

Speaker 1: This is Financial Detox, helping you retire with confidence, featuring Jason Labrum, Certified Financial Planner and founder of IDA Wealth, Intelligence Driven Advisers. 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: Hello, it's Financial Detox. I'm Jason Labrum, your host, and welcome to today's show. In studio, I have my man and co-host Alex Klingensmith. What's up, Alex?

Alex K.: I'm doing great, Jason. How are you?

Jason Labrum: I crushed that water bottle right when I said hello. I was not...

Alex K.: It's okay. I know my hair's distracting you.

Jason Labrum: Geez, Louise. So I don't know if you've seen us or not, because this is a show on a podcast. But Alex, really good looking dude. He looks, Jesse Watters from what used to be O'Reilly Show. Now Watters has his own show, Watters' World. But Alex, where were you at when this event happened?

Alex K.: My daughters, Avery and Harper who are nine and seven, and I do the Adventure Guides program through the YMCA and Ecke and Encinitas. So we went to Jewel Valley and our tribe was the host tribe for this last weekend.

And so I'm part of the leadership so that means that I-

Jason Labrum: So you hosted a bunch of other dads and their daughters and you had to cook meat all day long?

Alex K.: The theme was a Redneck Jubilee, kind of like a country Southern theme, and so of course you got to get in character for that. So some guys had wigs that were mullets and then there was a [crosstalk 00:01:48] There were some guys that wanted to do it a little more legitimately, so they brought clippers. And so it was a coin toss challenge. If you lost the toss, you had to... My daughter, Avery, volunteered to be the hair cutter. I got to flip coins until I lost. I was always going to lose. I had to do it, about 10 of us did.

Jason Labrum: Wow.

Alex K.: A lot of guys got to-

Jason Labrum: So you won the first one?

Alex K.: I won the first three.

Jason Labrum: And then you kept going. So the point is, Alex was a really good looking guy and now he's shaved his head [crosstalk 00:02:15] He's a two, buzz cut. Grown out buzz cut. It grows back. I guess that's the good news.

Alex K.: Like many things in life-

Jason Labrum: We're not going to be doing, I guess... Oh that's going to be great because we're doing our firm annual retreat and you're going to be in there with a shaved head.

Alex K.: That's in six weeks though.

Jason Labrum: Okay. So you'll have hair by then?

Alex K.: So I did this once and, by the way, we're going to have a cool show today. It's going to be different. We're just going to talk about a bunch of different stuff. It's kind of a get to know us, hang out with us, and this may be the nonfinancial financial show today. I think we're just going to wrap out and talk about a couple of things.

We are going to sprinkle in some things on finances, like the race to zero and how Schwab just announced no commissions on trade. So we'll talk a little bit about that. We may talk about just life as a financial advisor. I don't know. We're going to just talk about whatever we feel like talking about. So hang with us, it's going to be fun.

So Alex, your hair shaved, it's nice. Here's the tie in for life and for you too. We're going to bring it back to you now.

Jason Labrum: Oh dear.

Alex K.: I did it because my daughter Avery really, really was excited about the idea to shave her dad's head into a Mohawk mullet, which eventually I had to shave all the way off cause I don't think that would fly in our industry. Right?

Jason Labrum: Right.

Alex K.: Shaved head, everyone's kind of like, okay.

Jason Labrum: Okay, that guy's going through a midlife crisis or something and we'll figure it out.

Alex K.: The memories and experiences I think in life that really matter are the ones that are shared with family and loved ones, right? And so, my daughter Avery, I was willing to shave my head for her. And the things that we do as fathers, right? Like, tomorrow you're leaving on a trip with family.

Jason Labrum: Yep.

Alex K.: But you do do that-

Jason Labrum: Just my boys.

Alex K.: That's right. Just your boys?

Jason Labrum: Yeah, just the boys, we don't bring... The moms can't go on this trip, it's too tough.

Alex K.: There's generations of boys going though, right?

Jason Labrum: Yeah.

Alex K.: Grandpa's going, I'm going, my boys are going, one of my best buddies in the whole world, he's going with his kid, my brother-in-law's going, his dad's going. We head out to central Utah and we camp at about 9,850 feet and we hunt deer. We harvest the animal, we eat it all. We bring it down, we butcher, put it in, make salami and jerky in summer sausage and all kinds of rad stuff. But it's, it's really cool.

Jason Labrum: Did you get a tag for elk this time or is it just for deer?

Alex K.: No, we're just doing deer this time. We did elk for about 10 years in a row and we switched it up, did deer last year, had so much fun on it. We decided to do deer again. Where I'm from, we used to literally... School was closed. So I grew up in Richfield, Utah, big booming metropolis. I think there's about 5,000 people are still there. Still, it hasn't grown, the only city in the country that doesn't grow now it's going a little bit, but great human beings. They're unbelievably kind human beings there, and it's so fun to just go back and see some of those old friends and just slow down the pace of life. Because it literally changes when you walk into Richfield, all the sudden your language starts to slow down a bit.

Jason Labrum: I can't imagine you slowing down. Come on.

Alex K.: It's true though, it does. You slow down and it's great.

Jason Labrum: It's a hunting near Richfield?

Alex K.: It is, it's about 45 minutes out of town [inaudible 00:00:05:20].

Jason Labrum: It's like hunting back home, you're like right there.

Alex K.: Yeah, we base out of Richfield. But it's a lot of fun.

Jason Labrum: That's cold, is it freezing cold where you're camping?

Alex K.: It'll be close to zero at night.

Jason Labrum: You're tent camping?

Yeah.

Alex K.: Heaters, no heaters?

Jason Labrum: No, we bring a, what's called like a kerosene heater or a propane heater with a dish thing on it, so we hook it up to a propane tank.

Alex K.: Do you want to borrow mine? I have a little buddy heater, it's pretty awesome, but it needs a plug. It's a propane. It's a propane powered.

Oh yeah. Sweet. Now, yeah, we could always use heaters. It's supposed to be five degrees at night.

Jason Labrum: That's tough.

Alex K.: All the lakes are frozen, all the water froze, it's froze over. It's cold.

Jason Labrum: How old were Dax and Luke when they first went on this trip?

Alex K.: They got to go once they were eight. Eight was the first year they got to go.

Jason Labrum: Is this Luke's second year?

Alex K.: Nine And 10, Luke's second year. Yeah. You got to listen to our last show if you're hearing this right now, because our last show, they were on this show. I just listened to it earlier today for the first time other than live, but they did really well. It was awesome.

Jason Labrum: That's funny.

Alex K.: I'm going to have my kids listen to it later day.

Jason Labrum: They we're so stoked on it that they are now starting their own show and their own show, not in a financial detox, but they're starting a podcast called KidBiz.

Alex K.: Really?

Jason Labrum: Yes and they want to use our studio. So I said, "Sure for a small rent, we'll rent you our studio."

Alex K.: For like what? The dishes or something?

Jason Labrum: Yeah.

Alex K.: Take out the trash and stuff?

Jason Labrum: They got to do their chores, right. But it's pretty cool. So they're going to talk about financial stuff for kids and saving money for kids. But then they're also going to talk about all kinds of things like our show today, they're going to talk about cool shoes, they're going to talk about sports, why certain sports are better. Should kids play football, tackle football, should they not? And they're going to have parents come in and other kids and interview people.

Alex K.: I wonder how long it'll take for their show to surpass ours in listeners, probably a couple of weeks.

Jason Labrum: I'd say like two or three weeks they should be more popular.

Alex K.: They were really good, they were so cute and funny. Smart, and really smart.

Jason Labrum: Awesome. All right. So I shaved my head once, and since we're talking about everything today and nothing all at the same time, I listened. It was almost as bad a decision as yours, except you had reason, you're trying to satisfy your daughters desires to shave your head on this trip and all that kind of stuff. But I shaved mine in college a week before my sister's wedding.

Alex K.: Oh wow. They loved that.

Jason Labrum: I was in the wedding.

Alex K.: Of course. Right, this was not good.

Jason Labrum: Did they kick you out of the wedding because of your haircut or?

Alex K.: No, but I shaved it right before the wedding and of course they were like, "You got to be kidding me." But I was in college. I was not making very...

Jason Labrum: It's just hair.

Alex K.: It was just hair. It grew back. It was an interesting time. So I can relate to your moment of-

Jason Labrum: It's funny, there are several people that naturally don't have hair, but-

Alex K.: Right? I think you're saying several.

Jason Labrum: There's bald people at our firm.

Alex K.: There's more than one, and less than 10 but there... They're hair challenged. But, hey look, I mean whatever it is in life, it is important I think and to bring it back to why we talk about this kind of stuff is what is meaningful in life, right? We work with so many really busy, really successful people that run businesses and then do all kinds of things and we've got to come back after.

Jason Labrum: Yeah, keep it going, keep that going. What's important in life? I think that's a great kickoff for the next segment.

This is Financial Detox. I'm Jason Labrum, your host in studio with Alex Klingensmith. If you'd like to get ahold of us and just talk about your finances, then give us a call at 877-707-8889, 877-707-8889. And we are going to talk to you about a real financial plan here and what it is like, because a lot of our prospective clients or clients think they have a plan and they may or may not actually have a real financial plan, so stay with us. We'll be right back.

Welcome back. It's financial detox and I'm Jason Labrum, your host in studio with Alex Klingensmith. Today we're having the Financial Detox show about nothing financial. Actually, we are going to have some financial stuff but we're having the non financial financial show. We're just talking, catching up. Alex and I haven't had a chance to wrap out in the last little bit and we wanted you to kind of get to know us better. On a personal level. Alex is having a bit of a midlife crisis, he shaved his head.

Alex K.: I am not having a midlife-

Jason Labrum: We're going to work through that with him. Alex, is there anything else you want to tell us?

Alex K.: Oh goodness. My nine year old shaved my head. I didn't shave my own head and it was a mullet Mohawk first along, with nine or 10 other guys that were also humoring their daughters and or my daughter even.

Jason Labrum: Right.

Alex K.: Would I do it again?

Jason Labrum: So your daughter was the ringleader of this.

Alex K.: No, no, no. There was another dad who was the ringleader, my daughter just stepped up to volunteer to shave and yeah. Anyways, but it was fun. I mean, I don't like it either, my hair cut. It's not ideal.

Jason Labrum: It would be hard to like.

Alex K.: It's not ideal, but you know. But I think the point of it is this, is that when you come to the point where you realize, where am I spending my time and what am I doing with all this time and energy and effort and working?

Jason Labrum: This matters.

Alex K.: It does matter. I mean, we do comprehensive financial planning for over a thousand clients nationally now.

Jason Labrum: Right.

Alex K.: International, even a couple of them. And I would say we have a lot of experience. And when people share their goals and their dreams and what is the purpose of working and saving and investing. And so yeah, I would totally do it again for my daughter because I mean, whatever.

Jason Labrum: And it was a free experience.

Alex K.: Yeah. She'll remember it was fun. And you save some money on a haircut, so they'll talk about the financial [crosstalk 00:10:46].

Jason Labrum: Back to that, right?

Alex K.: Yeah.

Jason Labrum: I mean you saved some money. Haircuts you can now you use just a dapple, a dime size, not a quarter size. Right, that's going to add up over time. It's like the automatic millionaire and not getting coffee. You can have \$1 million in your account over a 30, 40 year period if you just don't go to Starbucks every single day. Now Alex does it by shaving his head, he doesn't have to use so much shampoo. The show is going to be called Alex's hair.

Alex K.: No, it's not.

Jason Labrum: It's what it should be called.

Alex K.: It's not even that short. It's a two.

Jason Labrum: It should be called Alex's hair.

Alex K.: It's not even [inaudible 00:25:03] or anything, it's not shaved.

Jason Labrum: Or lack thereof. We were going to talk about something financial and something that's really cool happening in the industry. We think it's cool. In 2009 when we decided to start what was labor and wealth management at that time we had to look at all these different places where we could custody our client's money, because we were going to be truly independent. Not independent attached to a broker dealer, but truly start our own firm called the Registered Investment Advisory Firm. And so we went and looked at Schwab, and we looked at Fidelity, and we looked at TD, and we looked at Matrix, and Mid Atlantic, and a whole bunch of different custodians and we chose Schwab.

And it turns out 10 years later that I think we made a really good choice. Not only have they been really good in supporting us in our clients, but they are continuing to lead the industry in providing disruptive low cost services that are truly in the best interest of their clients. In the case of the recent change was zero cost for trading stocks, ETFs and options.

Alex K.: And then TD Ameritrade and fidelity followed suit very quickly after TD the same day I think, and Fidelity took a week or two to probably realize they had no other choice.

Jason Labrum: Right.

Alex K.: It's incredible that decision to make. I think it was this year also earlier this year, where their CEO, which does remind me of his name again, Charles Schwab CEO.

Jason Labrum: Oh my gosh, is it Bettinger?

Alex K.: It was either him or Chuck himself that said-

Jason Labrum: I think it was actually Charles Schwab. He even had a commercial on it and he talked about how their business model has always been to have the lowest revenue per client, which is a very interesting thing when you hear, when you really think.

Alex K.: The lowest revenue per client, and if I miss quoting them, I'm sorry if the gentleman that said that there was a leader of Schwab, but this is an action. I think this is cool. They're putting their actions where their words are, they're doing what they said they were going to do years, decades later. And it's totally

disruptive. And I also think it's important as an investor though to be aware of what that means, that you can get no free lunch out there. So, just because something looks like it's free on the surface and there are some really good benefits of what they're doing, just understand what, what that means in terms of the full scope of services that the money had to come from somewhere. And it's a publicly traded company, so they're probably not willing to sacrifice profitability for their obligation to their shareholders. So what other things did they do or are they doing to recoup that revenue levels?

Jason Labrum: We know that some really good people we know who worked for Schwab don't work there anymore, layoffs and stuff. So it's corporate restructuring. But I think this is also part of technology, taking a toll on industry and just things, right? Technology is much easier to execute a trade now than it was 20 years ago when Charles Schwab started 1895 trades or 1995 trades.

Alex K.: [Inaudible 00:14:09] 29 whatever the number was.

Jason Labrum: Are you talking about Walter Bettinger?

Alex K.: Bettinger yeah. Okay. He said it. Yes. Thank you.

Jason Labrum: Technology has changed, it changes. So they need less people to execute trades. They need less people, so they let off people, they reduced trading costs. And this is the evolution of our society that we're dealing with. Right?

Alex K.: I think they also find creative ways to make other parts of their business that are less transparent more profitable. And not not-transparent in like a bad way, just more of like it's confusing. It's like, "Well, if my money market accounts paying this versus my cash reserve, what's the difference first of all? And why is it 0.02 versus the over here it's paying me two and then also if I have, we'll get into robos in a minute maybe, but like what does all that mean to me as a consumer?"

Jason Labrum: And in the end-

Alex K.: Oh sorry I got to talk in the mic.

Jason Labrum: In the end, how does it affect your life, right? Cause I think the thing that we're talking about today is life on this show and we're talking about shaving heads, we're talking about going on deer hunts with your kids, we're talking about the race to zero in funds.

And it's interesting, spinning this down another lane is, I was talking to a client today who has just done so well for himself and saved so much money and paid off his house, and he has great cabin in the mountains, and he paid off his cabin

in the mountains and he has a very nice house paid off, and he pays double payments and he saves, maxes out as 401k and then he actually has a real job, a full on like a job that most people go, "This is a phenomenal job. I make great money." But that wasn't enough. So he started his own business on the side. He runs a second business on the side that he makes more money than even makes it as real job, but he only does that part time as a side job as a business owner.

And I said, "So what's the plan?" And he's like, "Well I'm going to work." And I said, "What's the plan for fun? Like your plan is 100% you have a true financial plan, it's 100% successful. What's your plan?" "To work" I'm like, "Are you doing that because you think you need to, because I've shown you you don't, or are you doing that because you want to?" He just wants to work.

And so, for some people I guess that is life and that's what they get a lot of their satisfaction out. For other people though, we have clients who aren't succeeding on their plan and they're spending too much money and we're like, "You need to work. You shouldn't have retired so early." So I think it's what we try and do as human beings in our firm, we talk about pursuing better. And that not only means from a financial perspective for our clients, but in life, getting the most out of life.

It's Financial Detox, talking about financial planning, talking about financial plans in life, how can you get the most out of your financial life? If you just jumped in or just tuned in, Alex shaved his head. That's the big thing of the show and actually he didn't, I'm sorry, his daughter Avery shaved his head. Congratulations Avery on your success. We've been talking, we've had so many shows in a row where we're diving into topics and the last week was fun because we had my boys on the show and they were talking about, what we should do as parents for our kids and saving. I think there was some good tidbits out of there. I think it'd be a really good show to listen to with your kids.

Alex K.: It's a great show. My kids are going to listen to that show tonight.

Jason Labrum: Awesome. Yeah, so check it out on our podcast. You can go anywhere podcasts are played, so iTunes, Stitcher, Podcast Player, wherever. You can also go to our website, FinancialDetox.com and listen to any of our shows. That's FinancialDetox.com. Last week was about kids and money and helping kids understand the money and helping kids invest, so check that show out. Today we're just taking it easy. This week we're just talking about a lot of different random stuff.

We talked a bit about the race to zero and how a trading costs have gone to zero led by Schwab again, and now we're kind of talking about, we're going to turn this into a little bit about what does a real financial plan? Because a lot of people, when I'm first talking to them about investing in stuff, "I got a plan." And then I say, "Well, can you send it over? I want to see a copy of what you're

looking at, what you're doing." And that they don't have anything to send over. So they have a plan, but it's an outline in their head that is a mental accounting type of plan that changes by the minute, by the day, by the hour, by the emotion. And it's not ideal for helping you I think achieve the best financial life possible.

So for me, what we define in our firm, in the Financial Detox team, and intelligence driven advisors define a financial plan as is when you literally have written, preferably into a software program, all of your financial data, assets, liabilities, desired income, current income, every single aspect, taxes, tax, I mean it goes on insurance, estate. Every single aspect of your plan, and then you're modeling out what the future holds for you given the amount of money you're currently saving, giving expected rates of return, given the historic volatility of those asset class. And you literally look at what your financial plan does for you, not only one year but three years, five years, 10 years, 20, 40 years down the road. And that is a financial plan. And then you must continue to review and monitor each year.

And I think that is the true value people get from a financial planner. It's the true value I've given to myself as a financial planner. Certainly discipline and investment philosophy is critical, but the financial planning component gives you reason to have faith in the disciplined investment philosophy. What would you say to all that?

Alex K.: I'm just thinking, I'm thinking about the listeners out there.

Jason Labrum: I can see you thinking and taking notes, writing.

Alex K.: Well, we had an agenda for this show and we have done almost none of it. So I'm just writing, I'm writing the new agenda so that when we put this on the website, it's a meaningful thing.

Jason Labrum: It matches? Good idea.

Alex K.: It matches, yeah. Otherwise the producers are going to be-

Jason Labrum: Thanks for doing that.

Alex K.: Yeah no problem. But no, I was thinking as you were saying that, I think the most people and they start out in life and they start families let's say, and they go to work, and they get jobs, they continue on their career path, get promoted. A lot of people are either from within or because they've been taught it or mandated it by their employer to set goals. Right? So goal setting is so important. But then we talk about what does that mean? It has to be measurable, smart goals, SMART the acronym goals.

I think a financial plan, all the things you said, of course. I think a financial plan is taking your smart goals and turning it into a financial version of that. And then the thing about life is that it changes, right? So you make a plan and then immediately it changes. So being able to have some sort of way to simulate those changes before those changes even happen, because then you get to make good decisions based off of your personal information and not the noise out there. So it's a really fun-

Jason Labrum: It's a good point.

Alex K.: It's life. It's a life plan.

Jason Labrum: You make me think of something we talked about when we're deciding the show and just to make it a casual show about stuff. But you talked about being a business owner, and business owners, and how we advise lots of business owners.

Alex K.: So many, hundreds.

Jason Labrum: And we are not financial advisors, we're advisors. And we're actually, I don't even know if the word advisors works as much as a fiduciary wealth consultant, right. For businesses person and individuals. And I think about as a business owner, kind of as it relates to a financial plan too for an individual, things do change and cash flow forecasting is critical to help you make decisions about what you're going to do in the future. If you don't forecast what your cashflow is going to look like as an individual, it's probably not going to end up where you want it to be. Just like Yogi Bear says-

Alex K.: Well, there's so many decisions as a business owner you have to make daily, taxes and retirement and employee retention and all these things. And we're not saying we're business consultants for the whole scope of your business, but I think the idea is to extract value from the business in the current life and then in the future, maybe exit so that you then can continue on your life without the business anymore one day. Which would be amazing, right?

I know we're cutting short on time, but.

Jason Labrum: I know but isn't it crazy how the time goes in [inaudible 00:00:22:16]? Our specific agenda was just to talk about life and a few other little things like race to zero. But I think if we're going to summarize this in the next 45 seconds, there are so much going on in everybody's lives, right?

Everybody is so busy. There's so much negativity, political news and negativity and shootings and all this stuff going on. What we need to do is bring you back and help you get re-grounded in just what matters, what matters. Spending time with family, being with loved ones and being happy. And one thing about

money, it is certainly not the most important thing and thinking about your finances, not the most important thing. But if you do get that tight and you get that nice and in order, it does give you the ability to enjoy those things that are most important and do it with more peace of mind. So we invite you to check out Financial Detox and we can help you do that, create more financial peace of mind, enjoy your life and create the best financial life you possibly can for yourself. Give us a call at, 877-707-8889. This is Jason Labrum. And you can also check us out at FinancialDetox.com. Thanks so much for listening. We'll catch you next week.

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