

Speaker 1: This is Financial Detox, helping you retire with confidence. Featuring Jason Labrum, Certified Financial Planner and founder of IDA Wealth: Intelligence Driven Advisors. For over 20 years, Jason has shown people how to steer clear of toxic advice, achieve financial peace of mind, and manage their wealth for maximum impact. Join Jason and co-host Alex Klingensmith as they simplify the complex, share industry secrets and provide proven strategies designed to take you from financial insecurity to financial independence. This is Financial Detox.

Jason Labrum: Welcome to Financial Detox. My name is Jason Labrum and I'm your host in studio with Mr Alex Klingensmith as we start our third session or third segment, part three of our financial advice for intergenerational families, and today we're going to be talking about grandparents and the great grandparents. And we're giving you financial advice so that you can be financially detoxified, avoid the great behavioral blunders that most investors make, and this is a really... a very interesting one, because this becomes much more estate planning and organizational planning as opposed to just investing. Right, Alex?

Alex K.: That's absolutely right. It's been really fun, too, the first two parts, just to remind listeners; if you haven't already listened to the other two, and you might be a listener listening that aren't a grandparent or great-grandparent; we did first address the youngest generation, and then we addressed the sandwich generation, and now we're talking to the grandparents and great-grandparents, which many of our clients that we currently serve are in this particular phase of life. So I would say we're probably very... these conversations happen a lot. I'm actually going to go visit a client after this up in Orange County and this is exactly what they're... like what we're gonna talk about today.

Alex K.: These conversations are coming up now and we're helping facilitate them, so that the next generations are... well, I don't want to get ahead of myself, but...

Jason Labrum: Well, I mean, why is this important? Why does somebody want to listen to our show today? Which by the way, if you have any questions or you want to get ahold of us, you can check us out at FinancialDetox.com. That's FinancialDetox.com, or you can always give us a call at 877-707-8889. That's 877-707-8889. We do have an investment management business and financial planning business, and we are the Financial Detox team at Intelligence Driven Advisors. So, Alex, so what? What are we talking about? And why are we, why do people, particularly the grandparents or the great-grandparents, want to listen to this show? What are they going to get out of it?

Alex K.: Well, at that stage of life, for most people, you know, you spent your whole life doing everything you're supposed to do, or that you think you're supposed to do. You know, you're a good human being. You're trying to do good. You're either building a business or working for a business. You've saved money. You've gotten married, you had a family.

Jason Labrum: You're retired.

Alex K.: You're retired. You have grandkids at this point, so you have a legacy. And many people, when we ask them to be honest with us and themselves about what their goals are at that point financially speaking? Those goals end up morphing into more of, you know, well, I want my values to transfer onto the next generations. And those conversations don't come easily in family gatherings, because family gatherings are typically... well, you know. I mean, you got kids and grandkids and things, and there's a lot of who's going to college and what's the latest job that someone got? And you don't sit down and say, "Okay, here's, you know, one day I won't be here." That's a not fun conversation to have at Easter or Christmas, or you know, whatever holiday you're celebrating, or birthday.

Alex K.: So, there's a very important reason that you might want to dedicate time, and have the experts that are used to this conversation, to help facilitate the conversation and get it started; get it started in the right environment, with the right language, with the right tone, so that nobody's feeling left out or confused or... because it can go sideways really fast. And so often, we see people pass away, and they haven't had the right kind of conversations, and then people... families fall apart over this.

Jason Labrum: Right. Well, and the bigger thing is you have to have the conversation, but then you have to have an action plan so that the things happen that you want and expect to happen with your values and your estate and your money and all that, because it does... it does destroy families when not done correctly. And I think this ties into a bigger picture of... that just generally, there's not enough conversation and/or education about personal finances in our society, period. It just is remarkable to me when I go into 401ks and I go into companies and I sit down with the general population and... and I mean that, not derogatory at all, but just... I'm in the financial business, so I do this everyday, all day for 21 years.

Jason Labrum: But when I step out of my zone and go sit down with people who don't do this every day and do something else, it's remarkable to me at how the level of knowledge is just bordering non-existent, like none.

Alex K.: I think it's getting better though. I don't think it's getting worse, because we have interns that come in and work for us in the summers and things, and in high school, they already have personal finance classes that are becoming more and more common.

Jason Labrum: Yeah, but those are the rare... those are the few and far between.

Alex K.: It's getting better though. It was non-existent when we were in high school.

Jason Labrum: Yeah, it is. Hopefully, it is, and hopefully Financial Detox helps not only the younger generation, but the middle generation and the older generation, because our job totally is, in this show, is to help detoxify a lot of the mysteriousness of wealth, and also the misinformation that is pretty much bombarded upon you every single day through the media, where they talk to you as if that particular idea or thing is in concrete and everybody should do it, when they have no idea what your personal goals or objectives are.

Jason Labrum: I'll give you a quick story, and then we'll tee up for the next two segments to really dive into what to do. But I did an interview with a magazine here. We won't talk about their name, but a great, great magazine. Great. It's not only a magazine, it's a website. They publish tons of financial information. If you search something, financial odds are you're going to end up on this website. And they were asking me questions, and they continued, like every media outlet that I've ever worked with tried to pin me into these general rules of thumb. And I hate it and I refused to answer her question. I drove the lady nuts. But in the end, we ended up having a great conversation because I'm saying you can't... the question is wrong. You're trying to help people, right? You're trying to get information out there. She says, "Yes." I said, "Well, the question you're asking is putting people in a financially toxic mindset that isn't going to help them."

Alex K.: You changed the interviewer's questions?

Jason Labrum: We morphed them a bit. But it was; it's like the questions being asked... it's the wrong question; so, therefore you're getting the wrong answer.

Alex K.: Like how much risk can you tolerate, for example, right?

Jason Labrum: Yeah. How much risk can you tolerate at 35? And at 45, what should your allocation be? And at 55, what should your allocation be? And at 65, what should your allocation be? And I said, "You can't answer that question because I have 65-year-old clients that are in almost all equities, and they're a 10 on a zero to 10 scale, and I have 65-year-old clients that are in almost all bonds, and they're a one on a zero to 10 scale, because their personality; their experiences with wealth; their financial plan; what they want to happen; their target rate of return... "

Alex K.: The legacy goals.

Jason Labrum: So, I said, "You're asking me to answer a question the wrong way, like, to give people toxic advice and I stand for the opposite of that so I can't do it." And said, "So, if you ask the question this way, then it may work out," and it did, and it went great.

Alex K.: I can't wait to see what comes out when it gets published!

Jason Labrum: I know. It's going to be interesting, because she says, "Well, I'm putting you in a second segment; then I'm going to do... all the other people we talked to are going to be here. And then I'm saying, 'And then this guy says... "'.

Alex K.: "This guy changed the whole format of the whole thing."

Jason Labrum: "Forget the question, it's the wrong question." I'm like, "That's perfect. That's what you should... ".

Alex K.: That's actually a good story for her, though, if you think about what she's trying to really sell. I mean, it's more interesting to not answer the same old broken questions.

Jason Labrum: So broken. So, anyway, as we sit here, we want to talk to grandparents specifically and say, it is okay to pull together your family and to have a conversation. And you have to dedicate time; you have to make a plan for this. It isn't overly burdensome, but it is something that you have to make a plan for and do. So we're going to keep talking about that as we come right back. Stay with us. It's Financial Detox, and I'm Jason Labrum, your host, with Alex Klingensmith.

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Jason Labrum: Welcome back. It's Financial Detox, and we're talking about financial detox advice for multi and/or, better said, intergenerational families. Intergenerational; what we're talking about is, you know, how do you bring together maybe more than one, or maybe even three, two or three generations of a family, and make sure that there's a cohesive strategy around wealth; money; finances; savings; investing; philanthropy; businesses; you know, whatever it is; and we can help facilitate that conversation. What we have is an experience... we call it the experience for intergenerational, IDA Intergenerational Wealth Planning Experience.

Jason Labrum: We bring your family members together in a setting or a venue that typically is a half day... we also have a full day... that we will sit down and work with your family to make sure that there is a consistent message, and that everybody kind of is pulling the wagon, so to speak, in the same direction. And then we can facilitate and follow up with the right legal representation and tax representation to make sure that all of those fundamental parts are set up correctly, so that what you want to happen actually happens. Give us a call at 877-707-8889.

Alex K.: So I'll give you an example to the story, of what I think people would want to take away from this particular show. Here's an example: I have this client I've been working with for, gosh, since I first started in the business 13 years ago. Start out small with... this would be the sandwich generation, first, I guess... and they had younger children at the time in the teens. And over time, as more trust... and as I met you, actually, and we kept elevating our financial planning, comprehensive in nature... and we started bringing this family governance into it; I made a couple of very small suggestions to the family. You know this family, Jason, actually.

Alex K.: And my suggestion was, why don't we open custodial accounts for your children, but not just open them to save money for their future, but teach them about it. Show them. I'll sit in front of a computer with them and I'll show them what it looks like, and I'll show them what this means, and how it's different than a bank account that they already have... which was great, they already had bank accounts, and they were like 13 and 15 at the time.

Alex K.: So fast forward a few years, you know, now they understand what an investment is. They understand... and we weren't even managing that money at first. I was telling them, "Actually, no, you need to... father, son and mother, daughter, and the whole family. You need to do this on your own for a little bit with a small amount of money and show them what it's like to buy a stock, buy a bond by ETF, by mutual fund."

Alex K.: And when those assets became more sizeable, we were managing, you know, the sandwich generation's everything, but... they had a unique understanding. So now, those kids have kids and so they have... you know, so grandparents, our clients of 13 years now, have two grandkids, and they have two children. Now, the grandkids are babies, so we're not bringing them into the conversations yet. But the thought process has shifted to the point now where every time there's a... there's an annual, like, family review, where we do bring in the, you know, the...

Jason Labrum: Yeah, and you can do it on Screen Share, and not everybody even has to do [crosstalk 00:12:00].

Alex K.: We do Screen Shares.

Jason Labrum: People are across the country all the time; so, we just do it on a Screen Share and a phone call and everybody's together talking; it's pretty cool.

Alex K.: And I think the most powerful thing for this family and then I'll... the story ends for now... but is that anything that comes up that has to do with money, or anything that costs money? Now they know they have a safe place they can come, us, to... first, I get pinged with the questions, and then I can filter and/or bring it to Mom and Dad or not, and many times, now that they're so educated and they understand the values of the grandparents, they know what to bring and what not to bring; what to do, what not to do. It's an amazing experience to see it over 13 years, and now they're in their late 20s. One's a doctor! One child's a doctor, the other one's an artist.

Alex K.: And I think that is a good outcome, because now their kids, as they get older, they have this ingrained understanding of what the family really wants with this wealth that they've accumulated. And they're not going to blow it. They're not going to spend it. They're not going to go and buy a Ferrari there.

Jason Labrum: There's values around the wealth.

Alex K.: They're invested in the wealth. It's cool.

Jason Labrum: And so what is the most important thing then to focus on if you're a grandparent or great-grandparent... what is... ?

Alex K.: Start the conversation first. That's number one.

Jason Labrum: I agree. I think you have to start the conversation, and I think you also have to engage your attorney, and we can help you with that, get you with the right person, and you have to make sure that the documents...

Alex K.: Oh, set up a trust.

Jason Labrum: Yeah. Your trust and your documents, your financial documents, need to spell out what you want to happen. Because if you don't spell that out legally, people get weird when money is in play and siblings start to fight, and it just doesn't typically happen the way you think it will or want it to, if you don't have the documents yet. So, I would say that getting your documents together... as they stand, like, here's what I want to happen... and then start to have that conversation with... and how do you have the conversation? Again, I think you can lean on us to facilitate that conversation. There's a cost involved, but we facilitate the entire planning process, the conversation, and we do it in a way where we're not trying to impart our values upon you. We're trying to extract the values that you desire for your wealth and your money, so that then we can gently lay those down in front of your future generations to help them adopt those.

Alex K.: The next step I think that happens next is... let's say you fast forward like this family, for example, and like three or four years later, the conversations are happening. What I think really starts to happen as the generations age a bit, and there's real things happening, and if you're a business owner, this is a very real thing. Like maybe you want your children, one of your children, but not the other two, for example, to be part of the business that you've created. How do you start to identify key decision makers in the family? And how do you make it fair? That... I think we'll probably save how we're gonna address that into the next part. But that's something that... that's a very real conversation that most families shy away from because they...

Jason Labrum: And maybe even... sorry about to interrupt you.

Alex K.: No, it's okay.

Jason Labrum: Does it have to be fair? Maybe not.

Alex K.: Well, but that's the thing, is you have to start to define fair in your mind first, because what's fair for the child who has always had everything easy for them because they're just innately talented and intelligent, and they have drive and passion; that child is not going to need the same kind of help and support financially or otherwise, than the child that just... oh my gosh, like, everything is just hard for them and they have to... and it's just so... it's like parenting, right?

Jason Labrum: I think we should bring your family in and do this, because you got a perfect set up, right? I can't bring in my great-grandparents, grandparents, because they've departed, but this would be cool for us to do with your family. Let's do it.

Alex K.: Man, I don't know. There's [crosstalk 00:15:37]

Jason Labrum: I mean you're already doing it subconsciously, but I want to... let's do it.

Alex K.: I'm losing it right now. I was talking about it on the last part, you know, the last show we did, that one side of my family has prepared really well. They're a good scenario, like the one I was sharing earlier. And one side... they're trying to figure it out right now and it's probably too late.

Jason Labrum: Right, and it does become too late, so the point is, this is something that you need to act on now. So, we're talking about intergenerational wealth planning. How do you convey values around money, wealth, hard work, that moral compass? How do you convey that down to future generations? Most of us end up not having the conversations and most of us end up avoiding it until it is too late. And when it's too late, it's just too late, right? You've lost that phenomenal opportunity to change... to change the perspective and to change the trajectory of future generations in your family forever. So, this is such good stuff. We want to be there. We want to help you out. And it's 877-707-8889. That's 877-707-

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Jason Labrum: Hey, welcome back. It's Financial Detox. I'm Jason Labrum and Alex Klingensmith in studio. We are... I'm not both Jason Labrum and Alex Klingensmith. I'm Jason Labrum, and...

Alex K.: I'm Alex Klingensmith.

Jason Labrum: There you go.

Alex K.: Oh man!

Jason Labrum: That was awesome. I'm Jason Labrum, Alex Klingensmith, and who else?

Alex K.: There's only two of in here right now, but I don't know who else is in there with you in your mind.

Jason Labrum: Oh, there's a lot of people.

Alex K.: There's a lot going on.

Jason Labrum: Oh man, come on.

Alex K.: So, we're going to talk about the actual experience, because we've been talking about it.

Jason Labrum: What is the experience?

Alex K.: The IDA...

Jason Labrum: The IDA Intergenerational Wealth Planning Experience.

Alex K.: You've been saying half day, you've been saying full day, and then the reason why there's a range there is because some...

Jason Labrum: Depends.

Alex K.: All families are different, but the beginning, the middle and the end are all the same; meaning that you're going to go in with this... everyone comes into this experience and we're going to help facilitate these conversations we've already told you that are so important to start having. We're going to help you identify key whiteboard discussion, the middle part...

Jason Labrum: Lots of sodas and energy drinks on the table.

Alex K.: We're going to build a intergenerational financial plan that has interactive estate planning within it, so you can see different... we're going to try and make it more of an emotional human thing, though, because no one wants...

Alex K.: Here's the problem, and you said it earlier before we closed: the people that don't talk about this stuff, they do a trust; good job. They die; sorry. And then the trust gets executed with no emotion. Holy Cow. If you've never had a conversation and you just, like, four kids inherit equal share, equal things? Okay, maybe that's okay, but wouldn't you have liked to at least talked about what that means now?

Jason Labrum: And please give us your feedback on this, but my perception and the feedback I've received from grandparents today, grandparents and great-grandparents, is that they really do want to transfer more than the money and more than the things. They want to transfer morals, they want to transfer values around money, because there are values, certain values and certain morals, that tend to drive more wealth. And not that we live here, not that wealth is everything, but wealth does give you the ability to enjoy those things that are the most important in life. So, money is not the most important.

Alex K.: If they don't want their kids to squander the wealth that they've accumulated, either, because that's like the biggest...

Jason Labrum: Well, and then what happens to their grandkids and the whole generation, the whole...

Alex K.: Experience, they want to transfer their experiences; the lessons that they've learned in accumulating. They don't want their kids to make the same mistakes that they did to get to where they got.

Jason Labrum: Right. So our experience that we offer, this Intergenerational Planning Experience, is to help you facilitate that, and to help you start that, bring the family members together. And then also, we'll coordinate with great partners of ours or your own attorneys and/or your own CPAs, to make sure that the documents represent your will and your desire and your values, and they represent what you want.

Jason Labrum: For example, one of the things that I've done in my own documents, is I've said that, "Yes, Mike, if something happens to me, my kids will eventually get some wealth, but they also get the estate transferred to them based upon what they earn." So, as they're productive members of society and they have earned income, whether K1 investment income or whether it's 1099 or whether it's W2 earned income, they get their inheritance based upon how much earned income they have.

Jason Labrum: So, it's basically a dollar-for-dollar scenario. You earn a dollar, you get a dollar. So if somebody, my kids are out there making a hundred grand a year, they're going to get \$100,000 a year from the estate. If they're out there making 20, they get 20. They make a million, they get a million, if it's there. So, that's a pretty neat way...

Alex K.: That's really cool.

Jason Labrum: I'm transferring values because I grew up, and I think one of the things that's helped me is just absolute hard work and persistence. I wish I worked smarter sometimes, but...

Alex K.: You are pretty persistent.

Jason Labrum: Hard work and persistence can overcome experience and intelligence, if you have to, and then hopefully you learn, you get the experience and you gather the intelligence. But this experience that we're talking about is right here. It's available for you. It doesn't matter if you're living in Carlsbad or North County or Fort Worth, Texas or Temecula or Scottsdale, where we have offices in Florida.

Jason Labrum: But it's available for any of our clients across the country and any perspective client.

Alex K.: And don't be scared. I mean, we were making this sound like a huge thing, because it is.

Jason Labrum: It's like a one day or half a day deal.

Alex K.: Well, it could be a couple hour deal. It just starts with a conversation anyways, just to see if we're a good mutual fit for what you're looking to accomplish with your family. And that conversation could end in, you know, you guys seem like you're good, or it could end in, yeah, you know you should come in and start the start the process of learning how... what you're going to get from this, you know, the mission statement, the value statement, that comes out of it, the actual financial plan that turns into a mechanism for family governance in an accountable way; because that's what most people are trying to do, I think, at this stage of life. They really do want it to happen, and it's so easy to let it just not happen, because it's not a fun conversation in the beginning. It can be though. It can be fun. You just... you have to know what to talk about and you have to know how to talk about it.

Jason Labrum: Yeah, and it can also get interesting. So that's why you will have...

Alex K.: Well, that's why people probably don't want to do it. They're like, "Oh, but that kid is different than that kid. I don't really want to talk about money."

Jason Labrum: And then fights start breaking out, and that's where we come in.

Alex K.: We can prevent it.

Jason Labrum: We have boxing gloves and we have this really cool ring set up. It's kind of like an octagon. So if things get sideways, you can put the family members in the octagon.

Alex K.: Most conflict can be avoided by clear communication, clear and ongoing communication.

Jason Labrum: Oh, we don't have to do the octagon?

Alex K.: No, you got the siblings who have fought their whole lives. It's amazing when you actually ask them what they want, and then listen, and maybe everybody can get what they want.

Jason Labrum: Or you just ask them, like, what does money mean to you? Because then here's... to bring this to a close: you know, what is the purpose? We sit down with clients all the time and they are used to having financial advisors start talking about risk and stocks and bonds and mutual funds and all this.

Alex K.: Market timing.

Jason Labrum: And market timing, which is ridiculous, and stock pickers really have no chance, long run, of outperforming the markets, in our opinion. But what really I think can make a difference is sitting down and saying, what's the point? What is the purpose? Right? You've worked, you've saved, you have money. What is the purpose of that money? What is the purpose of your wealth? What values do you want to instill in that? What comes out of it? Because in the end, this all doesn't really matter that much. So, what does matter? Like, what is the driving factor?

Jason Labrum: And I think that's what Financial Detox is encompassing. If you had to say one thing about Financial Detox, it's about finding the purpose, and then controlling the things that you can and ignoring those things you can't. And if this is something that's interesting to you, give us a call. Let's talk about how it may fit for your family. 877-SEVEN-707-889. That's 877-707-8889. We're at FinancialDetox.com. Thank you so much for listening. I'm Jason Labrum and we will catch you next week.

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