, you should not finance anything longer than its useful lifetime. Meaning, you shouldn't say, "Purchase a car and finance it over 30 years." That's why they tend not to finance cars that long. If you're not likely to keep a car that long, probably don't finance it over that period of time. Well, as soon as we finance something with home equity for the sake of consumption. Now, this is a little bit different if what we need to do is get control of some debt, get control some cash flow, home equity might be a good place to do that, but if we're accessing home equity to acquire a consumption-based decision, we're almost automatically putting ourselves in a position that we will pay on that loan at infinity, unless you set up a payment plan, because most home equity lines are credit or interest only. And why I say to infinity is then we take our equity role to our next house, and it pays off the line of credit, thereby allowing whatever that consumption was it went on the credit line to now be financed over 30 years on the next home. That was close. It actually went to zero, and I stopped it right before that was done.

Cory Shepherd: Like James Bond.

Paul Adams: Maybe I'm not living a very good life. That gave me a little adrenalin rush. Maybe I should be doing something a little different with my weekends, if that is what gets me jacked up, or maybe it's too much coffee, Cory.

Cory Shepherd: You got three kids, I get it. You gotta look for all the excitement, not only on the house.

Paul Adams: That is true, yes. Okay, next one is, buy new, nope. Actually yeah, buy new cars without saving 20% plus of gross income. Go.

Cory Shepherd: So, if someone wins the lottery, say doesn't matter their income, they win \$200,000 in the lottery, and they're gonna use that for whatever they're gonna use that for. It can't be a ongoing repeatable expense 'cause that's something that outside of

their normal budget. It's not sustainable. They're not gonna win the lottery again, so they were only gonna use one time purchases for that money or they just save it all for the future, so that it does produce something on an ongoing basis. Same with buying a car, if you're not putting yourself in a position to have your future being taking care of the rest of your life, we know that self of 20% of savings for almost anyone, the math won't work out to replace your income. So we're literally putting money towards something we're not gonna be able to do for the rest of our lives. So we just want folks to have a good life today that they can live for the rest of their life. And so, we've gotta have both of those set-ups happening at the same time. Yeah, five seconds left.

Paul Adams: Five seconds left that time. That is good.

Cory Shepherd: Alright, 33. Not planning for your financial future.

Paul Adams: And I like periodically just remind everybody what the topic is, 100 things you shouldn't do to help get your finances in order. So not planning for your financial future, here is the deal. So often people are doing some kind of business plan, some kind of career plan. My goodness, everybody, almost everybody is planning a vacation for next year, or something they wanna do with their family next year. They might even be planning for their children's college. But so often people don't have any real plan for their financial future. Here's how we know. To have a plan you have to have a critical component to any kind of planning is an intended outcome, not the for sure outcome, but I'm taking these actions today for the sake of this thing happening in the future. But if you ask most people, how much money is it gonna take for you to reach definite financial independence to be able to fund your work optional lifestyle. So, often the answer is, I do not know. And if you do not have a destination, you don't have a direction to go. Talk with you and your spouse, talk with a professional or a team like us, but make sure you know at least at a minimum how much capital work it's gonna take. Oh, I just missed it. I did not stop in time. I do think if we went to the judges that I made it under the buzzer, but we don't need to go to the judges, we're not keeping score today.

Cory Shepherd: The buzzer buzzed so you didn't make it out of the buzzer.

Paul Adams: The buzzer did. Oh, that is true. Cory would you please tell everyone a little bit about build a budget rather than a spending plan. Go.

Cory Shepherd: So when I think of the word budget, I think of a prison. Just think about being locked into a box of only doing one thing, the same way every day, for the rest of your life. That feels pretty brutal to me. That's what a budget feels like to a lot of folks, even if they're not recognizing it and a spending plan is a much more fruitful context, meaning it's not about not doing something. The thing that you focus on expands. And so we're not saying here's what we're not gonna do, here's what we're gonna avoid doing, but here is the things we're gonna put money towards that are important to us.



Not less to the unimportant, more to the important. And even websites, like You Need a Budget which we're a fan of are sneaky. 'Cause what they're doing is giving every dollar a job with flexibility. It's all about what you want, not about what you're not gonna do. So do things that you want, not the things that you don't, that's why we don't wanna budget.

Paul Adams: Oh, I didn't, that was on me, I could have stopped it in time, I didn't. But given that you're left-handed, you should be just as capable in this seating arrangement as I am from stopping the buzzer. So maybe you should have to be responsible for it. I'm gonna give you some more time back on the clock, I can't wait to address number 35. Let me know when you're ready for me Cory.

Cory Shepherd: Go.

Paul Adams: Alright. People don't talk about money. You should talk about money, it involves your future, you should be talking about it to the people absolutely closest to you, you should be talking to your kids about it. We need to get out of our parents and our parents' and our parents generations of ways of we don't talk about money, we need to talk about money. There are two things that nearly every married couple I know of, wants to be better at. Sex and money. I highly encourage you to talk about both. We only make an offer of help in one of those two areas. I'll leave it to you to figure out which, Cory, I'll yield my time.

[laughter]

Paul Adams: Okay, I'm gonna have you Cory, take on...

Cory Shepherd: Do you wanna do two in a row?

Paul Adams: Or can I do a 36? I might enjoy that one. Since I just... Yeah?

Cory Shepherd: Yeah, yeah.

Paul Adams: Alright. Number 36, which is buy a home thinking the cost is the monthly payment, you're paying.

Cory Shepherd: Nope.

Paul Adams: Nope. Now, there's two fold. Number one, you are taking a liability onto your balance sheet for that entire mortgage balance. And that is money that is really counting against you over long periods of time. Now, this doesn't, we're not anti-home buying, we're not any of that, but it's the realization that oftentimes when people buy any large purchase, yachts are another one that happen on a consistent ongoing basis, where you look at it, finance over a long enough period of time even an RV can be this



issue. That you buy it thinking no problem, without the maintenance. Now, what I mean by maintenance? Well, think of it this way. If somebody gave you a quarter million dollar home, there's absolutely no problem. Here's a quarter million dollar, or a ten million dollar home. The ten million dollar home, I have a quarter million dollars a year of upkeep. You don't need that and it actually is a drag on your balance sheet, not a positive, because you have to count all the costs. I came out so strong. And just blew it. I've now had two buzzers go in a row. Cory pivoting to you, number 37 buying a home because you think you have to.

Cory Shepherd: So I'm gonna reference one of my favorite financial media commentators and educators. His name is Ramit Sethi, and he's got a site. I Will Teach You To Be Rich. He lives in New York, and he rents. And he's the one talking to people about money, all the time. He even said on a podcast recently, I could buy a home in cash if I wanted to. He's a very successful business person. But he likes that... He travels a lot, he likes the flexibility and he likes that he can just make a phone call if something goes wrong and it gets fixed. Get a leak in his roof, he was heading out of town, he called. They had emergency plumbers construction over the weekend in New York, had been 25 grand. And it was all taken care of. The American dream people think is part of the home ownership, but don't listen to the public just 'cause they say that's what you should do. Make the choice for you, your family and your life. Don't let the shame you into thinking renting is bad, it's all about what is working for your life at that point in time.

Paul Adams: Oh. I could've helped you out there. I'm sorry, I was looking at the next one. All excited to talk about it.

Cory Shepherd: Well, let's get on it. Number 38, spend more than 15% of your gross income on your primary residence. Go.

Paul Adams: So probably one of the most life-changing events around this one as I was with a bunch of other advisors actually listening to a guy speak down in Southern California. And this guy brought up a great point. He talked about spending more than 15% on payments and I would conclude payments interest and taxes, so payments insurance and taxes on that property should not be more than 15%. Somebody raise their hand like, well, how in the world can you afford a home in Southern California on just 15% of your income? And he looked at me and he says, who said you need to buy a home. That there are people that are destroying themselves slowly but surely financially because they've decided I'm gonna go ahead and put 30% of my income up to 45% debt-to-income is what the mortgage companies will allow. They're perfectly fine with you going in more debt but all you're doing is banking, you're putting a lean against your future income keeping it below 15%, keeps you from clouting out other things you care about. Cory is up next, not learning how to do simple future value and loan payment calculations.

Cory Shepherd: So in our last episode, I talked about the first time I bought a car all on my own, and I was already a financial advisor but only a couple of years later looking through my loan balance, noticing it was higher than I thought it should be, looking back through my loan documents after I had done some calculations, realizing that they had walked me out of there with a longer term loan than I had expected, that's how they got me out there with that lower monthly payment. And I knew how to do those calculations at the time, although I would put forth that if I didn't actually do them right there in the moment, I didn't know well enough. And so being able to do those, there's lots of apps, you don't need a financial calculator, there's financial calculator apps for every phone out there, just to double check someone's maths, say, how much should this be in the future? How much should this loan payment be, just lets you be your own best advocate out there in the crazy world of consumer purchases.

Paul Adams: Nice work.

Cory Shepherd: Alright, number 40. Think you will only live to age 85.

Paul Adams: You're gonna live longer than age 85, [22:11] \_\_\_\_\_. [chuckle] So I almost got Cory his coffee to come out through his nose.

Cory Shepherd: First spare take ever.

Paul Adams: Oh, first spare take, my luck Jordan would have already had the camera on me and we wouldn't have caught it. Okay, so the idea is thinking you're only gonna live to age 85. Here's the problem you can go ahead Google it, Google average life span in the United States. What you're gonna find when you Google that average life span in the United States is that it's like 78 for a man, 81 for a woman, something like that, or 76 for a man 78 for a woman. But that is everybody, the healthy the sick, the rich the poor and some of the people that are already dead or in that average. But if you maintain and govern your health all the way to age 65, and you're married at age 65, the odds don't become mortality age until age 93, which means half of the couples have at least one person live longer than that, your old age will less likely last longer than your career did, done. Alright, Cory number 41. Accept anyones financial opinions.

Cory Shepherd: Oh, my goodness. So the scariest thing that a client can say to me in the midst of building a strategy is, "Well, I don't quite get this but I trust you so let's just go and do it." And then it's like full stop, breaks, red lights, no, because me, I'm not saying I'm the greatest financial advisor in the world, but okay, even if I was, I still can't know as much about your situation as you do if you don't have the internal conviction of why something is good then we might be missing something. So whether it's us or anybody else that you're working with, we can't have our work based on just opinion. We've gotta have it based on math and scholarship outside of our situation 'cause all of us are humans, all of us might be missing something, all of us have our biases. Even a fee-only advisor has a bias to give advice in a way that allows you to stay with them and continue

to pay the fee us included which is why it's not a base on opinion.

Paul Adams: And that time, we needed a Cory to go over because my camera shutdown, Jordan got it up and running just in time to get back to me.

Cory Shepherd: I love it. Alright, 43. Allow your mood or self-worth.

Paul Adams: No, next is 42, I just pre-highlighted it, that's my fault, something I did with the notes. Choosing self-indulgence rather than self-discipline.

Cory Shepherd: Go.

Paul Adams: Maybe I shouldn't say it so creamy. Okay, self-indulgence versus self-discipline, it's better to define our terms, to start with self-indulgence, is thinking about the way you're going to feel about your actions and then taking the action that feels good. Self-discipline is thinking about the consequences first, then choosing the outcome ultimately that when I'm dealing with the consequence will feel best and taking whatever actions are necessary to get that done whether I like it or not. Again, self-indulgence is thinking about how I'm gonna feel taking the action, it's gonna feel good now and then dealing with the consequences later. Self-discipline is choosing what are the consequences are gonna be on my action. What actions do I need to take to get the consequential outcome that I want and then feeling good because of the consequential outcome. Too often people do with their money today and with their lives today what feels good now and not what's gonna give us the positive consequential outcome.

Cory Shepherd: Nice, that's makes a lot of sense.

Paul Adams: Certain yeah. Alright, Corey, number 43 in our list of 100 things you shouldn't do to help get your finances in order. Allow your mood or self-worth to be tied to your stuff.

Cory Shepherd: Lifestyle addiction is real. A luxury once experience becomes a necessity is another phrase that I've heard. The first time I had a car with a backup camera it only took me about two days to realize how did I live in this savage world of no back-up cameras without it, right.

Paul Adams: Savage world with no backup lights. [laughter]

Cory Shepherd: Yeah, Tim Ferriss is a popular blogger, podcaster and author, is very big into stoic philosophy. He shared a lot of stoic writings with his followers, and one of the exercises that he does after the ancient Greek practice is to periodically wear only a white t-shirt and jeans and eat beans and rice for a week. And always dwelling on the thought, is this what I so feared? And we've all made big changes in our lives, like just

the fact that we're built and can make decisions versus being kids and everything has to be afflicted on us is a huge lifestyle change and we can all live in much different conditions than we think we can. I'm trying to stop it.

Paul Adams: I don't know why you're not stopping it?

Cory Shepherd: There you go.

Paul Adams: Timer. Jeez.

Cory Shepherd: I just kept hearing the bell, kept going, I think you can keep talking through the buzzer.

Paul Adams: Yeah, actually I thought that was so gold. I was just sitting here taking it all in, not even looking to stop the timer, just that idea of going to eat. Put on a plain t-shirt for a week, eat the cheapest possible foods for a week and realize that that is what you feared and it ain't that bad.

Cory Shepherd: Yeah.

Paul Adams: Yeah, that is as a big deal. Alright, I better take the next two.

Cory Shepherd: Yes, it's a good couple for you. I might have some funny comments, but this is... Number 44, reward your kids with stuff rather than quality time. And... Oh, do you wanna do both of 'em back to back?

Paul Adams: I'm just gonna do both back to back.

Cory Shepherd: Okay.

Paul Adams: So the second part is; allow your kids to get new toys without having them choose what toys they're gonna give away. So this is more for me in growing up our kids. So there's some research out there says something to the effect of most teenagers when they're living at home, mark that lifestyle to the lifestyle they're going to live, and they spend their first five to seven years of married life, trying to mimic the lifestyle they had at home. Now, for most of our listeners, it's gonna be impossible if your children get married in their 20s to come close to the lifestyle that you have them in when they were teenagers. And so as a result, we're going out of our way with our kids to make sure that we're not allowing them to live a lifestyle that they themselves will never be able to come close to mimicking as they get older. So it's like the kind of purpose number one. That means that if we reward them with the stuff that we can afford it will give them a style of living that may be higher than what would be appropriate for them.

Paul Adams: So instead, whenever we can, we try to reward them with quality time with

either my wife or I or another loved one rather than it just being stuff when they earn some reward, which leads us right in a number 45, allow your kids to get new toys without having them choose what toys they're gonna give away. Now, that's something that we do as a practice, and it's no small part because we've chosen to live radically within our means. So we have a smaller footprint house than when we used to have our Mic Mansion. And yet, it's really neat to watch the kids kinda go through and think about what toys are okay giving away. And being in those new conversations of "Well, you could get rid of that one?" Remember how important that was to you just last week? You may wanna choose a different one, and you get to have those values conversations and value of different possessions conversation with kids at a very young age to have them reflect differently about money, resources and financial capacity.

Cory Shepherd: Paul, I think everyone listening could just take kids out of there and put you and yourself. Reward yourself with stuff rather than with quality experiences, not think about what you might get rid of every time you get a new thing, 'cause we can all can steep ourselves in that.

Paul Adams: We may have just come up with numbers 101 and 102 in this list. That's a very great insight Cory, which speaking of next insight from Cory, number 46 is not finding the opportunity in market downturns.

Cory Shepherd: So I was talking about couple who is in their mid to late 30s, doing a very good job on saving, and they're actually earning the right to be conservative. They've got enough money, cash flow going to investments that they don't have to count on a large rate return. And they actually find comfort in being in a lower risk portfolio than many people their age normally would choose. And they said, "What do we do if the market goes down?" I think this was at the end of the last year, when we were having that scare, and I said celebrate. What? You're young, you're putting money in, the market goes down, you take it as... The best thing that could happen for you is that the next 20 years, right until the year you retire the market's just down and stays down, and then goes up after that 'cause then you're buying in at a lower and lower price more and more shares for every dollar you put in. That would be an amazing miracle. Now, not necessarily for someone in their 60s and 70s if they are at a very, very high risk, but even those folks have a long-term investment horizon, some of their money needs to be planning towards 85 and 90. And so everybody can find an opportunity in the downturn.

Paul Adams: I love that. What should you do when the market has a downturn? Celebrate. And I think it's such a... I need to give a parallel on that. One of our clients, you guys heard from him here on the podcast, Aviv Shahr, wrote the book "Creating New Futures" brilliant, brilliant consultant, Fortune 50 companies. And one of the things he talked to me about the other day, that I have really been reflecting on is this idea that when he was an Israeli fighter pilot, that there's all these things that they train into you that are meant to be absolute wired reactions.

Cory Shepherd: Instincts.

Paul Adams: If you lose an engine on takeoff or landing, you do not have time to refer to a manual. So what have you done to just personally wire your responses to certain actions? And I think that's something we're going to hear from us more and more, is what should be your wired in response to; "Oh, the market just dropped today." And if you went to celebrate or see if we have enough cash to invest or whatever those things are, and rewire our natural responses, and not let the current dictate what we should do. That's a little bit like your engine goes out, and now you're waiting for the person on the radio to tell you what to do instead of taking the actions you need to to make sure that you don't end up in a pile of ash on the ground. So really great, Cory.

Cory Shepherd: Thank you.

Paul Adams: Alright.

Cory Shepherd: Well, how about Number 47, Paul?

Paul Adams: One of my favorites.

Cory Shepherd: Think that you can have upside volatility without downside volatility.

Paul Adams: Number 47 is key, because if we have volatility to the upside, here is what you need to know, you have volatility to downside. Easy explanation. Somebody puts you in an investment and says. "Hey this investment is gonna do really, really good, I think we're gonna get you a 30 plus percent rate of return." And you could say them "30 plus percent?" "Oh yeah, absolutely. 30%. We're investing in this real estate, whatever it's gonna be, 30% a year for three years, you're gonna get double your money back, whatever it is." And you go, "Wow that sounds really good. Is that the best it could do or could it do better?" "Oh no, market hits just right. We may get 300% of our money" And you go, "Wow, that sounds a really good." Here's the thing: Any time something like that can produce that big of an upside return, count on an equal downside level of volatility, it's just how things work. If it's even possible for it to do 30% up over three years, it is also possible to lose 100% of your money over those same three years. You gotta know the volatility happens on both sides of every asset.

[noise]

Paul Adams: I think I stopped in time.

Cory Shepherd: Yeah you were. I was just really getting into it, I was... I changed to observer mode there.

Paul Adams: I know. I did the same on one of yours.

Cory Shepherd: What do you think about me doing the next two back-to-back?

Paul Adams: I think you should. Let's make it a two-minute timer.

[music]

Jeff Miller: Hey everyone, this is Jeff Miller, Vice President of Client Selection at Sound Financial Group and we wanna thank you for listening to another episode of "Your Business, Your Wealth". I wanna let you know that I'm interrupting this podcast for a good reason. If you're someone who is enjoying this podcast, if our philosophy is helping you better think about money, then this offer is for you. We've designed a financial inquiry call for listeners of "Your business, Your Wealth". This is a 15 minute conversation where one of our team members will ask some key questions, understand your concerns, and if appropriate, schedule you for a philosophy conversation with Paul or Cory. If you email us at [info@SFGWA.com](mailto:info@SFGWA.com), with inquiry in the subject, we will reply with a link to our team calendar, so you can schedule the call at a time that is least invasive for you. Even if now is not the right time for us to work together, we will point you towards resources to help you in your financial journey. Now back to your podcast already in progress.

Paul Adams: And I'll read 'em off. Number 48 is, "Have deductibles, too low on your car and home owner's insurance. And number 49 is "Have limits too low on your car and home owner's insurance." So I wanna give the distinction. Deductibles, too low, because those could sound the same to our audience. One is deductible too low, the other one is the upper limits too low. Cory's gonna explain all that to you in two minutes or less. Go.

Cory Shepherd: I can't tell you how many times, clients that we've met have... They're in their 30s, 40s, 50s, and have the same exact car insurance levels that they got in college, when they got their first car and their own insurance for the first time. Deductibles. The lower the deductible, the sooner the insurance company kicks in if something happens, which means your premiums are higher than a higher deductible, which they say it means there's less likely a chance that's such a big event happens that we have to pay, so we'll charge you less every month. I asked clients time and time again, you have a car, all alone in a parking lot, crunched into one of those light poles, at the grocery store, ding your bumper and it's gonna cost you a 1000 bucks to fix. At a 500 deductible, do you make a claim? Almost everyone says "No, probably not. I just pay it." The reason why? Premiums can often go up after we make a claim on our insurance.

Cory Shepherd: So at a \$500 deductible, many people are likely paying more for something that they're not even gonna use. And so if you've got enough cash in the bank to handle a 1000 dollar bill, make it not a catastrophic event for your family, then deductible should be \$1000 perhaps higher but \$1000 is usually the sweet spot. Now limits on your car and home, many times because car insurance is legally required, folks



have the legally required minimum like that is a level the government engineered to better take care of us. No, it's just the minimum required to satisfy whatever politician put that into place and your limits are probably need to be that much higher. And frankly, we've gotta put umbrella insurance as part of this quote as well, 'cause that's the way to make them as high as we really need them. And a car accident, for instance, 100, 300, 100 coverage means each person in your car, and then the other car is only covered for 100,000 even if your limit's 300 and one person has more than 100, you're still gonna be out of pocket for some of that money. So at least 500,000 aggregate limit for your car and a million dollars umbrella is about the minimum that most folks wanna be.

Paul Adams: Okay, I love it. And getting ready to close this out here with number 50 is put off buying life disability or health insurance. Go. I am ready. Here's the thing, people get confused by, disability insurance, life insurance, health insurance. People think that you buy them with your money, you don't buy these with your money. You buy them with your health. If you are not healthy or healthy enough these decisions either become prohibitively expensive or impossible to get. Now, not the health insurance one. We now have rules that allow the inability to exclude you for pre-existing medical conditions, like that, but at the end of the day, you still need it in place before the bad thing happens. Delaying in any way can put you in a position where you cannot get it later on. Period, end of story. One note in your doctor's file on you could mean no more life or disability insurance as an option. And here's what I would have you consider, if somebody told you today that tomorrow you're not gonna be able to own life insurance anymore for whatever reason, would you... Ah, went over, I'm gonna finish this one out.

Cory Shepherd: Finish that one out.

Cory Shepherd: If somebody told you tomorrow, next month, six months from now, you will not be able to buy life insurance anymore. They're clairvoyant, they could see the future. How much do you get? Probably as much as you possibly could. And if you don't know that that event is around the corner, this is not saying anything about what type of disability insurance or life insurance, but if you knew you weren't gonna be able to buy it one day in the future, how much would you get today? For nearly all of us, we will reach a point where we cannot buy it in the future or cannot buy it at a reasonable rate. Highly encourage everybody in the number 50, right in the center of our 100, is if those things are not squared away for you now, you ought to get them squared away before you no longer have the option.

Cory Shepherd: Paul, that was great.

Paul Adams: So you wanna take us out?

Cory Shepherd: I'm gonna take us out. This was another fun episode, we're back next time for the next 25. Just remember, please leave us an honest review on iTunes or

wherever you're listening to this podcast. You can email us a screenshot of that review to [info@SFGWA.com](mailto:info@SFGWA.com) and we'd love to send you a copy of my book, Paul's book, or Clockwork by Michael Michalowicz. Also if anything that you've heard in this podcast has you wanna have a conversation with someone about it. Email us again, at [info@SFGWA.com](mailto:info@SFGWA.com) we're happy to set up a call with someone on our team. So we'll see you next time. And as always, we hope that this has contributed to you being able to design and build a good life.

---

*This Material is Intended for General Public Use. By providing this material, we are not undertaking to provide investment advice for any specific individual or situation, or to otherwise act in a fiduciary capacity. Please contact one of our financial professionals for guidance and information specific to your individual situation.*

*Sound Financial Inc. dba Sound Financial Group is a registered investment adviser. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance. Insurance products and services are offered and sold through Sound Financial Inc. dba Sound Financial Group and individually licensed and appointed agents in all appropriate jurisdictions.*

*This podcast is meant for general informational purposes and is not to be construed as tax, legal, or investment advice. You should consult a financial professional regarding your individual situation. Guest speakers are not affiliated with Sound Financial Inc. dba Sound Financial Group unless otherwise stated, and their opinions are their own. Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. Past performance is not a guarantee of future results.*

*Each week, the Your Business Your Wealth podcast helps you Design and Build a Good Life™. No one has a Good Life by default, only by design. Visit us here for more details: [yourbusinessyourwealth.com](http://yourbusinessyourwealth.com)*

© 2019 Sound Financial Inc. [yourbusinessyourwealth.com](http://yourbusinessyourwealth.com)

---

Each week, the Your Business Your Wealth podcast helps you Design and Build a Good Life™. No one has a Good Life by default, only by design. Visit us here for more details: [yourbusinessyourwealth.com](http://yourbusinessyourwealth.com)