

Announcer: 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 cohost 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: Hello. Good afternoon and welcome to Financial Detox. It's Jason Labrum, and I'm in studio with Alex Klingensmith today. We have a fun show, a little bit of a different show. What do you think, Alex?

Alex K.: I think it's a perfect time for you to tell the story of IDA, previously Labrum Wealth Management, prior to that even, Labrum Capital Advisors.

Jason Labrum: Right.

Alex K.: Spelled wrong.

Jason Labrum: Unreal. We're excited to announce that we've made it 10 years, and that's a nice milestone as a business. I started in the financial services industry in 1998 and then spent six years at Merrill Lynch, went to six years at Smith Barney and started IDA in 2009. And here we are 10 years, we're celebrating our 10-year anniversary and we have grown immensely. We have unbelievable people. And so we're going to spend this show talking a little bit about that and to give our clients and our listeners and our prospective clients a feel for who we are. Alex is going to basically interview me. I don't even know what he's going to ask me, but he's going to ask me a bunch of questions about how this all came to be.

Alex K.: I think in life that you go through moments of time, you go through life, major life events, and we spend a lot of time with our clients witnessing and experiencing and helping guide them through these major life events. And I think that for our company, for our team, for our clients, for anyone who's known us for a significant amount of time, this is a major life event for us as a company. So you have to stop sometimes and take a step back and reflect and celebrate, even, those major life events that are, I think, a successful milestone. And so, part of it is that you have helped build, you have built with a lot of people's help, but you have built one of the largest independent fiduciary wealth management firms in the country, definitely in Southern California.

Alex K.: We recently were awarded one of Financial Advisor Magazine's top awards in the top 50 in the country, fastest-growing firms for 2019. That was the first half of 2019. Number six. We grew by 68% in the first six months of this year. So those kinds of things, I think, are important, especially when we hit a 10-year anniversary of a company being founded. I think people would want to know. I want to know. In the show you'll learn about your origins in the business, in the

industry, your biggest challenges over the past 10 years as a small business owner, and not just in this industry but as a business owner.

Alex K.: And then maybe people want to hear about your favorite success stories in the past 10 years. And then obviously I think, and who knows what the future holds, but maybe some of the ideas. People always want to know what's coming next, and so that's what I think this show is supposed to be about, should be about.

Jason Labrum: I think it'll be fun, Alex. Thanks for doing this. And I believe that we can make this useful for our listeners, because there will be bits of information that I think people can take away, which will help them understand how financial advisors give advice, what advice is good to receive, what advice is toxic versus not? And you know, the title of my book, Financial Detox, is How To Avoid Toxic Advice and Gain Financial Independence While Managing Your Wealth for Maximum Impact.

Alex K.: Let's back up to 2009. There was a lot going on in 2009. What made you and your father Rick and Jordie, what made you and those founders decide to leave Smith Barney?

Jason Labrum: Well, I had always known eventually I was going to go independent. I just didn't know what that really meant as I started in the business. And in 1998 as I mentioned, it was great and I was at Merrill Lynch, but then after about three or four years, I started hearing murmurings of independence and own your own business and not work for the corporate structure. And wasn't prepared, knowledgeable enough, or experienced enough in 2003 to do that, but wanted to change. So we moved to what was Smith Barney at the time.

Alex K.: So six years at Merrill-

Jason Labrum: And six years at Smith Barney.

Alex K.: Six years at Smith Barney, which changed names every year.

Jason Labrum: I think I had at least five business cards at Smith Barney.

Alex K.: What was that all about?

Jason Labrum: There was a lot going on with mergers and acquisitions, I guess, at that time. But we started as Solomon Smith Barney. It turned into Smith Barney, and then Citigroup bought it, turned into Citi Smith Barney. Then it turned into Morgan Stanley Smith Barney. Then it turned into Morgan Stanley, like the week I left. The journey I've been on was probably well planned out long before I even started. But it was a great learning experience.

Jason Labrum: But it was tough, because I never got a phone call that says, "Hey, it's really great that you're with Smith Barney or you're with Merrill, because we've heard great things about them in the news recently." It was always something negative that we had to defend or, you know, "Well, I'm an independent within this organization," or "I do my own thing and you're not effected by that as my client." There was always a challenge with being in the news for something negative.

Alex K.: This was a tough time for most companies, I bet, in '08.

Jason Labrum: It was. Oh, yeah.

Alex K.: That was the Great Recession.

Jason Labrum: That's what led on to most of those name changes, I think, was just the whole. I mean, Citi was caught up big time. I mean, Citi stock went to, I think, 99 cents.

Alex K.: Yeah, I had a little bit of that. That was painful.

Jason Labrum: 99 cents, from like \$90 to 99 cents.

Alex K.: Diversification is important.

Jason Labrum: Very much so. And there's a tidbit, right, that our listeners can glean from this, is that you think that great big world massive companies, too big to fail, whatever you want to call, they do go away. I mean, Kodak was a staple. Enron was a staple. Bear Stearns. I mean, Lehman Brothers. Companies do go away, and what is today will not always be tomorrow. So there's something to, I think, learn from that.

Alex K.: How did you guys make the... what put you over the line? What made you say one day, "You know what?" It sounds like there was a journey to get there, but at some point you said, "I'm going to do this. I'm going to become an independent. I'm going to break away." Whatever.

Jason Labrum: There's a funny story behind that, I think, because it really came down to the people that we were unable to hire. We didn't have control of our own destiny at the firm, because when you're an advisor at a company like that, at that time, for me, my experience was that it wasn't up to me whether I hired my assistant or the front desk person or the ops manager. I didn't get to make any of those choices.

Jason Labrum: So there were some people with very toxic attitudes in the environment, and there's nothing you can do about it. And it's a really tough job for client service people there, because they work for multiple advisors often, and those advisors

have totally different business models, and so they're getting pulled in completely different directions. Imagine being an executive assistant to five different businesses at one time and they all think that they deserve all of your attention. And those businesses are completely different.

Jason Labrum: And that's one of the things we've talked about, Alex, is how at IDA, one idea that I had is that you just can't have silos, people all operating at their own, because the client experience is different with every person at the firm. And that should not be the case. When you go to Starbucks, no matter whether you're in New Orleans or you're in San Diego or you're in Hawaii, the experience is the same.

Alex K.: Fast wifi, clean bathrooms, good coffee.

Jason Labrum: You know what you're going to get. And when you come to Intelligence Driven Advisors at this point, one thing I think we've been able to build very well, it's been very difficult, but we've been able to get there and I think we'll still continue to pursue better with that, but is the experience is the same for a client whether they're working with you as the advisor, me, Bonnie, Rick. It doesn't matter. They get the same experience, and that experience is driven from the collective knowledge of our team, so everybody coming together and putting their best foot forward. We totally believe that 10 people in a room are way smarter than one person in a room or two people in a room, so we put everybody in the room and try and come up with the very best strategies.

Alex K.: I know we have to go to break now, but hold on to those thoughts, and when we come back let's continue on the story.

Jason Labrum: Sounds great.

Alex K.: Thanks. We'll be right back.

Jason Labrum: Welcome back. It's Jason Labrum, Financial Detox, and I am not the host of the show today. Apparently I'm being interviewed.

Alex K.: This is an interview.

Jason Labrum: I'm being interviewed by Alex Klingensmith, who is one of our key people here at, and partners of, Intelligence Driven Advisors.

Alex K.: Thank you.

Jason Labrum: And we were talking about a show to do today, and Alex said, "You know what? It's the 10-year anniversary of Intelligence Driven Advisors, which was formerly Labrum Wealth Management and even formerly Labrum Capital Advisors." Not

much difference there, but he said, "You know, we should just chat about who we are and what we do and where we came from and so on and so forth." So that's what we doing. Alex has the reins here. He's taking control and asking me the questions.

Alex K.: Some things you said yesterday too, not to go off topic, we'll come back to where you were at in the story of your origins and the firm's origins, but we should take a moment to reflect and respect what that day actually was and how we talked about how we're going to celebrate our anniversary on a different day because of what September 11th signifies for the world, for our country.

Jason Labrum: Just amazing, man. I watched. Well, we did, we started our firm on September 11th. You know, it's amazing how over years I hope that I grow in humility and I grow in thoughtfulness and wisdom, but I think back to how many times I've said something that I reflected on and it was really stupid. I've said several times, "Oh, we'll turn a bad day into a good day." Because we left on that day because that's just the way the timing all fell. And you have to leave on a Friday when you're leaving a firm, because you got to have the weekend to try and get a head start on the other advisors that are trying to poach your clients as you're trying to move your clients to the new firm. So we ended up leaving on that day, and as I reflect back, that's so immature and just not thoughtful of that day.

Jason Labrum: You can't make that a good day, no matter what happens. I mean, that day I believe deserves reservation for just thinking about how great America is, how we need to defend what built this country and made it great. And thinking about those people, those kids who lost their mom and/or dad and just-

Alex K.: And transformed the country.

Jason Labrum: Yeah.

Alex K.: In a way that maybe we didn't want it to have to happen. I was telling my kids, actually, yesterday about do you know what July 4th really was about? Like do you know the story of that? Because today, it's so many years ago, hundreds of years ago now, July 4th, that it's independence, but independence from what? Like what actually went down? And so we talked about that and I tried to share with them that so that they don't only see those videos, because they had seen the videos as well, just like your you and your kids. And they get scared and they get angry and we talk about... they're little kids, mine, five, seven and nine years old.

Alex K.: So they start to say, "Well, is this going to happen again? Should I be worried?" And so yeah, I think it's important, as part of your story, this story, just in terms of what was going on and how we feel and the ability to take action to make things better, which is again, I'm not going to try and correlate 9/11 to our story,

you can't, like you're saying, but at the same time, because it comes around the same time of the year, I think it's important that we always pay respect to that.

Jason Labrum: Yeah. And we literally said we're just not going to celebrate. And man, how beautiful. I mean, my heart was just so warmed yesterday. I come in and my office is just blown out and decorations and happy 10-year anniversary and all this stuff. And I think it's just a tribute to how blessed I am. And I don't mean that to be cliché. Sometimes people on blast, that's a cliché, but it's like to have the people that we have here and Jordie since the beginning. And Alex, you and your commitment since you've been here. And my dad, who's been my one of my greatest mentors and life role models. You can't do any of this alone, man. You just can't. The more I learn, the more I realize how it's all about the people around you.

Alex K.: That sounds like part of the takeaways, one of the takeaways from this show, is we want to hear. People want to hear about if you could share some of the successes as starting a business 10 years ago in this particular industry. What are some of your favorite success stories that you think were transformational in our story as we are today? How's that for putting you on the spot?

Jason Labrum: Man, that's a big one. You know what it is? There isn't one, there isn't two, there isn't three. It's a culmination of the consistent persistency. Is that a word? Consistent persistency?

Alex K.: Persistence?

Jason Labrum: Persistence? Consistent persistence. There you go.

Alex K.: Persistence in itself, I suppose is-

Jason Labrum: Consistent persistence, that's a nice phrase. You know, this is a really tough business. Giving financial advice to individuals and dealing with the retail public is a very tough business. It's also very tough when you start in the business. I was 22 years old and I'm 23 maybe, I'm trying to now convince people that I'm the secret to their life savings and they should entrust me with all their wealth to invest and manage. I think at that point, at that time it actually helped I was at a Merrill Lynch or a Morgan or Smith Barney, because it helped create credibility.

Jason Labrum: Now I think our younger advisors have credibility through what we've built and all of our experience as a team and how we're so different than those other firms. But the successes are just... Getting a client, I mean, the experience of helping somebody solve a problem and getting them to trust and believe in you with their financial life is just overwhelmingly satisfying. The fact that you know you're doing the right job, you're working hard to do it, but when you get a client to see that in you and see that you're working for them and you care

about them and you're going to do a good job and they trust you with that, it's a big deal.

Jason Labrum: I am shocked every day at how easy people trust financial institutions or advisors. It's just bewildering to me, because I see it from the inside and I see how there's potential for manipulation, there's potential for fraud, there's potential for ignorance and just bad advice. And there's potential for cognitive bias from advisors who just find the things they... There's so many potential problems that to get that trust, I'm humbled by it, but I'm also inspired and so satisfied by that trust and confidence from clients that I'll do anything to keep that trust. I will die working 27 hours a day if I have to, to keep that trust.

Alex K.: Speaking of humility though, speaking of humility, because you are, you do... Well, I'm going to ask this question. I'm not going to state anything here. Would you give yourself any credit for being ahead of the curve? Because think 10 years back. So independent fiduciary, I'm not going to say we're index-based, because we're not, but diversification in a very market-based asset class, factor-based way. Would you give yourself credit for knowing these things were going to be trending 10 years later? Because they are now. They're hot.

Jason Labrum: No. I would love to. I wish I was that smart.

Alex K.: These are not successes that you've had intentionally over the past 10 years?

Jason Labrum: I don't think so.

Alex K.: Do you see them as successes now?

Jason Labrum: Yeah, for sure. I think our investment philosophy and what we do for our clients borders on irrefutably the best strategy. I would dare, with my San Diego State education, take our position of how we manage money to the smartest minds in the world and argue about whether we were better. And I'm not saying I'm one of the smartest minds in the world. That's why it's a big statement. I think I could create a compelling argument as to why what we're doing right now for clients...

Jason Labrum: I mean, it hasn't always been that way. I've done things what I see now as incorrect. I've done things that I don't... They weren't malicious, they weren't bad, I don't think those were the best ways to provide advice as we found ourselves as a firm and whatnot. But you know, I've always thought very forward and always been, the word is not "visionary," but I've always had a good vision for what I wanted to happen. I didn't necessarily know how it was going to get there.

Jason Labrum: I knew I wanted to be different than the herd. I knew I wanted to have a firm that was unique, that was focused on the client, that really did something great.

I don't want to just build another firm that's like everybody else. I just don't want that. So I've had that vision, and I think that vision of creating something unique and special has been what maybe ultimately led us to where we are.

Alex K.: Yeah, with that persistence in mind, for sure.

Jason Labrum: It's Financial Detox. It's Jason Labrum. I'm in the hot seat here, as Alex Klingensmith is somewhat interviewing me as we talk about Intelligence Driven Advisors, what we do, what a fiduciary advisor is, and how we came to be. We're celebrating our 10th anniversary right now as a firm. That's 22 years in the business for me and more than 22 years for some of the other members of our team. We have such a great team, 17 people now.

Alex K.: 18 with Jen.

Jason Labrum: 18 with Jen. 18 people at our team, roughly speaking 350 years of combined knowledge. So what an awesome assembly of talent and just good human beings, I think, working for us. And so we're talking about how we do what we do, how it came to be, and Alex is asking some questions. So I'm going to turn it over to Alex.

Alex K.: Yeah. We're on the story of ideas, and so far we've shared some of your origins in the industry, origins in building and creating this company as it is today. What are some of the things that really stopped you dead in your tracks these past 10 years, and you're just scratching your head and just thinking, "How do I get through this?" What are the challenges as a business owner and/or an advisor?

Jason Labrum: Man, it's funny. At the first segment, I talked about how one of the reasons that we went independent and one of the reasons... and I say "independent," that can be misconstrued with like I'm independent with a broker-dealer or whatnot, when I mean we started our own wealth management firm as an RIA, registered investment advisory firm. One of the reasons was I wanted the autonomy to hire my own people and to build a team of the people I wanted. I didn't want to have a grumpy front desk person who hated her job, who greeted our clients with a broken smile and was not happy and was just... I didn't want that.

Jason Labrum: That's also been probably one of the biggest curses, is trying to find the right people. It's like hiring human beings and retaining good talent and just that's hard to do. And even Tony Robbins, like him or not, but one of the things I heard him say that was very interesting was just, then I grabbed on, is he's like, "The people who serve the most other people in the best way will make the most money and be the most successful, because you get paid back when you serve others."

Jason Labrum: So I think that that's great. But in that quest, especially in our business, there is a humbling or there's something that comes with figuring out the right

investment strategy and the planning strategy. Because we as advisors tend to want to show our value by our wisdom and our, "We're going to help you pick this stock or we're going to help you pick this fund or we're going to help you do this and that," when that probably isn't how we actually best provide value to clients. It's more about going back to discipline and strategy and focus, less sexy stuff, boring, more academic, more data-driven, but also better for the clients ultimately. So those are challenges.

Alex K.: I know we're running out of time here. Those are some real challenges I think people can attach onto, and thank you for sharing that. I know you could go forever on this, because a great story, but what's the future? What do you think the future is? Who knows what the future really is? But if you were to say the future of this firm, the next 10 years, looks something like this, how would you finish that sentence?

Jason Labrum: I think we have the potential to serve a hundred times more people than we currently serve. I think the challenge in that is we have to figure out how to do it where every person we're serving feels special, because I don't want to become a big firm without making every client feel special along the way and consistently and indefinitely. But I think that is the future.

Jason Labrum: I think the future is that we figure out how to take what we're doing and scale this where people get personal one-on-one attention from great human beings who are focused on them with the right technology and the right strategies and the right investment philosophy and the right purpose. And I think we can make that spread.

Jason Labrum: I honestly think it could be possible to be one of the biggest RIA firms in the world, literally, because I look at the ones that are, and there's a few who are really exceptional and we like to look up to them, but there's also some that aren't. They have major faults, and we can do it better, so why shouldn't we be doing that?

Jason Labrum: The future is to continue to serve people, to help people become owners of this business if they want and participate through probably an employee-owned firm of some sort, and just be different and be completely and totally focused on serving clients. Have fun while we do it. Like you always say, work-life balance, we need it. You got to have fun, because it's exhausting, but I think the future is continuing to pursue better, which is one of our main sayings, is pursue better, and that's in every facet of business and personal and life and investment philosophy and financial planning and all of that.

Alex K.: That's awesome.

Jason Labrum: That's the future.

- Alex K.: Well, thank you for sharing the story, Jason. Congratulations.
- Jason Labrum: Appreciate it. Thank you for the questions. Thank you so much, and we appreciate you listening. It's Financial Detox. Hopefully, you enjoyed the show. We'd love to hear from you anytime at 877-707-8889, that's 877-707-8889. If you liked the story, if you like what we're doing and you're interested in hearing about how we can change your personal finances and create true financial peace of mind for you, we would love to hear from you, and we would love to help you, again, at 877-707-8889. I'm Jason Labrum, and it's Financial Detox, financialdetox.com. Thank you so much.
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