

# RETIREMENT SUCCESS

SECOND EDITION



**JOSEPH F. FALBO, JR., CFP®**



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SECOND EDITION

JOSEPH F. FALBO, JR., CFP®



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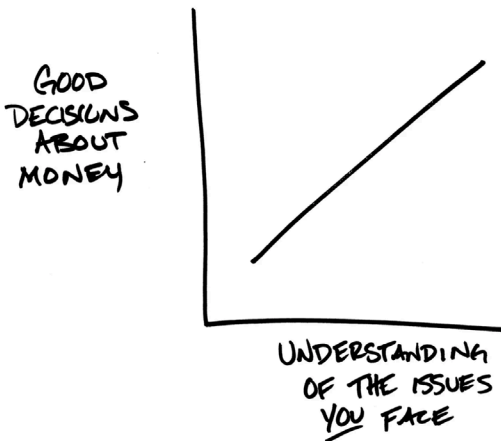
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# Introduction

*“An investment in knowledge pays the best interest.”*  
- Benjamin Franklin



Most people know what they're retiring *from*. They've worked hard for decades, climbed the career ladder, and squirreled away money like responsible adults. But ask them what they're retiring *to*, and you'll often get a blank stare. And that's when reality sets in.

Retirement isn't just escaping the 9-to-5. It's a whole new game with its own curveballs. You've worked for decades, but now what? What happens when the money starts running out faster than you planned? What if the market tanks and takes half your nest egg with it? What if you get hit with medical bills that could bankrupt a small country? What if your spouse is suddenly left alone?

Retirement isn't the finish line. It's the kickoff of your second life. Without a solid game plan, this next chapter can turn into a nightmare. But, with the right coach in your corner, retirement could be the best time of your life. The real financial heavy lifting starts right now.

Sure, you'll have more time to kick back, see the world, and hang with the grandkids, but you're also staring down a gauntlet of new risks, tough decisions, and financial headaches that can make or break everything you've worked for.

No wonder it feels daunting.

The hard truth is that countless individuals spend more time planning a vacation than mapping out the next 30+ years of retirement.



## The Most Important Step: Finding the Right Advisor

The right guidance in retirement is like having a coach for a marathon. Without it, maybe you'll make it a few miles on grit alone, but can you go the distance? More importantly, will you enjoy the journey? You won't know when to push, when to ease off, or how to dodge the rookie errors that knock a large amount of people flat on their face. The difference maker is a good coach who keeps you moving, stops you from flaming out, and makes sure you actually make it to the end in one piece.

That's exactly what a **Functional Retirement Advisor (FRA)** does. This isn't a fancy designation or a credential. It's a term I use to describe the kind of advisor who helps you retire successfully.

This is a trustworthy, empathetic professional who puts the focus on plans, not products. A good FRA cares just as much about the qualitative (knowing you as a person) as they do about the quantitative (the numbers). They take the time to understand your goals, values, and concerns before making any financial recommendations.

They've spent decades gaining experience and education to help clients make smarter financial decisions, especially when emotions run high. They don't just talk the talk about behavioral investing. They also apply these principles in their own financially secure lives.

Investing is one way *how* an FRA helps you, but it's not *what* they do. Too many people assume a financial advisor is just an investment manager, but that's only one part of the equation. One of the most critical roles of an FRA is keeping you from making costly, avoidable mistakes that could derail your retirement.

A true FRA doesn't just invest your money. They help you manage it, structure it, protect it, and align it with your life. They guide you through major financial transitions, help prevent significant missteps, and ensure that every decision you make is tied to your long-term goals.

## **How This Book Will Help You**

This book ensures that you have the right advisor to guide you through retirement. It's a direct, no-nonsense guide to finding an advisor who prioritizes your goals over their pay. This is also a guide for understanding the challenges we face in the 21st century retirement landscape. The majority of people are going to need a good advisor to get them through it, and this book will show you exactly what that advisor should look like.

You will learn to recognize an FRA quickly and confidently, so you don't waste time on the wrong kind of advisor. You won't need to decipher complex financial jargon or sift through long-winded explanations. Instead, you'll know exactly what to ask, what to look for, and how to find the right fit for your retirement needs.

With a dysfunctional advisor, you will have a dysfunctional retirement. That could leave you dependent, vulnerable, and relying on your children or the government to bail you out. With an FRA, you have the greatest probability of achieving the comfortable, stress-free retirement you've always dreamed of.

## **Why This Book Is Short and to the Point**

Unlike other retirement books, I kept it simple and to the point. People are far more likely to take action when they're not buried in details, making it easier to apply what they've learned.

## **Just Starting Out?**

If you're just getting started—figuring out how to pay off debt, save consistently, or build that first emergency fund—you may not need this book just yet.

A better place to begin is **Dave Ramsey's Seven Baby Steps**. While I don't agree with everything he says, I think it's a great message for people who are early in

their financial journey. He's one of the few people I'll still listen to from time to time, and he's built a strong personal finance education platform.

Once you've built momentum and gotten those fundamentals down, *that's* when it's time to find the right advisor—and that's where this book comes in.

## **The Functional Medicine Approach to Retirement**

I compare FRAs to physicians who practice functional medicine. Functional medicine treats the person who has the disease, not just the disease the person has. Instead of prescribing short-term fixes, these doctors go deeper. They diagnose the "how" and the "why" of an illness and then design a treatment plan that works for the long haul.

Likewise, an FRA treats you holistically, not just as a set of accounts and investment statements. They take the time to understand your goals, values, fears, and long-term needs. Then, instead of pushing one-size-fits-all financial products, they develop a customized plan that helps you achieve true financial security.

## **This Book is About Giving You the Best Chance for Success**

Recognizing and hiring the right FRA is your best shot at securing a successful, stress-free retirement. Retirement is

one of the longest journeys of your life, and you shouldn't go it alone.

This isn't something to put off for 'someday.' The right advisor strives to protect your future. Take control now. The best time to start was 10 years ago. The second-best time? Right now.

Your retirement deserves better. Let's make sure you have the right partner to guide you through it.

## **Note**

You can learn a great deal from the experiences of others, and one of the best ways to do that is by reading books. They give you the ability to see different perspectives, avoid severe missteps, and gain insights that might take decades to learn firsthand.

That said, this book is based on my knowledge, observations and opinions—what I've seen work (and not work) in the real world. It's meant to educate, challenge assumptions, and help you recognize what a great FRA looks like. But before you make any major financial moves based on what's in this book, find an FRA and build a real plan. That's the only way to ensure your decisions are in sync with your unique goals and financial situation.

To respect privacy, names and details in the stories have been changed where appropriate. The lessons, however, are very real.

## **Why I Wrote This Second Edition**

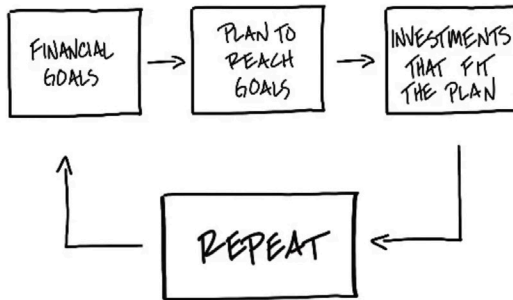
This second edition refines the key concepts from the original, sharpening the message and making the book even more actionable. The goal remains the same. I will help you hire the right advisor and build a retirement plan that truly works.

## Chapter 1

# Why You Need a Functional Retirement Advisor

*“Our goals can only be reached through a vehicle of a plan in which we must fervently believe, and upon which we must vigorously act. There is no other route to success.”*

*–Pablo Picasso*



Retirement is one of the biggest financial shifts of your life. Wouldn't it make sense to have the right partner guiding you through it?

It might even be the most important decision you'll ever make.

While many argue that marriage is paramount, your financial decisions are equally critical. For most people, the usual pecking order of what matters most goes something like this: God (if you believe), health, marriage/family...and money is right up there with them. Because of this, I firmly believe it is imperative for the vast majority of people to have a kind, empathetic, caring, and competent financial advocate on their side.

Preferably, this financial advocate should be independent, separate from the large broker-dealers and banks. The reason for this is simple. Many large wirehouses (big, integrated brokerage firms with a national presence) are driven to boost their profit margins, sometimes pressuring advisors to meet sales quotas. In that environment, an advisor may be forced to take on too many clients or push products that increase revenue for the firm, making it hard to offer truly personalized service. However, I acknowledge that it ultimately depends on the individual advisor. If an advisor from a wirehouse meets the five must-have criteria outlined in Chapter 8, I would consider them an FRA, as well.

My aim is to empower you to make smart, confident financial decisions by helping you become an educated consumer. Yes, it's important to understand products and strategies, but this book isn't about every single detail of investing. Instead, I focus on how to recognize the qualities of a great advisor and find a fiduciary—someone who puts your interests before their own—without



getting bogged down by the onerous fiduciary rules that sometimes deter good, clean advice.

You don't have to shoulder the burden of mastering the entire financial landscape on your own; that's why you're paying your FRA. The key is that they must apply their expertise correctly to your unique wants, needs, goals, and circumstances. Trust is the cornerstone of any advisor-client relationship. Without trust, there is no relationship. I understand that building this trust can be challenging, but if you already have faith in an advisor, then you're ahead of the game.

I've also included techniques to help you clarify your priorities and communicate them effectively to your advisor. Later in this chapter, you'll find George Kinder's three questions. Use these as a tool to express your hopes, dreams, and fears. Sharing your answers with your advisor will deepen their understanding of you as a person and help them tailor your plan to who you truly are.

## **The Real Job of Your Advisor**

The true role of an FRA is to help you make smart choices with your money, even when those choices go against what feels natural. Too many people want to spend money on things that bring instant joy, like a new car, a fancy vacation, or the latest gadget.

But wise financial planning means doing what's best

for your future, even if that means forgoing immediate pleasures. For example, instead of spending money on a luxury car or a lavish vacation, you might choose to build a college fund for a grandchild, set aside money for emergencies, or save for rising health care costs as you age. This idea of waiting for a better reward later is known as delaying gratification—choosing long-term security over short-term pleasure.

When it comes to long-term investing for retirement, a smart advisor focuses on three main ideas:

1. **Invest for growth, not just safety.** A well-structured plan balances the need for stability with the reality that your money must grow to keep up with inflation and future expenses.
2. **Use downturns as opportunities.** Market drops aren't a signal to panic. They're a chance to buy at lower prices. A smart FRA helps you see corrections as part of the process, not a crisis.
3. **Differentiate between temporary dips, permanent losses and true risk.** A properly diversified portfolio keeps your plan on track, so you don't confuse temporary volatility with real financial danger.

It's especially important to realize that long-term investing doesn't stop just because you're retired. In the 21st century, retirement can last 20, 30, or even more

years. That means your money needs to grow over a long period to keep up with rising costs, unexpected health expenses, and the many phases of life you will go through. A wise advisor plans your investments for the long haul, making sure you have enough money to cover emergencies, health care, and potentially even opportunities for your grandchildren. The goal is to remain secure throughout every stage of retirement.

Part of planning for retirement is also about living your life *on purpose*.

You saved and invested so you could do the things you love, like traveling, spending time with family, or pursuing hobbies while still keeping your future confident. We encourage people who choose to travel extensively to do it early in retirement when health and activity levels are still high, knowing that later on in life may demand more caution. A good advisor helps design a plan that balances growth with safety, ensuring you can enjoy life now without compromising your financial foundation later.

For those who think they can handle everything on their own, be cautious. Human nature often leads investors to chase what's hot and abandon what's not. It feels right in the moment, especially when a sector has been on a tear for years.

As of this writing, the past decade has been phenomenal for tech stocks, and many investors have become over-concentrated in them. But the decade before? A

completely different story.

This cycle repeats without fail, but a great FRA helps you avoid falling into the trap of thinking that recent trends are permanent. The goal is to stay balanced for what's next. In my 30 years of experience, I've seen in real-world scenarios that even the smartest investors struggle to manage their own emotions.

People chase what's hot thinking they're going to get there faster. But that's not how real wealth is built.

As **Stephen Covey** put it, "*Fast is slow, and slow is fast.*" Same here — just like in most of life, trying to rush your way to wealth usually slows you down or sets you back.

History shows that the disciplined, diversified investor—the one who avoids the hype and stays the course—often ends up getting there faster, simply because they're not constantly recovering from big setbacks.

We are wired to panic when markets fall and chase trends when they rise. The hardest (but the most important) thing an FRA does is stop you from making decisions that feel good in the moment but hurt you in the long run.

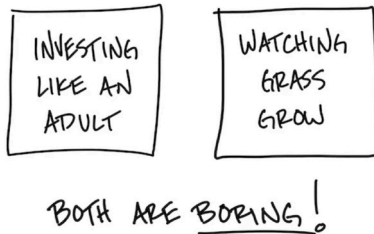
Sometimes, the advice you least want to hear is exactly what you need to follow. And, sometimes, a great FRA

will frustrate you because they're keeping you on the right track.

At its core, successful investing means consistently making the right decisions, even when your instincts pull you in the opposite direction.

## Functional Advisor vs. Dysfunctional Advisor

*"All financial success comes from acting on a plan. A lot of financial failure comes from reacting to the market."*  
—Nick Murray



Neither you, your FRA, nor anyone else can predict short-term moves in economies or nail the timing of good and bad markets. (Any advisor claiming they can are a BIG RED FLAG.) Too many dysfunctional advisors—and even some dysfunctional clients—try to do just that.



## The Market Timing Illusion

Market timing is mostly luck. I've seen both professional money managers and individual investors get it right once, only to get it wrong the next time.

We actually worked with a group of professional money managers who timed the 2008 crash. They moved to cash before the drop. But one of the biggest traps in investing is thinking you can time the market consistently. It sounds great in theory. Sell before a crash, buy back in at the bottom.

The problem is that you don't just have to be right once. You have to be right *twice*. And they weren't. They waited too long to get back in, missing the recovery. Then they spent years trying to time every dip, getting whipsawed and underperforming as the market moved higher.

Investors fall into the same trap. I've seen people hit big on a stock or sector and suddenly think they've cracked the code. Just like a gambler on a hot streak, they believe they can do it again. But what happens to the gambler with the hot hand? They give it all back and then some.

If professional money managers—with research teams, economic models, and years in the industry—can't consistently time the market, why would an individual investor expect to?

Successful investing isn't about picking the “hot” mutual fund or stock that soared last year. It's about having a disciplined, long-term strategy and *staying committed to it*.

Just because an investment performed well for a year or three doesn't mean that trend will continue. A great FRA starts with a plan, builds a well-diversified portfolio, stays patient, and ensures you have the discipline to stick with it. If your long-term goals haven't changed, your FRA will advise you to stay the course.

In contrast, a dysfunctional advisor, or a dysfunctional client, will obsess over every market fluctuation and push for changes out of what is going on at the time in the markets or economy rather than purpose.



## Performance vs. Reaching Your Goals

We're bombarded by conventional investing wisdom that glorifies market timing and performance. That's what TV, social media, and the networks preach about investing. But in reality, successful investing is about endurance.

An FRA is the tortoise, not the hare. The market will have its ups and downs, and some years will look better than others. But real success comes from steadily working toward your goals with a solid plan, patience, and discipline. Unsuccessful investing, on the other hand, is all about reacting to market noise and chasing performance.

One of the toughest jobs for any advisor is taking the time to really know you as a person, not just crunching numbers. Many clients, unfortunately, "mail it in" when answering questions about their personal lives and focus solely on the quantitative data—the dollars, percentages, and cash flows. But that's only half the story.



An FRA who takes a holistic, human-first approach creates a win-win relationship. When you open up and share the qualitative details like your experiences, values, hopes, and fears, you build a natural financial fiduciary relationship. Sure, it can feel a bit vulnerable at first, but once that trust is established, you'll be amazed at how much more tailored and effective your plan becomes.

## Lowdown on QUANtitative and QUALitative Data

*“Judge a man by his questions rather than by his answers.” — Voltaire*



## Questions for Reflection

### 1. What is important about money to you?

Ask yourself “why” at least seven times for your answers and write down each response. This will help you dig deep into your true values and understand what money really means to you.

**Exercise:** What is important about money to you ?

Answer\_\_\_\_\_ 1) Why? Answer\_\_\_\_\_ 2) Why?

Answer\_\_\_\_\_ 3) Why? Answer\_\_\_\_\_ 4) Why?

Answer\_\_\_\_\_ 5) Why? Answer\_\_\_\_\_ 6) Why?

Answer\_\_\_\_\_ 7) Why? Answer\_\_\_\_\_.

## **2. Why are you doing this planning?**

Reflect on the purpose behind your financial planning. Write down the reasons why you're taking these steps, whether it's to secure your future, protect your family, or create opportunities you cannot have now.

## **3. What are you going to do in retirement that you cannot do now?**

Think about the unique opportunities retirement offers. Perhaps you want to travel more, spend extra time with family, or pursue hobbies you've always dreamed of. Write down your ideas so you can include them in your plan.

## **4. What do you fear most about your financial future?**

Identifying your fears can help you prepare for unexpected challenges. Write down what worries you, so you can work through these issues with your advisor.

## **5. How do you want your life in retirement to be different from today?**

Imagine the changes that would make your retirement not only secure but also fulfilling. Write down your vision for a better, more balanced future.

## **6. What sacrifices are you willing to make now to work toward your long-term goals?**

Sometimes, doing what's best for your future means choosing long-term benefits over immediate pleasures. Write down what you're prepared to delay or adjust in your spending habits.

## **7. Why did you work so hard and sacrifice to save?**

Reflect on the efforts you've made in the past. Consider what motivated you to save and the challenges you overcame. Write down your reasons to remind you of the value of your hard work.

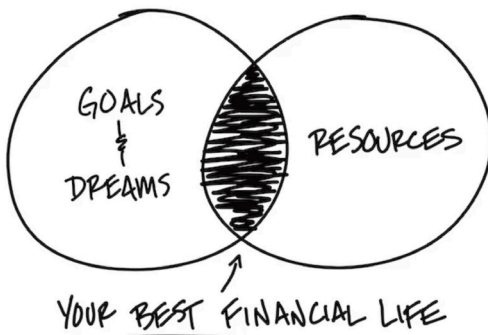
## **8. What is your purpose, meaning, and intention for your money?**

Think deeply about the role money plays in your life. What do you ultimately want it to do for you, beyond just providing security? Write down your personal vision and the impact you wish to create.

## 9. Think about your past investment journey, from day one of investing to now. We call this your historical investment experience.

Reflect on all the lessons you've learned along the way—what worked, what didn't, and how those moments have shaped your approach to managing money. Write down your insights to help guide your future decisions.

Quantitative data is all about the numbers, such as your income, expenses, savings, age, return percentages, and cash flow needs. It's measurable and necessary. But to understand the “why” behind your numbers, we need qualitative data. These are the more subjective, values-based questions that reveal your past investment experiences, your vision for the future, and even how you feel about your health, family, and lifestyle. This qualitative info gives your plan a vision and a soul, something that raw numbers alone can't provide.



A great FRA sees beyond your numbers to understand YOU as a whole person. Like the difference between a rushed doctor visit and thorough care, the best advisors look at your habits, values, and life circumstances, not just financial symptoms.

Your FRA should understand not just what you own, but why you own it. Not just when you want to retire, but what that retirement looks like. Not just your risk tolerance score, but how you've actually responded to past market drops.

This deeper understanding is the foundation of a truly personalized financial strategy that stands strong when markets get shaky or life throws you a curveball.

The three questions from George Kinder are a perfect example of how to elicit qualitative data and get to the heart of what's truly important by getting to your why.

But before we go any further, let's address one of the most common topics in investing—risk tolerance. While often thought of as just a number, it's actually another form of qualitative data, because how you feel about risk is just as important as the calculations.

## **What is ‘Risk Tolerance’?**

Risk tolerance is the degree of variability in investment returns that you’re willing to withstand. It’s a critical part of investing. You need a realistic sense of how much risk you can stomach. If you take on too much, you might panic and sell at the worst possible time.

Risk tolerance can be evaluated quantitatively or qualitatively. Risk tolerance is how you actually react when the market drops 30% overnight. An FRA prepares you for these moments, ensuring your plan is built to withstand both market swings and emotional impulses. Surprises in the market can throw off even the best-laid plans.

Take Mark, for example. He was a cousin of one of my clients who called me in early 2020, panicked as the market plunged. I told him to stay invested and ride it out. But he couldn’t stand seeing his account drop—he sold everything, locking in his losses. Within months, the market rebounded, but his money was still sitting in cash. His instincts told him to wait until things felt safe again. Unfortunately, by the time he reinvested, he had already missed out on massive growth.

Mark’s situation shows us that risk tolerance is about emotions, instincts, and how you react in real time. Truly understanding your relationship with money is just as important as any questionnaire.

## Financial Life Planning: George Kinder—What You Can Learn From The Kinder Institute

*“If you don’t design your own life plan, chances are you’ll fall into someone else’s plan; and guess what they have planned for you? Not much.” —Jim Rohn (1930–2009), author and speaker.*



George Kinder is widely recognized as the father of the Financial Life Planning movement. After three decades as a practicing financial planner and tax advisor, he founded the Kinder Institute of Life Planning in 2003. Today, he is an internationally respected thought leader, author, and teacher who trains advisors worldwide in aligning money with meaning. His work integrates mindfulness, emotional intelligence, and purpose-driven financial planning.

In my own career, I've always believed in getting to know clients as people first. George helped me understand the art of formal financial life planning. I attended his Seven Stages of Money course, and, later, the intensive EVOKE course. That journey, including a six-month internship, was invaluable in showing me just how deeply our emotions are tied to money.

According to Kinder, we need to attach meaning to our money, which is the unique purpose behind it. Money is tied to our emotions. Asking a few thoughtful questions can open up a conversation that is mutually rewarding for you and your FRA. I recommend reading Kinder's book, *Seven Stages of Money*, and taking some time to answer the two experience questions that follow in Money Memories.

## **Money Memories: How Your Past Shapes Your Financial Future**

**Think back to your very first memory about money as a child. What emotions surface?**

**What's the first positive experience you remember with money?** Maybe it was the excitement of receiving your first allowance, saving up for a toy, or watching a family member make a smart financial decision. That early sense of pride, security, or independence likely shaped how you think about money today.



**Now, recall your very first negative memory with money.** Was it seeing your parents argue about finances? Feeling embarrassed because you couldn't afford something your friends had? Making an impulsive purchase you regretted? These experiences often create deep-rooted emotions, like a fear of spending, reluctance to invest, or a scarcity mindset, that still influence financial choices decades later.

Most advisors focus solely on the numbers. But your FRA should also help you recognize these emotional patterns because financial planning is about mindset.

Take a moment to reflect on how your earliest money memories have shaped your approach to saving, spending, and investing. Are they helping or holding you back? Understanding your own financial story is the first step toward making more confident, intentional decisions about your future.

## **Defining Retirement Success**

**What does retirement success actually mean to you?**

The first step to achieving retirement success is clearly defining what you're aiming for.

As Stephen Covey famously said in *The 7 Habits of Highly Effective People*, "One of the most powerful habits is to begin with the end in mind." You can't hit a target if you don't know what you're aiming for.

For me, retirement success means freedom and doing what I want, when I want, and exactly how I want to do it. No more answering to anyone else, no more structured schedules unless I choose them.

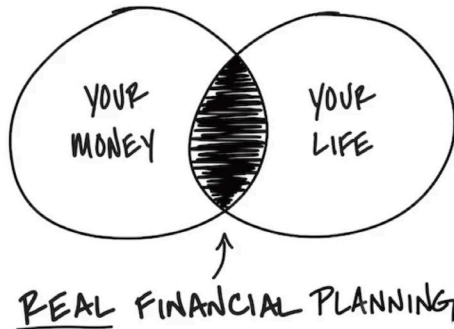
Your version might look completely different. And that's precisely the point. Your definition has to be yours, not what your neighbor thinks, not what your colleagues are pursuing, not what your financial advisor recommends, and not what society expects you to want.

You need to write this down. Then share it with your FRA so they can build you a plan that actually aligns with your real life, not some standardized approach they offer to everyone.

Without completing this step, all of your financial planning becomes a collection of meaningless numbers. Your money should be working to give you the life you actually want, not just sitting in some account, fluctuating, while you watch it anxiously.

## The Three Questions

*“But in the end, financial decisions aren’t about getting rich. They’re about getting what you want—getting happy.” — Carl Richards, The Behavior Gap*



Kinder<sup>1</sup> believes that life planning is essential to creating a sound financial plan. “Without life planning,” he once said, “financial planning is like using a blunt instrument on the organism we call the human being”. The road to wealth is paved with goals, but Kinder wants us to carefully examine our values and decide what’s truly important. To help you do that, he poses the following three questions. Take your time with these questions, and bring your answers to your trusted advisor.

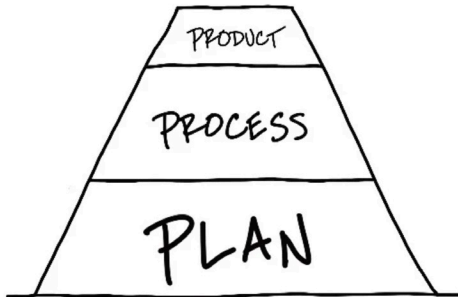
1. Imagine you are financially secure with enough money to cover your needs, now and in the future. How would you live your life? Would you change anything? Let yourself dream. Describe a life that is truly yours.

1. This material was developed by George Kinder and the Kinder Institute of Life Planning and is part of the Registered Life Planner® program. Used by permission of George Kinder © 1999. <https://www.kinderinstitute.com>

2. Imagine your doctor tells you that you only have five to ten years to live. You'll be healthy in the time left, but your life will end soon. What will you do with the time you have?
3. Finally, imagine your doctor tells you that you have only 24 hours to live. What feelings arise as you confront your mortality? Ask yourself: What did you miss? Who did you not get to be? What did you not get to do?

Kinder says answering the first question is easy. There are endless possibilities if money were no object. But as the questions progress, they funnel into a smaller, more thoughtful set of responses. Life planning is all about answering that third question: Who are you? How do you truly know yourself? And how can you let your advisor know who you are, so that they can tie your money to your life with meaning and purpose.

## Product Dump



I had a memorable interaction with a prospective client while writing the first edition of this book. I explained:

*“We need to start with a financial plan based on your individual wants, needs, goals, and circumstances. I can’t put together a good plan without knowing you as a person. Once we have that, I can apply my knowledge and insights to help you find the right strategies.”*

The client immediately fired back, “What products do you offer? What’s your track record?” He then showed me his statements and said, “Here’s what I’m invested in. Do you have better products for me?” I replied, “I don’t know. Did you even tell me what you’re trying to accomplish yet?”

I blame the financial industry for these product dumps. Generations of abusive sales practices have conditioned clients to expect them. That’s part of what gives the Fiduciary Rule its steam and legitimacy.

I see newspaper articles by some financial news columnists (who, by the way, have a bone to pick with financial advisors) urging clients to have their advisor sign a best-interest contract. That means the advisor is legally bound to put your best interests first. You can’t make this stuff up! You mean to tell me that if an advisor isn’t putting your best interest first, signing a contract will magically fix that?

I'm still waiting to hear exactly how they plan to enforce this. ::CRICKETS::

Also, I must emphasize that there's nothing wrong with selling and buying products. It's all about whether you really need them. And that's where your FRA comes in. That's why you start with a plan, so your advisor gets to know you as a person first.

## **Dysfunctional Fee-Based Advisors and Dysfunctional Commission-Based Advisors**

Among the financial tools often tossed around—sometimes over-hyped, sometimes dismissed—are annuities. Some advisors love them, some hate them. But like any financial product, it's not about whether annuities are good or bad. It's about whether they fit your plan.

### **Annuity:**

An annuity, in its simplest terms, is a financial contract written by an insurance company that provides for a series of guaranteed payments, either for a specified period of time or the lifetime of one or more individuals.

Annuities come in many forms—immediate, deferred, fixed, fixed-indexed, variable—each with its own nuances. Because of this complexity, you need to discuss with your FRA whether an annuity is in your best interest.

Some people (including some dysfunctional, fee-based advisors) bash annuities, while others (especially some dysfunctional, commission-only advisors) push them relentlessly. Whether annuities make sense for you depends entirely on your financial condition. It's important to ensure your advisor is acting in your best interests.

Ask yourself: What will an annuity do for you? Why am I investing in this annuity? What's the strategy? How does it benefit you, both financially and emotionally? How does it tie into your overall life plan?

Not all advisors who recommend annuities are bad or that annuities should be avoided like the plague. Sometimes they make perfect sense for the right client. In fact, during the 2008-2009 market crash, some of my clients held annuities that helped them weather the storm much better than most of their peers.

## **The Pension Dilemma**

Many retirees assume that once they have a pension, their income worries are over. But what they don't realize is that a pension—essentially a paycheck for life from an employer—may not always align with their long-term goals, especially when it comes to leaving a legacy.

Grace and her husband became clients after this interaction—it all started when they were weighing options for her pension and met with a competing advisor.

Grace and her husband thought they had it all figured out. Her pension provided a steady, guaranteed income. No market risk, no surprises. But as they looked ahead, a major gap became clear. When they both passed, the income would vanish, leaving nothing for their children. When it came time to decide how to take her pension, whether as an income stream for life or as a lump sum payout (a one-time payment that could be invested or managed independently), they carefully weighed their options.

A competing advisor suggested rolling it into an investment account for him to manage. But that wasn't solving their real concern. They didn't just want investment growth. They wanted income security and a lasting legacy. After sitting down together, we found a smarter solution. We created a properly structured annuity that provided slightly lower guaranteed income by the claims-paying ability of a top-rated insurance company with added flexibility. Unlike the pension, it ensured their kids would inherit what remained without sacrificing the retirement security they needed.

Grace quickly saw that small adjustments can lead to significantly better outcomes when there's a real plan behind them. She didn't have to choose between security and legacy. She could have both. This is why an FRA looks beyond just numbers and asks the right questions. Grace and her husband weren't just looking for "returns." They needed a strategy that fit their entire financial picture, balancing income with legacy.



The annuity debate perfectly illustrates why working with an FRA is so crucial. Some fee-only advisors automatically dismiss annuities, while commission-based advisors might recommend them too freely. Annuities can be valuable tools for certain situations and irrelevant in others.

What matters isn't the product itself, but whether it serves your specific needs and goals.

A true FRA evaluates each option objectively, recommending annuities only when they genuinely address your retirement concerns, not because of compensation incentives or rigid ideological stances. This balanced, client-centered approach is the hallmark of an advisor who puts your financial success above all else. With the right FRA guiding you, you'll receive recommendations based on what works for your unique situation, not what works for someone else's business model.

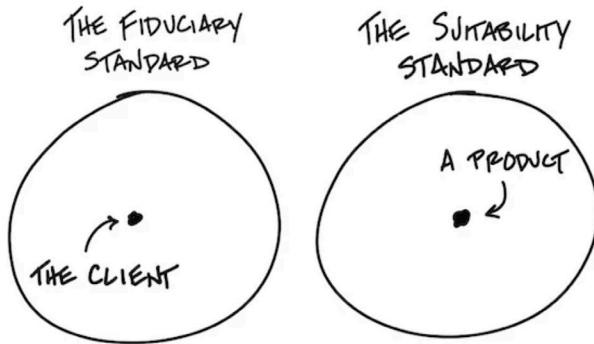


## Chapter 2

# The Fiduciary Rule: What It Means for You

*“In matters of truth and justice, there is no difference between large and small problems, for issues concerning the treatment of people are all the same.”*

— Albert Einstein



I’ve been talking about The Fiduciary Rule since I wrote the first edition of this book. I’m a strong believer that advisors should always put your interests ahead of their own, which is the very foundation of this book. It’s hard to imagine that we’ve reached a point where the government feels the need to step in and regulate what should be common sense. But I digress. Let’s get into it.

### **Fiduciary Relationship:**

One person, in a position of vulnerability, justifiably vests confidence, good faith, reliance and trust in another whose aid, advice or protections is sought in some matter. In such a relationship, good conscience requires the fiduciary to act at all times for the sole benefit and interest of the one who trusts.

A large number of people assume their advisor is required to act in their best interest. The reality is not that simple. The Department of Labor (DOL) created a rule requiring advisors to put your retirement interests first... on paper, at least. The idea was simple. Stop advisors from pushing products that earn them extra cash, even if those products aren't right for you.

After many legal challenges and changes, the DOL rule was only partially implemented. While some key provisions remain in effect, many aspects were weakened or canceled, and enforcement is inconsistent. Even if the rule had been fully enforced, the methods in this book, our five key criteria for choosing an FRA, surpass any government mandate. In other words, relying solely on a rule (even one partly in effect) can never fully protect you.

In fact, as of the publishing of this book, the latest fiduciary rule is on hold again. A judge granted the

DOL a pause on its appeal of two federal court stays. And, once again, here we are, going around and around. This regulatory back-and-forth has been happening for over a decade and a half now, if you can believe it, since roughly 2010. It only proves that waiting on government mandates is a losing strategy.

There are passionate voices on both sides of the debate. Proponents of the rule argue that it ensures a higher standard of care by legally obliging advisors to act solely in your interest. On the other hand, critics contend that the rule creates excessive regulation, may lead to increased litigation, and sometimes forces advisors into a “one-size-fits-all” approach that can harm smaller investors. While these debates are important, they miss the point.

The real issue isn’t the rule itself — it’s that rules alone can’t guarantee good advice.

Think about NFL pass interference calls. One referee throws a flag, another lets the same contact slide—it all depends on interpretation. Even with rules in place, judgment plays create inconsistency.

It’s the same with the DOL fiduciary rule. While the rule was designed to protect investors, it’s been redefined, subject to different interpretations and unevenly enforced for over a decade. That’s why relying solely on government rules isn’t enough. Choosing an advisor who meets proven criteria is the surest way to protect your retirement.

## Stack the Deck in Your Favor

*“Live life as if everything is stacked in your favor” —  
Rumi*

There is always a need for reasonable rules and regulations, but relying on them alone is a flawed strategy. The best way to ensure you have an advisor who truly puts your interests first is to choose someone who meets the right criteria.

Of course, nothing is perfect. Even if an advisor checks every box in this book, there are no guarantees in life or finance. But by choosing an advisor who meets these standards, you dramatically improve your odds of a secure retirement.

Take Bernie Madoff, for example. He was a registered fiduciary who claimed to always act in his clients' best interest. Yet, he orchestrated the largest Ponzi scheme in history, stealing billions from unsuspecting investors. This proves an important point: **a fiduciary title alone does not guarantee integrity or competence.** That's why doing your own due diligence beyond just a label is critical.

The problem with regulatory rules is that they only come into play *after* something goes wrong. An advisor signs a form saying they're a fiduciary. But what happens if you later realize they aren't acting in your best interest? Are you prepared for the legal battle of proving it?

Who wants the stress, the lawsuits, or the financial consequences of trusting the wrong person?

That's why this book is about prevention, not reaction.

Prevention means choosing an advisor who already demonstrates the qualities of a true fiduciary before problems arise.

*"Prevention is better than cure." — Desiderius Erasmus*

With the complexities of modern retirement like longer lifespans, evolving financial landscapes, and the inevitable emotional challenges of investing, having the right advisor isn't optional. It's essential.

Government rules may provide some level of protection, but the real safeguard is *you* taking an active role in selecting an advisor who embodies true fiduciary principles.

An FRA is always a fiduciary, but a fiduciary is not always an FRA.

At this point, it feels like everyone's calling themselves a fiduciary. Maybe it's just me, but the word is starting to lose its meaning. Titles are everywhere — but not all advisors walk the walk. That's why it's so important to look beyond the label and focus on the qualities that really matter.

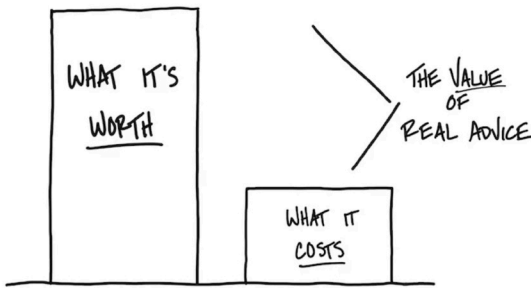
A true FRA doesn't just say they're a fiduciary — they prove it through their actions, their process, and the way they show up for you. That's how you know you've found the right kind of advisor.

But once you find that kind of advisor, the next question is simple: What are they worth to you? Let's talk about that.

## The True Value Of Financial Advisory

*"Price is what you pay. Value is what you get."*

— Warren Buffett



You might think that pinching pennies—cutting back on everything from streaming services to your daily coffee—is the smartest move for retirement. But that's only part of the story.



Sure, every dollar you spend isn't growing in your retirement account. That's just math. But focusing only on cutting costs misses the bigger picture of your financial health.

When it comes to investment advice, don't just fixate on the fees. Ask yourself what you're actually getting in return. The \$100 you spend on working with a trusted advisor won't grow in your portfolio—but neither will the \$100 you spend on dining out or hobby splurges. That's not the point.

The real question is whether you're getting your money's worth. Because smart financial guidance can save you thousands more than trimming everyday expenses ever will.

Stop obsessing over nickel-and-dime expenses, and start thinking about value. What matters isn't just what you pay. It's what you get back.

## **Quantifying Advisor Contributions**

Far too often, people think financial advisors are just for investments. But the biggest value comes from everything else. The planning, the structure, and the discipline that prevents harmful decisions.

A study by Vanguard<sup>2</sup> found that working with a skilled advisor can add around 3% in net returns per year, not from stock picking, but from:

- Portfolio Construction & Rebalancing – Keeping you properly diversified and adjusting as markets shift.
- Behavioral Coaching – Helping investors stay disciplined and avoid emotional traps like panic-selling or trend-chasing.
- Tax Strategies – Optimizing withdrawals, managing capital gains, and reducing unnecessary tax burdens.
- Retirement Income Planning – Structuring withdrawals so you don't outlive your money while keeping up with inflation.
- Estate & Insurance Planning – Protecting your legacy and making sure your assets transfer efficiently.

This is where the real difference is made. Not in guessing the market but in avoiding the quiet missteps that can erode wealth over time and ensuring your money outlasts you, not the other way around.

## **The Ultimate Question: Value vs. Cost**

When you weigh the benefits, the fees you pay for professional financial advice are not simply an expense;

2. Vanguard Research, "Putting a value on your value: Quantifying Vanguard Advisor's Alpha," September 2022. Available at <https://advisors.vanguard.com/advisors-alpha>.

they're an investment in your future. If you're paying around 1% per year for advice that could enhance your long-term outcomes by up to 3% per year, isn't that a compelling return on investment?

Your FRA is a partner in navigating life's financial complexities. They help you plan ahead, stay disciplined, and make informed decisions even when the market is volatile. They ask the hard questions, challenge you to think beyond short-term gains, and ensure that every decision contributes to a sustainable, long-term financial plan and is tied back to the life you want to live.

Your FRA is the go-to person who will call you out when your investment choices put your long-term financial goals at risk.

This book helps clients take charge of their investments. Your FRA is a pro. They have the education, training, and the right credentials to stay on top of their game. Just like with healthcare, you don't necessarily want the cheapest option, but you need to find the sweet spot where you get top-notch service for a fair price.

## **The Human Edge Over Robo-Advisors**

Robo-advisors look great on paper. They are low-cost, automated, and always running in the background. But when markets crash, will they talk you off the ledge? When a hot stock is all over the news, will they stop you from chasing it? And when real life happens—retirement, inheritance,

job loss—will they help you make the right move?

A robo might rebalance your portfolio, but can it stop you from making a costly emotional mistake? Can it remind you why you invested in the first place? I've yet to see an algorithm that can override human instinct when fear and greed take over.

AI has advanced at a staggering pace—faster than most predicted, and it will only accelerate from here. The amount of information available today is unprecedented, and AI tools are making people more financially knowledgeable than ever. That's a great thing.

But more information doesn't equal the right application. Even with endless resources at their fingertips, people still ask, "*How does this apply to me?*" They don't just want general financial knowledge; they want customized guidance that fits their unique situation.

## **What AI Can and Cannot Do in Financial Planning**

AI can analyze vast amounts of financial data, recognize patterns, automate processes, and even tailor investment strategies based on risk tolerance and financial goals. It can make financial planning more efficient, provide deeper insights, and help advisors deliver better recommendations.

But AI cannot provide true wisdom, intuition, or human connection. It can't sit across from someone, sense hesitation in their voice, or adjust its approach based on their emotions. It can't offer reassurance in uncertain times or help a couple navigate the emotional side of major financial decisions.

And while AI has access to all the knowledge from the past and present, it lacks creative thinking and forward vision. It processes data, but it doesn't anticipate the unexpected, innovate new solutions, or think outside the box the way a human can.

This is why advisors who embrace AI as a tool rather than fear it will be in the best position to serve their clients. The best advisors use AI to enhance their guidance—not replace it. It's about leveraging technology while keeping the human element front and center.

There's a reason why humans connect with humans. When you're feeling uncertain or down, a hug from your mom or just being in the presence of someone who understands you can change everything. AI is nowhere near that level of emotional intelligence. It can assist, but it can't empathize.

Technology has its place in financial planning. But financial success isn't just about algorithms and efficiency—it requires discipline, patience, and a real guide who can see beyond the numbers and help you navigate life's biggest financial moments.

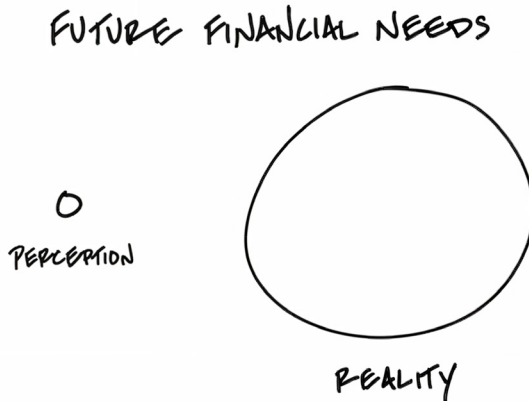
## **Conclusion**

Ultimately, the decision to work with a financial advisor should be viewed through the lens of long-term benefits rather than immediate costs. The standard 1% fee represents an industry-standard rate that secures not just incremental gains in portfolio performance but also comprehensive guidance through market cycles and life's critical transitions. By providing thorough planning, behavioral coaching, and proactive strategies for both downturns and overheated markets, a financial advisor helps ensure that every dollar you invest is working smarter and harder for your future.

## Chapter 3

# Retirement in the 21st Century: What's Changed?

*"Luck is what happens when preparation meets opportunity." — Seneca*



People are living longer, much longer. Most people believe retirement will unfold just as it did for their parents or grandparents. But what if the world—and your future—is changing faster than you realize? According to recent CDC data, U.S. life expectancy has risen from about 68 years in 1950 to roughly 77 years today for an individual<sup>3</sup>, and many experts now believe

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3. Centers for Disease Control and Prevention, National Center for Health Statistics. (2023). Life Expectancy Data Brief: U.S. Life Expectancy, 1950-2021. Retrieved from

that, with ongoing advances in healthcare and technology, more Americans will be living to 100 or even beyond.<sup>4</sup>

This means that the average retiree today might enjoy 20 to 30 years (or more!) in retirement, while medical science continues to extend our lifespans. For married couples, the odds of at least one spouse living well into their 90s are surprisingly high, making longevity a crucial factor in retirement planning. It's wonderful news, especially if these extra years come with an improved quality of life.

However, for a newly minted retiree at 65, there's the major challenge of inflation. I won't even get into all the numbers on how prices rise over a retirement period that could easily span 20 to 40 years or more; I'll leave that to your FRA. If you want a quick reality check, look up the price of houses or an average car in your area from 30 years ago. In 1995, an average car might have been around \$15,000, while in 2025, it's closer to \$45,000. What about your house? What did it cost 30 years ago compared to what it's worth now?

This is where the reality check begins. Which way do you think the prices of everyday goods will go over your 20-, 30-, or even 40-year retirement? Up, right?

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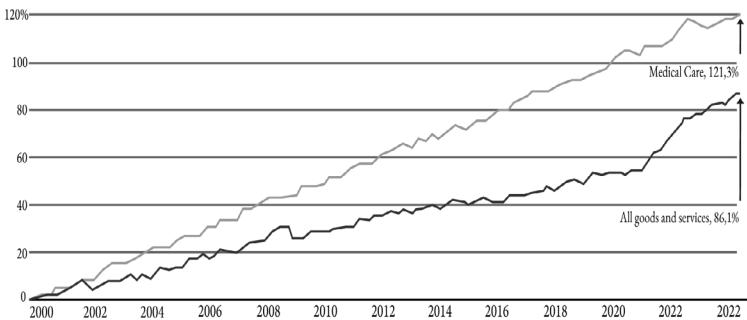
<https://www.cdc.gov/nchs/products/databriefs/db521.htm>

4. Gratton, L. (2022, January 10). How to meet the challenges of a 100-year life? An expert explains. World Economic Forum. Retrieved from <https://www.weforum.org/stories/2022/01/the-100-year-life-is-here-how-can-we-meet-the-challenges-of-longevity-an-expert-explains/>



And what about medical costs? Just because you're on Medicare doesn't mean you aren't shelling out a lot of money. If you're over 65, you know exactly what I'm talking about. The harsh reality is that medical costs are climbing faster than the overall cost of living. Inflation for healthcare is outpacing the Consumer Price Index by a significant margin. This is largely due to our heavy reliance on expensive hospital and ER care, combined with a surge in chronic diseases like heart disease, cancer, COPD, and stroke, conditions that can cost up to five times more to treat.

Cumulative percent change in Consumer Price Index for All Urban Consumers (CPI - U) for medical care and for all goods and services, January 2000 - June 2024



Note: Data are not seasonally adjusted. Medical care includes medical services as well as commodities such as equipment and drugs

Source: KFF analysis of Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) data • Get the data • PNG

Keep in mind that inflation is a slow-burn issue. It often takes 10 to 15 years before you really feel its impact. That's why it's crucial to set your retirement plan in place

right from the start, so you're not caught off guard later.

That's especially true if a large part of your income is fixed, like Social Security. While those benefits are expected to stick around, they may not look the same in 10 or 20 years. If you're 60 or older, changes are unlikely to affect you. But if you're younger, it's smart to plan as if future benefits could be reduced or grow slower than inflation. Better to prepare now and be pleasantly surprised later than to be caught off guard when it matters most.

For example, imagine a retiree in New Jersey with a fixed income of \$1,000 per month. To keep things simple, let's assume their only major expense is a condo fee of \$600 per month at age 65.

Obviously, no one lives on \$1,000 a month or only has one bill—this is just a basic illustration to highlight what happens when all your income is fixed, but your costs aren't.

It's not *if* the expense increases, it's *when*. By the time our retiree is 82, that condo fee could climb to \$1,000—or even \$1,200—while their income stays flat. Suddenly, what once seemed manageable becomes a real problem.

Now they're scrambling to figure this out at 82. But here's the real question: shouldn't this have been addressed at 65, when they still had options? Back then, they felt comfortable, so they didn't see the need for

planning. But comfort isn't a strategy, and failing to plan when you can often leads to regret when you must.

Retirement planning is crucial due to increased longevity. While pensions provided lifelong payouts and risk management by the company, they are now rare. 401(k)s and 403(b)s place the responsibility and risk on individuals.

Lacking financial literacy, a solid plan, and professional guidance, individuals are vulnerable to market fluctuations and personal errors, jeopardizing their retirement.

Pensions have declined since the 1970s due to ERISA, with many frozen or eliminated by the 1990s. 401(k)s and 403(b)s took their place.

Back when pensions were common, who carried the responsibility to make sure your money lasted through retirement? That's right—the company. Now with 401(k)s and 403(b)s? Where is all the onus? Yup, the onus is all on you. You take on all the risk—and most people were never even given the financial education to handle it.

While a short retirement may not require extensive planning, a long one necessitates a solid plan. What worked for past generations is no longer enough, given longer life expectancies, inflation, rising medical costs,

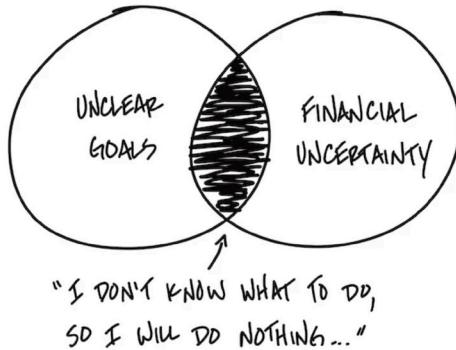
and potential Social Security cuts. A proactive and comprehensive approach is key to retirement success.

## Chapter 4

# Procrastination: The Silent Retirement Killer

*“One of these days I’m going to get help for my procrastination problem.”*

— Unknown



According to Psychological Science, it is estimated that one-fifth of adults and half of all students procrastinate. Negative impacts of procrastination include diminished performance, poorer mental and physical health and increased stress, worry and guilt. Longitudinal studies of procrastination have indicated that it “appears to be a self-defeating behavior pattern marked by short-term

benefits and long-term costs.”<sup>5</sup>

Think of the person who keeps putting off their estate plan, only for their family to scramble when it’s too late. Or the investor who delayed action, missing key years of compound growth.

Procrastination can be financially devastating.

Retirement planning is one of those things we tell ourselves we’ll get to—until suddenly, we’re wondering if we waited too long.

Jim was a colleague of one of my clients and was referred to me after his situation had already taken a turn.

When we spoke, he told me he always meant to sit down with a financial advisor. He had a solid income, some savings, and figured he had “plenty of time” to sort it out later. Then life happened—college tuition for his kids, an unexpected health scare, and a layoff at 60. Suddenly, retirement wasn’t a distant future. It was knocking on his door, and he wasn’t ready.

Jim never became a client—but I’ve seen this same story play out many times. Waiting too long can quietly turn a strong financial position into a scramble.

We all think we have plenty of time until we don’t.

Procrastination is one of the most dangerous financial

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5. Tice, Dianne M.; Baumeister, Roy F. (1997). Longitudinal study of procrastination, performance, stress and health: The costs and benefits of dawdling. *Psychological Science* 8.6, 454–458.

misjudgements people make. It leads to missed opportunities, lost time for compound growth, and financial stress that could have been avoided. The earlier you start, the more options you have.

*Psychology Today* explains that while more research remains to be done, researchers tend to agree that the reason why an individual procrastinates can vary idiosyncratically, and that the “cure” is to respond to whatever reasons might be specific for the individual.<sup>6</sup>

As I noted in the first edition of this book, these foundational studies and insights still hold true today.

People tend to wait until something feels urgent. But in retirement, waiting is the mistake. You do not want to be making big financial decisions under pressure—when markets are down, costs are up, or income changes unexpectedly. Plan early and adjust while it’s easier to do. Don’t wait until it hurts.

## **Why Do We Procrastinate?**

### **Reason 1: Learned Behavior from Role Models**

You may have grown up watching your parents or grandparents avoid retirement planning or investing altogether.

*Suggestion:* Let this book be your wake-up call. Start

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6. [www.psychologytoday.com/blog/fearless-you/201506/9-reasons-you-procrastinate-and-9-ways-stop](http://www.psychologytoday.com/blog/fearless-you/201506/9-reasons-you-procrastinate-and-9-ways-stop)

small. Write down one or two goals you'd like to achieve. If you really want to take charge, define what retirement success looks like for you and write it out. A great starting point is in Chapter 1, where you can answer George Kinder's three questions to bring clarity to your vision.

## **Reason 2: Feeling Overwhelmed or Ineffective**

Retirement planning can feel overwhelming, especially if you're not a finance expert.

*Suggestion:* Break the process into bite-sized steps. Begin by tracking your expenses. Gather the last six months of credit card statements, bank statements, and check registers, then tally up your spending to figure out your monthly and annual costs. Once you have your expenses, head to Chapter 17 to learn how to calculate the lump sum you'll need for retirement.





### **Reason 3: Fear of Being Judged (Feeling “Financially Naked”)**

The idea of sharing your spending habits or your asset details can be intimidating, like being financially naked in front of someone.

*Suggestion:* Remember, your FRA has likely seen it all before. They’re there to help, not to judge. Taking small steps, like sharing your budget gradually, can make the process less daunting. Trust that your advisor’s goal is to understand where you are and help you get to where you want to be.

### **Reason 4: Perfectionism**

You might be waiting for the perfect investment, the perfect time, or the perfect plan, thus never taking any action at all.

*Suggestion:* Accept that nothing in this world is perfect—even when you have a great FRA, there will be bumps along the road. Instead of waiting for perfection, focus on creating a realistic budget that aligns with your goals. As you review your expenses, ask yourself: Is this expense in line with my life-time goals? If not, can it be reduced, swapped or eliminated?

Check out free budgeting tools like You Need A Budget ([www.ynab.com](http://www.ynab.com)), Empower Personal Dashboard ([www.empower.com](http://www.empower.com)), or Rocket Money ([www.rocket-money.com](http://www.rocket-money.com)).

Budgeting equals awareness!

**Awareness:**

The ability to directly know and perceive, to feel, or to be cognizant of events. More broadly, it is the state of being conscious of something.

In today's rapidly evolving financial landscape and pace of change, taking action sooner rather than later is more critical than ever. Even small steps today can prevent bigger hurdles tomorrow.

At the end of the day, your FRA can gently nudge you in the right direction, but, ultimately, you must be willing to do the work.

Failing to plan is planning to fail.

*Suggestion:* If you find yourself constantly delaying financial decisions, take a moment to revisit the **Money Memories** exercise from Chapter 1. The way we think about money is often shaped by past experiences, and, sometimes, simply becoming aware of your own money messaging can help break the cycle of procrastination. If you haven't done it yet, now is a great time. It could be the first step toward actually making progress instead of putting things off.

While waiting too long to make financial decisions can be costly, making the wrong decision just to avoid taxes can be even worse. Many assume that if a strategy defers taxes, it must be the right move. But that's how they end up with dysfunctional advisors, the ones selling prod-

ucts instead of plans. Let's talk about one of the biggest financial snares I've seen: complex real estate investment products that sound great on the surface but often fall short when it matters most.



## Chapter 5

# The Wrong Kind of Advice Can Cost You Millions

*"If a man knows not to which port he sails, no wind is favorable."*

— Seneca



I just met with Frank in his accountant's office. He had sold his building for \$2.2 million for a large gain and now faced \$600,000 in capital gains taxes, a number that made him visibly uncomfortable. Like most real estate investors, he had been depreciating the property for years to reduce his taxable income (depreciation allows you to deduct a portion of an asset's cost over time, lowering taxes along the way). Unfortunately, all the tax breaks had caught up to him.

His first instinct? Find a way to defer the tax.

Many people in his situation are quickly pitched complex real estate investment products — the kind that claim to offer simplicity and long-term benefits, but often come with limited flexibility and disappointing returns.

In this case, the plan was to roll his real estate proceeds into a Real Estate Investment Trust (REIT), a pooled investment that owns and manages income-generating properties.

Frank was working with a big-name brokerage firm that had “kind of a plan” for him. But when I pressed for details, it became clear they had one goal: get him into a REIT and defer the tax.

## **The Dirty Truth About REITs**

Here’s what most people don’t realize:

**1. They’re often terrible investments.** I know advisors who have done 7-8 of these deals over many years with some of the biggest names in the REIT industry, and guess what? The returns have been abysmal. While real estate values have soared, most of the 7-8 investments have actually lost money.

**2. They’re illiquid.** Unlike traditional real estate, where you can sell when you want, these investments are controlled by a board. You don’t decide when to cash out—they do.

Your money is tied up indefinitely until they decide it's time to liquidate.

**3. They sell a dream, not reality.** REIT companies have some of the best sales pitches in the world. I know—I've had them approach me for years. They promise passive income, tax benefits, and a hedge against the stock market. But real estate investing isn't magic, and these deals don't always deliver.

Are there good REITs out there? Maybe. But in my three decades in this field, I just haven't come across too many that actually deliver what they promise. They always sound great on paper, but when you dig into the numbers, the reality often doesn't match the hype.

## **A Plan First—Not Just a Tax Strategy**

A good advisor will look at how an investment fits into your overall plan, not just how to avoid a tax bill. Frank's advisor had skipped that part.

I told Frank, "How does this investment fit into your long-term goals? Because right now, it looks like the entire strategy is just 'avoid paying taxes today.' But what happens if you need liquidity? What happens if this investment underperforms?"

I've seen how this plays out. Another accountant I know, Craig, told me about a client who started with \$2

million in a REIT<sup>7</sup>. Years later, it wasn't even worth \$1 million. He got some income, but the principal was cut in half. Worse, it wasn't even liquid.

That was his whole retirement.

Frank listened, but, from what I heard later, he still went ahead with the REIT. His focus was purely on avoiding the tax bill, not on making sure it was the right move for his future. I advised him to take a step back, build a plan, and see if deferring the tax was truly the best option. But like many people, he was fixated on the short-term benefit, not the long-term consequences.

## The Real Lesson

Dysfunctional advisors sell products, not plans. They cater to whatever the client thinks they want instead of stepping back and ensuring the decision makes sense in the big picture.

Frank didn't need a tax-deferral strategy. He needed a retirement plan. The right advisor wouldn't throw him into a complex real estate investment products without first considering:

- How much liquidity he needs in retirement
- Whether other assets could cover the tax bill

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7. Investing in Real Estate Investment Trusts (REITs) involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained. (99-LPL)



- How this investment fits into his risk tolerance and income needs
- If a simple pay-the-tax-and-invest approach would leave him better off long-term

Tax deferral isn't a retirement strategy. It's a tool. And, like any tool, if it's in the wrong hands, it can do more harm than good.

Frank's story is a perfect example of why finding the right advisor matters. You want the right kind of guidance that aligns your money with your life. Even the best advisor can't help if you're not open to seeing the bigger picture. Frank was focused on the tax deferral and reading through the prospectus but not really asking whether this move fit his overall plan. A good advisor challenges you to step back and make sure the decision serves your long-term goals, not just your short-term tax bill.

There's another major force that can lead people astray—the financial media.

If you think advisors pushing REITs are bad, wait until you see how the news cycle manipulates investors into making knee-jerk decisions that can destroy their wealth.

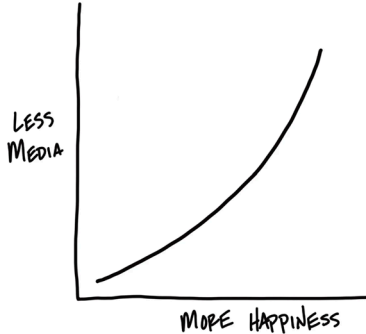


## Chapter 6

# How Financial News Can Lead You Astray

*“Conventional wisdom in Galbraith’s view must be simple, convenient, comfortable and comforting - though not necessarily true.”*

— Steven D. Levitt, *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*



Financial news is always on, and it’s often full of hyped-up stories and over-the-top claims. These news outlets will often blow things out of proportion just to get viewers and keep their ratings high. It’s important to remember that your financial planning shouldn’t be based on this kind of news.

Instead, it's a good idea to talk to a qualified financial advisor, do your own research, and use trustworthy sources of financial information. Basing financial decisions on the news can lead to impulsive actions and bad outcomes for your long-term financial goals.

## **The 24/7 Soap Opera of Financial News**

Financial news thrives on urgency. One minute, it's doom and gloom; the next, it's the best time to invest. But when has reacting to headlines ever led to real financial security? They don't know you from a hole in the wall, and they're not here to help you. They're here to sell advertising. Financial media makes money by keeping you engaged, not by providing sound financial advice.

I can't even begin to count how many times this has happened. Here's just a sliver of examples. Remember when the housing market bubble seemed like it would never burst? Headlines made it sound like home prices would keep rising indefinitely — until they didn't.

Then there was the European debt crisis, where the media pushed an endless cycle of fiscal chaos and uncertainty. At the time, it felt like the world was unraveling. Then the crisis passed, solutions emerged, and the media moved on to the next "catastrophe."

COVID-19 hit — and the headlines made it seem like the market would never recover. Then came inflation

panic. Before that, it was the downgrade of U.S. credit in 2011. Each time, it was *the crisis* — until it wasn't.

This is the business model: keep you watching, keep you anxious, keep the ad revenue flowing.

As of this writing, tariffs are the new boogeyman. Headlines are screaming about global trade wars and economic collapse. Sound familiar?

I'm going to make a prediction. Not about the markets — but I *can* predict this:

This will pass — somehow, some way — and the media will move on to the next apocalypse du jour. It always sounds new but it's just recycled panic with a fresh headline.

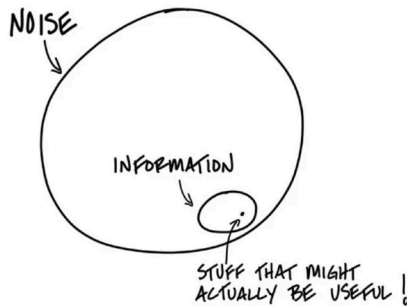
News directors love this formula. They bring on “experts” to argue both sides—why the market is crashing and why it's booming—so that no matter what happens, they can claim they “covered it.” It's like The Weather Channel, constantly predicting storms, hurricanes, and asteroid collisions.

Fear sells, but it doesn't serve you.

You need a plan, but you can't base that plan on what's being said on TV. Their priorities change with the next commercial break. The media makes investing seem exciting, but the reality is, successful investing is boring.

It's about discipline, patience, and avoiding knee-jerk reactions.

But financial entertainment doesn't stop at news channels. It's baked into reality shows and talk shows, too. And just like reality TV, it's rarely real.



## Don't Get Your Financial Advice from the Boob Tube

Many hard working Americans turn to financial TV shows for guidance, but these programs are built for entertainment, not financial planning. Unlike financial news, which thrives on market hysteria, these shows often feature callers in financial distress, asking questions like:

- *"I have \$30,000 in credit card debt—how do I lower my interest rate?"*
- *"I only have \$2,000 in my IRA—should I roll it into a Roth?"*

These aren't bad questions, but they're not the foun-

dation of a retirement plan. Most of these shows cater to people in financial trouble, offering quick fixes rather than structured, long-term strategies. If your goal is to build a secure retirement, you need more than catchy slogans and one-size-fits-all advice.

## **The Problem with Financial Talk Shows**

These programs present advice as if everyone's financial situation is the same, reducing complex financial planning into bite-sized TV segments. What you don't see?

- The nuances of tax implications behind a Roth conversion.
- The possible long-term trade-offs of paying off debt versus investing.
- The individualized strategy needed for sustainable financial success.

Their job is to make money from advertising, not from helping you retire comfortably. They need bold statements, strict rules, and fast decisions because that makes better TV, not better financial outcomes.

## **Retirement Planning Is Not a Game Show**

Good financial advice isn't about rapid-fire decisions or shock value. It's about real planning, real discipline, and real strategy.

An FRA isn't guessing at your future. They're build-

ing a plan based on your specific needs, goals, and risk tolerance, not on what makes for the most engaging segment before the next commercial break.

If you want financial entertainment, turn on the TV.

If you want to pursue a secure retirement., talk to a real advisor.

Have a plan, ensuring your financial future isn't left to chance or the latest media buzz.

## **Be Aware of Spending Messages**

Mixed messages are not only coming from financial pundits and financial talk shows. They are also coming from sources of entertainment.

For example, look at the plight of *Real Housewives of New Jersey* stars Teresa and Joe Giudice. On the hit Bravo show, the couple was the epitome of the American Dream. Beautiful homes, lavish getaways, fancy cars...all achieved on the shoulders of Joe, a hard-working Italian immigrant. Their life of glitz and glam was consumed by millions of fans who were transfixed by their cash-fueled exploits.

However, what you see on “reality” television does not always translate to real life. In 2014, Teresa and Joe were sentenced to 15 months and 41 months in prison, respectively, for bank and bankruptcy fraud.



Joe was also accused of failing to file tax returns between 2004 and 2008. Since then, their story has evolved. By 2020, Teresa and Joe are divorced, and, in 2019, after serving 41 months in prison for fraud, Joe was deported to Italy. He appealed his deportation that same year and was denied. He now lives in the Bahamas.

It turned out their *Life of Riley* act was all smoke and mirrors. While their story remains a cautionary tale, more recent examples, such as social media influencers flaunting extravagant lifestyles only to later reveal financial struggles behind the scenes, underscore the same message.

Consumers are bombarded daily with examples of how “cool” it is to live beyond your means. These messages live in commercials, print advertisements, songs on the radio, social media “influencers” and more. These kinds of forces are keeping most of our countrymen from being prosperous.

They prey on our inclination to “have fun” and spend impulsively. Most of the time, unconscious spending makes ourselves feel better or gives us a false sense of fitting in with our peers. Money is more psychological than it is about logic and numbers, and we must resist buying into the temptation of the Kardashian lifestyle in order to build and keep wealth.

*Suggestion:* If you struggle with spending habits, take another look at the **Money Memories** exercise from

Chapter 1. The stories we tell ourselves about money—often buried deep in our subconscious—can drive our behaviors without us realizing it. Just becoming aware of your own money messaging could be the key to shifting your habits for the better.

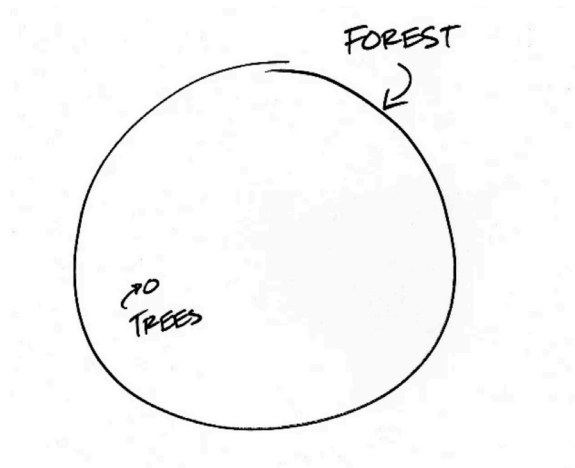
Financial media thrives on getting you to react emotionally with fear, excitement, and greed. But investing is about planning. Your long-term success depends on filtering out the noise and following through on a strategy built around your goals.

## Chapter 7

# Why Financial Education Is Failing Americans

*“If you don’t know where you are going, you might wind up someplace else.”*

— Yogi Berra



Americans are great at graduating from college, getting advanced degrees, and becoming doctors, lawyers, engineers, and teachers. However, when it comes to money, we’re pretty much left in the lurch. In high school

and college, you're lucky if you learn how to balance a checkbook or put together a simple budget. As you get older, and the stakes get higher, not having true financial literacy (beyond just following in your parents' footsteps) can put you in serious trouble.

Without real financial education, where do people turn? The media? Online articles? The well-meaning but under-informed opinions of friends? It's no surprise so many end up overwhelmed or misled. Sometimes, I see people end up with "part-time advice givers", like your brother-in-law who thinks he knows it all thanks to his subscription to *Money Magazine* (yeah, that guy who knows just enough to be extremely dangerous), or friends who offer offhand financial tips without knowing the full picture.

When it comes to your health, would you trust medical advice from a non-medical professional or DIY solutions from the internet? Just as you wouldn't attempt surgery or dental work based on online videos, you shouldn't risk your well-being on unverified information.

## **Lucent Example & DIY Investor Trap**

I've observed up close how bad advice and overconfidence can derail a financial future. Years ago, when I was at Merrill Lynch, a prospective client came in with \$2 million in Lucent stock. He had built this wealth over his career and was convinced Lucent would keep soar-

ing. His colleagues thought the same, reinforcing his belief that diversification was unnecessary.

I warned him, “No company is invincible. Let’s take some profits and spread the risk.” But he was emotionally tied to the stock.

He waited. Then Lucent tanked, and so did his wealth.

A simple diversification plan could have saved him millions.

This is what happens in good markets. People start believing that what has worked will always work. As I mentioned earlier, I see the same thing happening today, with portfolios overloaded in technology stocks. When I suggest diversifying, some investors look at me like I’m out of my mind, convinced their winning streak will never end.

But nothing goes up forever.

Conversely, in bad markets, investors assume the worst and believe things will never recover. It happened in 2000, 2001, 2002, 2008, and again during COVID-19. The phrase “this time is different” starts circulating, usually fueled by the media, peer conversations, and fear-driven narratives.

We’ll talk a little more about diversification later, but I’ll say this now:

True diversification means never having so much of one thing that you could make a killing—or be killed by it.

It also means you will always own something that isn't working at any given time, and that drives people crazy. Human nature wants everything to go up at once, but that's not investing. That's betting.

Your retirement plan deserves the same high standards as any other critical life decision. You wouldn't wing it with your health or family's future. Why do it with your financial security?

Investing is emotional, and those emotions can cloud judgment. That's why having an FRA who puts your long-term success over short-term noise is essential.

## **DIY Investing Isn't Retirement Planning**

The Lucent example isn't unique. Many self-directed investors believe that as long as their portfolio grows, they're set for retirement.

But investing is not the same as retirement planning, and that's where most DIY investors get caught off guard.

**DIY (Do-It-Yourself) Investing:**

Managing your own investments without professional guidance, typically through brokerage accounts, robo-advisors, or self-directed portfolios. Many DIY investors focus on picking stocks, funds, or ETFs but don't have a strategy for taxes, income, or protecting wealth in retirement.

A great portfolio doesn't answer critical questions like:

- What's the best tax allocation to make my money last?
- Am I taking more risk than needed to reach my goals?
- What happens if the market drops 30% right after I retire?
- Will I have enough for healthcare and unexpected costs?

A solid investment strategy might help you build wealth, but it doesn't guarantee you'll keep it.

The problem is that most DIY investors don't realize the gaps in their plan until it's too late.

Susan, who later became a client, assumed that saving diligently and picking good investments was enough. But when life threw an unexpected curveball, she quickly learned that a portfolio without a real plan can unravel fast.

## **When DIY Retirement Planning Falls Apart**

Susan had always been a disciplined saver. She contributed regularly to her 401(k), believing that her growing balance would secure a comfortable retirement. To avoid “high” advisory fees, she managed everything herself through a discount brokerage, relying on quarterly statements for guidance.

- But over time, her portfolio became a disorganized patchwork of investments
  - o Too aggressive in some areas, too conservative in others—no clear alignment with her actual retirement goals.
  - o No real strategy—she made decisions based on headlines, reacting to market swings instead of following a structured plan.
  - o Neglected rebalancing—her asset allocation drifted out of sync without her realizing it.

Everything was going smoothly for a long time with this plan, then something out of the blue happened and totally changed the game.

## **The Breaking Point**

Susan’s husband fell seriously ill, and suddenly, they needed to draw income from their investments. But instead of financial security, she found herself tangled in a series of avoidable financial pitfalls.



- No tax-efficient withdrawal plan—leading to a surprise tax bill that drained more money than necessary.
- No strategy for liquidating assets—forcing her to sell investments at a loss in a down market.
- No safety net—making an already difficult time even more stressful.

Between the financial uncertainty and the emotional toll of caring for her husband, the stress became overwhelming, which affected her own well-being. Research has shown that chronic financial stress can even increase the risk of serious health issues, including strokes.

## **The Turning Point**

When Susan finally sought help, we put structure behind the chaos. We:

- Created a tax-efficient withdrawal plan to minimize unnecessary losses.
- Realigned her investments to fit her actual retirement goals.
- Built a financial buffer so she would never have to sell at a loss again.

Looking back, Susan told me, “I thought I was doing everything right. But I realize now, I had no real plan—just a pile of investments.”

She often reflects on how different things could have

been if she had sought guidance earlier. But more importantly, she sees now that it's never too late to take control.

Susan's journey is a reminder that simply saving and investing isn't enough—you need a strategy that adapts to life's uncertainties. Retirement isn't just about accumulating wealth; it's about ensuring your money works for you in the right way, at the right time, and under the right circumstances. That's exactly where an FRA makes the difference. Not all advisors are created equal, and the wrong one can leave you exposed to unnecessary risks. So, what should you look for? Let's break down the five must-haves of a true FRA.

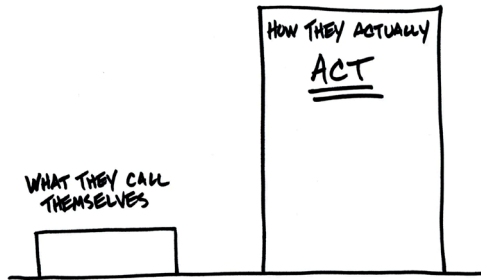
## Chapter 8

# The Five Criteria for a Functional Retirement Advisor

*“What you want in a mentor is someone who truly cares for you and who will look after your interests and not just their own. When you do come across the right person to mentor you, start by showing them that the time they spend with you is worthwhile.”*

—Vivek Wadhwa

HOW TO JUDGE A FINANCIAL ADVISOR



There are five must-have characteristics to look for:

## **1. Trust and Empathy**

The advisor takes the time to get to know you as a person. They gather both quantitative data (like your numbers and goals) and qualitative insights (your values, fears, and dreams). Financial planning is about life, security, and emotions. You need an advisor who listens and truly understands what's important to you.

## **2. Experience**

They must have at least 20 years in financial planning for individuals. This depth of expertise is crucial for navigating the complexities of 21st-century retirement planning. Markets change, financial tools evolve, and people face unique challenges as they prepare for retirement. Only someone with real, long-term experience can guide you through good markets, bad markets, and everything in between.

## **3. Personal Financial Security**

A great advisor has a robust financial plan for themselves and is financially secure. They practice what they preach, which builds credibility and trust. If your advisor doesn't have their own financial house in order, how can they help you with yours?

## **4. Professional Credentials**

Look for designations such as CFP, ChFC, or similar. These credentials indicate a commitment to ongoing education and adherence to professional standards. You wouldn't take legal advice from someone without a law degree, so why would you trust your retirement to someone without serious financial credentials?

## **5. Behavioral Management**

They must actively incorporate behavioral investing strategies because even the best portfolio is useless if emotions take over. Investing means staying invested when fear tells you to sell and staying diversified when greed tempts you to chase returns. A great FRA is a behavioral coach who keeps you from sabotaging your own success.

## **Beyond These Five Must-Haves: Look for a Planning-Based Approach**

In addition to these five characteristics, there's one more critical factor. Your advisor should start with a plan, not a product pitch.

A great advisor doesn't begin by pushing investments, annuities, or insurance. They start by understanding you, your goals, your income needs, your tax situation, and how you envision retirement.

A comprehensive financial plan is the ideal foundation, but I get that not everyone starts there on day one. At the very least, your advisor should be leading with a strategy that builds toward a plan. If an advisor jumps straight to selling a product without understanding your full picture, they're not planning, they're selling.

The last critical error to avoid when planning for retirement is working with multiple financial advisors, which can unknowingly jeopardize your financial future.

## **One FRA Per Household: Why Multiple Advisors Can Be a Risky Move**

A well-structured financial plan means having a unified strategy that aligns every part of your financial life. Yet, some people wrongly believe that hiring multiple financial advisors is a form of diversification. It's not.

Would you hire two attorneys to argue separate versions of your case? Would you have two accountants prepare different versions of your tax return? Of course not. Because when professionals have different strategies and conflicting advice, it leads to confusion, second-guessing, and, ultimately, financial paralysis.

It's like stepping on the gas and the brake at the same time. You're burning energy but going nowhere. Or like having two donkeys pulling in opposite directions.

## You're stuck, making no real progress

Financial planning is deeply subjective. One advisor may recommend a particular approach, while another takes a completely different angle. Suddenly, instead of gaining clarity, you're caught in a cycle of doubt, wondering which advisor is right. And the reality? You end up doing nothing or making piecemeal decisions that lack cohesion.

Your FRA's job isn't just to manage your portfolio—it's to integrate every aspect of your financial life into a single, cohesive strategy that accounts for your goals, risk tolerance, taxes, estate planning, and long-term security. The right FRA will diversify your investments for you. There's no need to diversify your advisors.

The best move you can make is to find the FRA who meets all five criteria in this book, the one you trust the most, and commit to a plan that actually works without second-guessing every decision.

I've seen what happens when people don't have a single trusted advisor or when their financial future is handed off from one person to the next with no real continuity. It's not that having multiple advisors is impossible, but it's far from optimal, and, more often than not, it backfires. Would you have two surgeons performing different procedures on you at the same time, hoping it all works out? Probably not. That's exactly the problem when you get conflicting financial advice.

## **Mike & Diane's Story: The Revolving Door of Advisors**

Mike and Diane didn't technically have multiple advisors, but they might as well have.

They thought they were doing everything right. They worked with a well-known low-cost firm and had a Certified Financial Planner (CFP®) assigned to them. Every year, they got a check-in call, a generic report, and a reassuring "You're on track."

But every three years, their advisor left. Each new one was polite, professional... and reading from a script. Every time, they had to re-explain their entire financial picture from scratch.

Then 2022 hit.

The market dropped 25%. Inflation surged. Their daughter lost her job. They had unexpected medical bills. When they asked their latest advisor how to withdraw without taking huge losses, they got the same scripted response: "Markets always recover. Just stay the course."

That was it. No predetermined plan for withdrawing funds strategically. No discussion about minimizing taxes. No real guidance.



That's when they found me. We built a plan that actually worked in real life:

- A structured bear market plan—so they weren't at the mercy of market swings in the future.
- A tax-efficient withdrawal strategy—so they didn't waste money on unnecessary taxes.
- A long-term care contingency plan—so they wouldn't be caught off guard later.

Mike put it best:

*"We thought we had a plan, but we just had investments. Now, we finally have a real retirement strategy."*

## **The Missing Piece: Why Credentials & Personal Connection Matter**

Mike & Diane's case is far too common. On paper, their previous advisors checked some of the right boxes—CFP® credentials, a professional demeanor, and annual check-ins. But what they lacked was true comprehensive financial planning.

I saw that same problem with an old colleague I ran into while writing this second edition.

This advisor was always dismissive of the qualitative side of financial planning. He had long believed deeper client conversations, goal-setting, and behavioral coaching are nonsense. He focuses only on numbers, investments, and product sales. And when I met him again, nothing had changed.

On paper, he checks a couple of the right boxes. He has 20+ years of experience and is financially stable. But he still isn't a CFP®. He still doesn't engage in true financial planning. And he still sees behavioral coaching as unnecessary.

I have heard from mutual contacts—his clients aren't too thrilled. They feel like just another transaction. No wonder. He only has two out of the five essential FRA criteria.

## **The Lesson? Experience and Stability Aren't Enough.**

You need *all five* criteria. If even one is missing, clients feel the gap.

You might be able to coast for a while, but, eventually, the cracks show.

If you want an advisor who will guide you through every phase of retirement, not just sell you products, you need to find someone who embodies all five.

## **First Impressions Matter**

Meeting an advisor in person, or at least over video for the first few conversations, tells you far more than numbers ever could. Do they listen? Do they understand your priorities? Do you actually trust them? While future check-ins might be over the phone or email, those

first 2-3 meetings are critical in making sure you've found the right fit. Many low-cost, low-service providers rely solely on phone calls and emails, making it harder to form that crucial personal connection.

The way they communicate, their level of transparency, and whether they take the time to truly understand you all play a role in establishing trust. But trust is about long-term integrity.

I learned that firsthand with a guy who came in years ago. He was an engineer with a giant oak tag chart mapping out his entire financial plan. It was meticulously detailed, and he had clearly put a ton of work into it. We had a great discussion, went through his goals, ran a comprehensive plan, and laid out transparent, upfront fees.

Then... radio silence. He never followed up.

Years later, I happened to call him just to check in. I couldn't forget the oak tag chart guy and was curious about how things had worked out for him. To my shock, he admitted he went with someone cheaper. But then, reluctantly, he said,

"Believe it or not, I actually ended up paying more. They lied to me about the fees, and I didn't realize it until later. I was so mad. Honestly, I was too embarrassed to even tell you about it."

That moment stuck with me because it reinforced something I've seen over and over. Chasing a lower fee doesn't always mean paying less. Sometimes, it means you pay more, whether it's hidden costs, poor planning, or bad investment decisions that hurt you in the long run.

## **Capacity and Personal Attention**

Typically, one advisor can manage around 200 client relationships effectively. If an advisor is servicing 500 to 1,000 clients, which is common at large broker-dealers, banks, or low-cost service providers, it's nearly impossible for them to know each client on a personal level. You want to work directly with your advisor on major planning topics rather than relying on an assistant.

The best advisors take a personalized approach. If your advisor is too busy to have real conversations with you, or if you find yourself bounced around between different team members, you're not getting the level of service you deserve.

## **Conclusion**

Ideally, you should be able to identify most of these five characteristics during your initial consultation, or at least before you sign up. These guidelines are rules of thumb that, in my 30 years of living and breathing this business, can help you determine if you're partnering with the right person to safeguard your retirement nest egg.

Following these guidelines greatly increases your chances of working with an FRA whose approach aligns with your goals and is customized to your unique circumstances.

In the chapters that follow, we'll explore each of these key characteristics in greater detail, showing you how they serve as the foundation for a successful, secure retirement planning relationship.



## Chapter 9

# Trust & Confidence: The Foundation of a Strong Advisory Relationship

*“There is a voice that doesn’t use words. Listen.”*

— *Rumi*

WHEN LOOKING FOR A REAL ADVISOR

EMOTIONAL  
STABILITY > SALES  
SKILLS

Without trust, there is no true relationship. Does the advisor show trustworthiness? Do they look you in the eye? Are they doing all the talking, or, worse, talking down to you? Do they call when they say they will? Do they do the things they promise?

Do I actually like this person? Would I trust them with

my biggest retirement concerns? Are they fully engaged in our conversation, or am I competing with their phone for attention, like a teenager at the dinner table?

A great advisor listens, asks thoughtful questions, and actually cares about what you're saying. If they're distracted now, what happens when you really need them? If you feel like just another account number, you probably are. If you sense that the advisor isn't truly interested in what you have to say, that's a red flag.

You're about to enter an intimate, long-term relationship. If you have any reservations, it's best to move on. There are plenty of qualified advisors out there.

## **Key Traits of a Reliable Advisor**

Here are a few key traits you should observe to gauge your advisor's reliability:

- They don't substitute their judgment for yours.
- They help you separate logic from emotion.
- They don't pull their punches. You can count on them to tell you the truth.
- They explain the reasoning behind their advice rather than just delivering conclusions.
- They challenge your assumptions and help uncover false beliefs.
- They make you feel comfortable and at ease, yet take your issues seriously.



- They act like real people, not just someone playing a role.
- They consistently show they have your best interests at heart.
- They use humor to diffuse tension during tough situations.

## Reality Check

I've seen people pick advisors based on the lowest fee or the biggest promises, only to find out later that they paid more in hidden costs or got locked into a bad plan with unrealistic expectations.

Here's the reality:

- Low fees don't mean low cost. If someone is undercutting everyone else, ask how they're making money.
- Higher returns with lower risk? Doesn't exist. Every investment involves trade-offs.
- If it sounds too good to be true, it is.

Trust is truthfulness. If an advisor avoids hard conversations and only tells you what you want to hear, run.

## Does Your Advisor Talk Openly About Risk?

Any advisor who downplays risk does a disservice to you. They should run numbers that show what you stand to gain or lose in different market scenarios.

And remember, the 10-year treasury yield is around 4.4% these days. If an advisor is promising sky-high returns (like the 16% Madoff once touted), you should be concerned.

Once you've established that an advisor seems trustworthy, the next step is verifying that trust with a thorough background check.

## Doing Your Homework: Background Checks

*“That’s why you do your homework. It is important to have all your ducks in a row before you do something”*  
— Tim Davis

You don't even have to ask about their regulatory record. It's available online through the SEC, FINRA, NASAA, and the CFP Board. Do your background checks before you even sit down with an advisor. Look them up on BrokerCheck <https://brokercheck.finra.org/> and review their past. If you see something like 37 lawsuits against them, that's your cue to steer clear, like, yesterday.

Now, if there's one or two marks on their record—especially if they've been doing this for many years—don't jump to conclusions. We live in a litigious society, and anyone working with the public long enough might pick up a complaint or two that doesn't hold much water. You can dig into the details right on these sites to see what actually happened—how serious the issue was, if there is a pattern, how it was resolved, and how long ago it occurred. Then, if you're still considering working with them, ask them directly. See how they explain it. A good advisor will be transparent and respectful in how they respond.

For Registered Investment Advisers, also check the SEC website <https://www.sec.gov/> and NASAA <https://www.nasaa.org/>

## **Social Media Reveals Character**

This is a must in today's digital age. Before you trust someone with your money, take some time to check out their social media presence. You're looking for clues about their professionalism, values, and personality.

Warning signs include duck-face selfies (do you really want someone managing your retirement who's more focused on their selfie game?), drunk posts (if they can't manage their own life, how will they manage your money?), and extreme political rants (a professional should be able to separate personal views from their business).

Make sure to look for positives, too.

Do they offer real financial education through their posts? Do they have a YouTube channel or videos where they break down financial concepts in a clear, thoughtful way? The best advisors also teach. They provide value, insight, and guidance to help people make smarter financial decisions.

If an advisor isn't putting out any helpful content, it's worth asking if they are truly dedicated to educating and empowering their clients, or are they just another salesperson?

Social media reveals character. A true professional understands that their online presence reflects their credibility. If something feels off, trust your instincts.

## **Avoid the Narcissistic Advisor**

Make sure you're not dealing with a narcissist. A narcissistic advisor cares more about themselves than they do about you. They love the spotlight, but when it comes to your actual financial well-being, you're just a number.

It's easy to spot one. They make everything about themselves. Instead of focusing on your goals, they constantly talk about their own success, wealth, and brilliance. They never admit when they're wrong. Nothing is ever their fault. If something goes wrong, it's always an external excuse. They downplay your concerns. If you express a worry, they brush it off instead of addressing it. They

push high-risk strategies for their own gain, taking unnecessary risks just to show off their so-called genius, often at your expense. They manipulate trust, using charm or intimidation to keep you from questioning them.

## **Ponzi Schemes Aren't Hiding Under Every Rock**

Yes, Ponzi schemes exist, but they happen far less often than the media makes it seem. Every time a high-profile fraud case gets exposed, it gets sensationalized on every news outlet. But for every Madoff-level scam, there are thousands of honest advisors doing the right thing every day.

That's why asking an advisor if they're running a Ponzi scheme is like asking a chef if they spit in your food. An honest one will be offended. A dishonest one will just lie to your face and tell you what you want to hear.

So what should you ask instead? Instead of asking an advisor if they're legit (because what crook is going to say no?), ask, "Where is my money custodied or where will it be held?"

A legitimate advisor will use a third-party custodian to hold your assets. A significant warning sign is when an advisor can manage your funds without supervision or has direct custody of your money. Also ask, "Do you have any financial interest in the firm that holds my account?"

This helps uncover hidden conflicts of interest.

Madoff was a registered fiduciary who promised sky-high returns while running the biggest Ponzi scheme in history. He was charismatic, confident, and convincing, classic narcissistic traits. He also had investment funds made out directly to his company, rather than a third-party custodian, giving him full control over investor money without oversight. A great advisor should have confidence, but it should be backed by integrity, humility, and a true focus on your best interests. If an advisor seems more obsessed with themselves than with you, walk away.

## **More Red Flags**

Be wary of an advisor who has only 1–5 years of financial planning experience and isn't part of a team with deeper, long-term expertise. Also be cautious of anyone who promises to time the market or boasts about how much money they make for clients. Watch out for those who hide behind jargon without offering clear explanations. It should also make you question them if they ignore your spouse, partner, or children when they should be part of the conversation.

## **Succession Planning: What Happens If They Leave?**

Not all questions are about spotting worrying factors. Some are simply about planning ahead. Ask about

their succession plan. What happens if they retire, get sick, or leave the business? While not a deal-breaker, it's important to know how your account will be handled long-term. A great advisor ensures continuity, so you're never left scrambling for answers.

## Conclusion

*In short, go with your gut!*

Scan your advisor for trust and confidence. Use this book as your guide, but, ultimately, see if you like them as a person. It's hard to vet trust and empathy, but you'll learn through real interactions. Ask yourself if you like them. At the same time, do you feel they like you?

In the next chapter, we'll talk more about empathy and how this critical quality transforms your relationship with your advisor.

*"The only real valuable thing is intuition."*

*— Albert Einstein*





## Chapter 10

# Empathy & Understanding: Why Qualitative Data Matters

*“Empathy is seeing with the eyes of another, listening with the ears of another, and feeling with the heart of another.”*

— Alfred Adler



How can you tell if your advisor truly cares? Do they actively listen and engage in conversation, or do they simply lecture? Do they ask about your family and personal life, showing a genuine interest in getting to know you? Do they dedicate time to you, or do you feel rushed, like when you visit a doctor who barely looks up from their notes before moving on to the next patient? *Yeah, you don't want that in an advisor.*

As a client, you might be thinking, "Demonstrate your care before you showcase your knowledge." And you'd be right.

Earlier, we discussed qualitative data, the personal details that influence your financial choices. A great way to gauge your advisor's empathy is to observe whether they naturally seek out this information.

Stephen Covey said it best in *Seven Habits*: "Seek first to understand, then to be understood". An FRA follows this principle, ensuring they grasp your unique needs and goals before recommending any strategy. If an advisor isn't taking the time to truly understand you, how can they possibly give you advice that fits?

Building a relationship based on trust and understanding is the foundation of great financial planning. Anything less is just a sales pitch.

## **The "Breadcrumbs" of a Conversation**

I recently heard a talk from a United States Army interrogator about how the best interrogators don't just listen to answers. They listen for breadcrumbs.

What does that mean? People drop clues all the time in conversation. The question is, does the listener pick up on them?

You ask someone, "How was your weekend?"

They sigh and say, "It was a loooong weekend."

That's a breadcrumb. A clue.

A real listener would pick up on that and ask, "What do you mean? What happened?"

But someone who isn't engaged will just move on. They'll either ignore the clue completely or start talking about their own weekend, instead.

Your advisor should be someone who genuinely listens and pays attention to what really matters to you.

## **Why This Matters: It's More Than Just Numbers**

A true advisor is about your *life*. What does financial comfort look like to you? What do you want your wealth to do for you?

If they only focus on dollars and percentages but don't take the time to understand your why, you're just a number to them.

If you mention you're worried about caring for aging parents, do they dig deeper? If you say you're unsure about retirement timing, do they explore why? Empathy means hearing beyond the words. The best advisors listen for what you don't say outright but what you reveal in conversation. If your advisor isn't picking up on those clues, they're not really listening.

## **Lacking Empathy**

One client I've worked with for years came to me, frus-

trated after feeling unheard by her previous advisor. She was already retired and wanted to enjoy her life and spend money in a way that aligned with her goals, but her advisor only focused on the numbers, constantly badgering her about what she "should" be doing. She felt she was being treated like a child rather than an adult with her own vision for retirement.

When she came to me, we took a different approach. We dug into what was truly important to her, structured a plan around her goals, and made small adjustments to how she was invested. Now, more than 20 years later, she's been able to live life on her terms, spending the way she always wanted without jeopardizing her financial security. That's what real planning should do—support your lifestyle, not dictate it.

Another moment that stuck with me happened when I first wrote the original edition of this book in 2018. A woman had been dealing with another advisor at the time her husband tragically died of a heart attack while rescuing his son and a friend from a riptide.

After the funeral, the grieving widow sought my financial guidance and expressed her anger at the other advisor's audacity in handing out his business cards at her husband's wake.

It's appalling that this advisor viewed a grieving widow at her husband's funeral as a networking opportunity. This behavior is a blatant warning sign and the opposite

of an advisor with empathy and integrity.

## **Get to Know Your Advisor as a Person**

This goes both ways. If you're trusting someone with your life's savings, you should know their story, too.

Here's mine.

After graduating from St. John's University, I started my career at Merrill Lynch in NYC. After two tough years in their training program and six years, I built a strong practice.

Then, Wachovia came calling with an offer I couldn't refuse—bank branches that would refer clients directly to me. So, I made the move to New Jersey.

But there was a catch. When I first started at Merrill, I had signed a non-compete agreement. That meant when I left for Wachovia, I couldn't tell my Merrill clients where I was going. I assumed they'd find me on their own. They didn't.

To make matters more complicated, I had set my clients up so well at Merrill that many of them didn't need to move. It didn't make sense for them at the time, and I understood that.

So, I had to start from scratch. And let me tell you, starting a financial planning practice from zero is not for the faint of heart. Ask anyone in this business. Building a client base once is hard enough. Doing it twice? In-

sane. But I put my head down and built it all over again.

Then life threw a few more curveballs.

First came my divorce.

Then came the 2008 market crash.

Then Wachovia collapsed and was taken over by Wells Fargo.

At that point, I had a choice: stay with Wells Fargo or go independent. I decided to take the biggest risk of my life and started my own practice. But this time, I was determined to bring my clients with me and I made sure everything was done by the book.

I hired an attorney and ran tombstone ads in local newspapers, letting people know where I had moved and how to reach me. Thankfully, most of my clients followed.

Today, I run a thriving independent practice where I answer only to my clients, not to a big firm.

The struggles I went through remind me every day to treat my clients with empathy and care. And now, I'm happily married with two amazing children—the loves of my life.

Building a business twice was tough, but, in the end, it was all worth it.

## **Conclusion**

A true FRA listens, learns, and builds a plan that fits your life, not just your balance sheet.

If you've found someone who listens for breadcrumbs, genuinely seeks to understand your vision, and helps you feel heard, you've found an advisor who truly values you.





## Chapter 11

# How Much Experience is Enough?

*“Experience is the teacher of all things.”*

*-Julius Caesar*

To be a real pro at retirement advising, you need a solid *20 years* of experience working directly with people and families on their financial plans. And we're talking strictly financial planning for individuals, not trading, compliance, hedge funds, institutional wealth, law, accounting, banking, or selling financial products.

Many advisors claim “20 years of working in finance”, but does that actually involve guiding individuals through retirement, or does it mean selling products, managing institutional money, or sitting in compliance meetings? You need someone who has spent decades working directly with retirees, not just in ‘finance’ but in your kind of financial planning.

It's important to ask potential advisors how many years they've actually spent doing full-time financial

planning for individuals. That's the only experience that truly qualifies them to give retirement planning advice.

## **Bear Markets Separate the Experienced from the Unproven**

Why is 20 years the right number? Anyone with less than that has never navigated a truly long, drawn-out bear market with their clients. Since 2000, we've had multiple bear markets—some prolonged, some steep, all testing investors. But the 2008-09 crash, the steepest in modern history, remains the ultimate proving ground for advisors. If yours wasn't guiding clients back then, they haven't been *truly* tested.

An advisor with 10 years in the business may have dealt with one or two significant market drops, but someone with 20+ years has guided clients through multiple full market cycles—including the 2008-2009 financial crisis, COVID-19, and 2022's bear market. There's a big difference between reading about these events and actually navigating clients through them.

Real financial planning means guiding clients through life's biggest transitions. Retirement, inheritances, long-term care, loss of a spouse—these aren't theoretical situations. They are real moments that require an experienced hand. Divorce, selling a business, relocating, major health events, or caring for aging parents can all create financial complexities that demand careful plan-

ning. The more an advisor has seen, the better they can anticipate challenges and steer you through them.

Anyone can read about bear markets. Anyone can talk about them. But only advisors who have actually navigated clients through one—watching real fear unfold, making real-time decisions, and keeping real retirements on track—truly understand what it takes. Experience isn't just about knowing what to do; it's about having already done it. This isn't theory. This is real people, real emotions, real retirement money, and real lives.

You don't want an advisor practicing on you.

## **Why Experience Matters: The Sully Analogy**

*"One way of looking at this might be that for 42 years, I've been making small, regular deposits in this bank of experience, education and training. And on January 15, the balance was sufficient so that I could make a very large withdrawal." -Captain Sully Sullenberger*

When markets crash, when uncertainty takes over, and when emotions run high, you want someone who has seen it all before and knows exactly how to navigate the turbulence. Think about flying. Who do you want in the cockpit during an emergency?

Look at Sully Sullenberger, the US Airways captain who skillfully landed an Airbus A320 on the Hudson

River after a flock of geese took out both engines.

What if there had been a less experienced pilot at the controls? The outcome could have been very different.

Sully had decades of experience. He had trained for emergencies. He had thousands of hours in the air. When disaster struck, he didn't panic. He knew exactly what to do because he had lived through so many close-call situations before.

Financial planning isn't life-or-death like that moment, but when the markets crash, when unexpected life changes happen, when fear sets in, you want someone with that same kind of veteran poise helping you through it.

## **Lessons from My Early Career at Merrill Lynch**

Real-world investing teaches you lessons that textbooks never will. I learned this the hard way early in my career at Merrill Lynch during one of the most speculative times in market history. At Merrill, I was on the front lines helping people navigate the extreme market conditions of 1999-2000. Everyone was coming in, begging to sell their well-diversified portfolios to go all-in on tech stocks. This is the epitome of market cycles. When greed sets in, people lose control of their emotions.

As young advisors, we were trained to counsel clients

to stay diversified. Some listened. Some didn't. Then Merrill itself got caught up in the craze.

Merrill, like many, launched a Global Tech Fund at the peak of the bubble. A client insisted on getting in, so we put a small portion of his son's UGMA/UTMA account into it. When the bubble burst, it crashed 50-70%. A small but unforgettable lesson: hype is dangerous, and experience is priceless.

Thankfully, it was a small part of his portfolio, and my client understood the risk. But looking back, it was a rookie move. I bought into the hype because I hadn't lived through enough market cycles yet.

Experience is perspective.

It's the difference between someone who's read about turbulence and a pilot who has actually landed a plane in a storm. Who do you want in the cockpit of your retirement?

That lesson shaped me. It made me realize that markets move in cycles, and emotions drive people and even my industry to make bad decisions at the worst times.

Today, after 30 years in the industry, I can tell you that even the best advisors are still honing their craft. No one knows everything.

But I can also tell you that the longer you do this work, the more patterns you recognize, and the better you are at keeping people focused on the long term.

## **Conclusion**

When it comes to your retirement, experience isn't just a nice-to-have. You've spent decades building your wealth. Now you need someone who can help you protect it and make it last through all of life's uncertainties.

The difference between an advisor with five years of experience and one with twenty years isn't just about time. The veteran advisor has weathered the storms that reveal their true capabilities. They have the judgment that only comes from guiding hundreds of clients through the financial equivalent of emergency landings.

Retirement isn't a practice run. You only get one shot. Having a solid plan from the start makes all the difference. The decisions you make now will echo throughout the rest of your life.

This is the most money you'll ever have in your life. Poor decisions made due to inexperience at this stage can have lasting effects.

If you want to test an advisor's experience, ask them these two questions:

"How many years have you been doing full-time financial planning for individuals?" (Make sure it's 20+ years, and not in an unrelated field.)

"What was it like working with clients during the downturns of 2000–2002, 2008–2009, and the COVID-19 market crash in 2020?" (Their answer will tell you everything you need to know.)

Listen carefully to how they respond. Do they speak from experience or theoretical knowledge? Do they share specific stories of how they helped clients navigate those turbulent times? Can they articulate the emotional and psychological aspects of market pullbacks, not just the technical ones?

The right advisor, your financial Captain Sully, won't just have survived those crashes. They'll have gained wisdom from them that no textbook can teach. That wisdom could make all the difference when your retirement faces unexpected turbulence.





## Chapter 12

# Your Advisor's Financial Stability—It's Okay to Ask

*“When we see a man with bad shoes, we say it is no wonder, if he is a shoemaker.”*

*- Michel de Montaigne*

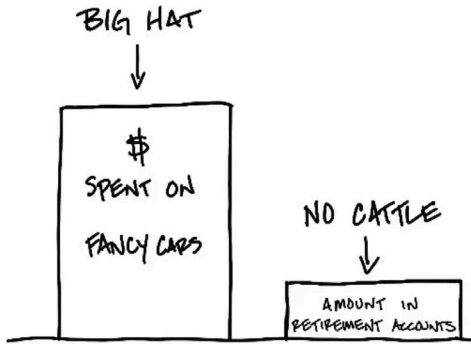


This is a **BIG** one. I honestly don't understand how the regulators miss this. I learned this early in my career while working at the bank as a financial advisor.

Desperation leads to bad advice.

Struggling advisors push unsuitable products, priori-

tize commissions, or make recommendations based on their own needs, not yours.



An advisor may drive a Ferrari, wear a Rolex, or have an impressive oak-finished office with leather furniture.

Don't be fooled. That could be all window dressing.

I'm not saying there's anything wrong with nice things (who doesn't like nice things?), but if an advisor isn't financially stable, how can they guide you to financial security?

The advisors I'm telling you to vet in this book have at least 20 years of helping clients with financial planning. If an advisor has spent two decades in this field and still isn't financially stable, what does that say about their ability to help you build wealth? Would you take fitness advice from a trainer who's out of shape?

They don't need to be multimillionaires, but they should be financially stable.

## **Ask Your Advisor About Their Own Finances**

They're asking you about your financial situation, your net worth, and your life savings, so why not ask them about theirs?

- Do they have a financial plan for themselves?
- How much do they have invested?
- What's their own plan and long-term financial strategy?

## **The Bonus Test: Do They Work With Another Advisor?**

Want extra points?

If an advisor shows you their financial plan and tells you they actually work with another advisor themselves, that's a great sign.

This means they understand that even an advisor needs an advisor.

Money is emotional. Even financial pros need an objective second opinion.

And if they don't work with another advisor? Some barter services with each other. I do.

That doesn't mean they must have an advisor, but if they do, it tells you they take their own advice seriously.

## **Why an Advisor's Financial Stability Matters**

If your advisor is struggling financially, their recommendations may not be in your best interest.

This isn't a hard rule, but would you trust a personal trainer who's out of shape? Would you take parenting advice from someone who's never had kids? Would you invest with an advisor who's drowning in debt and desperate for commissions?

Exactly.

That's why I believe advisors should be financially sound before managing other people's money.

The industry's financial stability bar for advisors is shockingly low. Even bankruptcy doesn't disqualify them. Hard to believe, right? While true financial stability goes far beyond just avoiding bankruptcy, that's at least a baseline you can check. Once again, go to FINRA BrokerCheck ([brokercheck.finra.org](http://brokercheck.finra.org)) and look up their name. If they've filed for bankruptcy, you'll see it. That alone should make you think twice.

## **Crazy But True: Advisors Who Put Themselves First**

Over my career, I've seen some wild things.

- One advisor I worked with openly admitted that he structured his transactions based on how much money he would make—not what was best for the client.
- Another one said he needed high commissions every month to support his "expensive family." (Which, by the way, included multiple motorcycles, luxury cars, and a second beach home.)

I've been in this industry long enough to see two types of advisors: those who genuinely care about their clients and those who see them as transactions.

Some advisors have even mocked my approach, dismissing it as “fluff” because I ask deeper questions. Meanwhile, they structured transactions around their commissions, not their clients' needs. These advisors were running their businesses like it was all about them.

I guess they do not believe in karma.

There are a lot of bad ones out there, more than I'd like to admit. Thankfully, there are good ones, too.

Use this book to vet them properly, so you end up with the right one.

## **The Advisor Who Paid His Mortgage... With His Clients' Money**

Some advisors take it even further. Way further.

When an advisor is financially struggling, they're more likely to prioritize their own interests over yours. And, sometimes, that desperation leads to outright fraud. I witnessed this myself and could not believe it.

An advisor I knew was literally paying his mortgage using his clients' accounts.

Yes, you read that right.

No one had a clue he was doing it or how he could pull something like that off and get away with it. One day, the Feds came in and busted him. That was over 20 years ago, and he's probably still in jail.

You don't want to be with a desperado.

While this is an extreme case, let's not forget that this industry is largely sales-driven, and if an advisor is struggling financially, the odds of them putting their own interests first go way up.

## **Most People Never Even Think to Ask**

Most people never think to ask about their advisor's financial stability. But should you trust someone to manage your life savings if they can't manage their own?

Most people also get on an airplane without even glancing at the pilot.

You just assume they're qualified.

They should:

- Be in the black every year, not struggling to make ends meet
- Have a solid financial plan, practicing what they preach
- Have enough assets for their age group

This stacks the deck in your favor.

## **Can't a Wealthy Advisor Still Be Greedy?**

Absolutely. Just because an advisor is financially successful doesn't guarantee they're acting in your best interest.

That's why financial stability is just one piece of the puzzle. You need an advisor who meets ALL of the FRA criteria. Financial stability alone doesn't make a great advisor. An advisor who's struggling financially is an alarm you can't afford to ignore.

## **Final Thoughts: This Is Your Life Savings**

Let's not forget what's at stake.

This isn't about making a little extra money.

This is about your life savings, the money that has to support you from the day you retire until the day you and your spouse pass away.

And, if you're like many, you also want to leave something behind for your children or heirs.

You're choosing someone to help protect your life savings. Make sure they're worth it.

So ask the question.

If an advisor is hesitant to answer basic questions about their own financial stability, that's a problem. While you don't need to see their bank statements, you should feel comfortable knowing they have a plan and follow their own advice.

Being financially stable is a great sign, but it doesn't mean an advisor is qualified. Plenty of financially successful people give terrible advice. So how do you separate the real experts from the ones who just sound good? That's where credentials come in.



## Chapter 13

# Decoding Financial Credentials: What Really Matters?

*“Knowledge is of no value unless you put it into practice.”*

— Anton Chekhov



**W**hen you're looking for a financial advisor, credentials matter. With so many certifications out there, it's easy to get lost in a sea of letters. Some designations hold real weight. Others are simply a weekend course and a certificate.

Some of these matter more than others.

The list below is alphabetical, not ranked by importance because if it were, CFP® would be at the top.

## **AIF®: Fiduciary Awareness, But Not a Full Planning Credential**

The Accredited Investment Fiduciary® (AIF®) designation shows that an advisor has been trained in fiduciary best practices, essentially, the duty to act in your best interest at all times.

AIF® holders are trained in using checks and balances like an Investment Policy Statement (IPS). A business plan for your investments that outlines:

- Your agreed-upon investment strategy.
- The type of investments suitable for your goals.
- The downside risk you're willing to accept.

This is a good designation to see, but it's not a full financial planning credential like CFP®. An AIF® may understand fiduciary rules, but that doesn't mean they're trained in estate planning, taxes, or holistic retirement strategy.

Verdict: Nice to have, but not enough on its own.

## **CFP®: The Gold Standard for Financial Planning & Fiduciary Duty**

If you're looking for a real financial planner, not just

someone who sells investments, you need to look for the CFP® designation.

- It's rigorous. The CFP® requires intensive study, a difficult exam, and ongoing education in key areas like estate planning, taxation, investments, retirement planning, and insurance.
- It's regulated. CFP® professionals are legally required to act as fiduciaries, meaning they must put your best interests first.
- It requires transparency. A CFP® must disclose all conflicts of interest. If they're getting paid in multiple ways, they have to tell you.

Some advisors claim to be fiduciaries, but not all fiduciaries are CFP® professionals.

With a CFP®, there's no gray area. They must act in your best interest. No loopholes. The CFP® is what you want in a financial planner—someone who can see the full picture of your retirement, not just pieces of it.

## **ChFC®: Strong, But Lacks the CFP® Exam**

The Chartered Financial Consultant (ChFC®) designation is another strong credential.

It covers similar topics as the CFP® like financial planning, income taxation, estate planning, and investments. In fact, it requires more coursework than the CFP®.

The difference is it requires no rigorous final exam.

While ChFC® holders may be well-educated in financial planning, they don't have to pass a high-stakes, standardized test like CFP® professionals do.

Would you rather have a doctor who just completed coursework or one who passed the medical boards?

That's the difference here.

Verdict: A solid designation, but CFP® remains the gold standard.

## **CIMA®: Investment Consulting Expertise**

The Certified Investment Management Analyst (CIMA®) is a great credential, especially for advisors who want deep expertise in portfolio construction, investment management, and asset allocation.

It's granted through the Wharton School at the University of Pennsylvania, and it covers topics like:

- Modern Portfolio Theory
- Manager Search & Selection
- Investment Policy & Performance Measurement

The CIMA® is valuable, but it's more focused on portfolio management rather than full-scale financial planning. Best use case? It's great for advisors who spe-

cialize in investment consulting, but for holistic planning, CFP® still comes out on top.

## **CFA®: The Investment Specialist's Gold Standard**

The Chartered Financial Analyst (CFA®) is an elite designation for professionals in investment management and security analysis.

CFA® charter holders have:

- Mastered portfolio management & security analysis
- Passed three brutally difficult exams
- Deep expertise in accounting, economics, and ethics

It's a fantastic investment-focused credential but not a financial planning credential. If you're hiring someone to pick stocks, run hedge funds, or manage institutional money, CFA® is one of the best designations you can find.

However, a CFA® is not required for retirement planning. What you need is a CFP® or a financial planner who partners with a CFA® for investment decisions.

## **RIA & IAR: These Are Not Credentials**

Don't be fooled by titles. Registered Investment Advisers (RIA) and Investment Adviser Representatives (IAR) aren't credentials.

They're legal registrations.

Think of it this way: Just because someone has a driver's license doesn't mean they're a great driver.

- RIA = The firm
- IAR = The individual advisor working under an RIA

Being an RIA or IAR means the advisor operates under fiduciary rules, but it tells you nothing about their qualifications or real expertise.

## **The Reality: Some Titles Are Just Marketing**

You might come across advisors calling themselves:

- Wealth Managers
- Financial Coaches
- Retirement Specialists
- Money Experts

None of these are real certifications.

Anyone can slap a fancy title on their business card, which is why it's critical to look at their actual credentials.

## **So, What Should You Look For?**

If you're hiring an advisor for comprehensive financial planning, you want:

1. A CFP® (Certified Financial Planner™)—The best overall planning designation.
2. A ChFC® or CIMA®—Good alternatives with strong financial education.
3. A CFA® on the team or as part of the investment process—Great for money management, but not essential for planning.

And, of course, your advisor should have 20+ years of real experience helping individuals, not just a bunch of letters after their name.

## **Conclusion**

The right certifications don't guarantee a great advisor, but they do increase your chances of finding a competent, well-educated professional.

But remember that certifications are just one piece of the puzzle.

You're not just picking an advisor. You're choosing someone to help protect your life savings. Make sure they're worth it.

Having the right credentials is important, but it's not enough. Even the most knowledgeable advisor won't help you if they can't guide you through the behavioral challenges of investing.



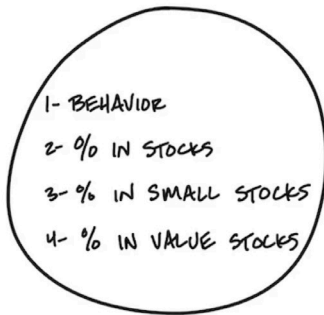
## Chapter 14

# Behavioral Investing: The Key to Long-Term Success

*“We do not see things as they are, we see them as we are.”*

— Anaïs Nin

### FACTORS THAT DRIVE RETURNS



O\*

\* MARKET TIMING, STOCK  
PICKING, CNBC, YOUR  
BROTHER-IN-LAW...

*“The way I see it, if you want the rainbow, you gotta put up with the rain.”*

— Dolly Parton

An FRA acts as Behavioral Investment Coach to keep clients from self-sabotage. Their job is to guide clients through emotional and psychological challenges and help them evolve from fragile to resilient to antifragile investors.

Every investor thinks they have a plan until the market delivers that first real punch.

As Mike Tyson famously said, “Everyone has a plan until they get punched in the mouth.”

In bull markets, it’s easy to feel overconfident. When everything is going up, investors convince themselves they have the perfect strategy. But real discipline is tested when everything starts falling apart.

The first 10-20% drop? Most investors stay the course. But when the losses hit 30-40%, fear takes over. That’s when even the most disciplined investors start second-guessing everything. Panic-selling at the worst possible moment is one of the most common and costly mistakes investors make.

Some investors fall into a dangerous illusion—they confuse luck with skill. They chase a booming sector, overweight their investments, and convince themselves the good times will never end. But when the inevitable crisis comes, they’re the ones hardest hit. They will realize too late that their entire strategy was built on hope, not discipline.

A great FRA ensures you don’t throw out the plan just because the market throws a punch. They keep you focused on the long game, helping you avoid the critical slip-ups that turn temporary pullbacks into permanent losses.

## Human Nature and Investing: The Threefold Challenge

Most investment pitfalls don't happen because people lack information. They happen because human nature itself works against us. Our own instincts, emotions, and biases make it incredibly difficult to stay the course.

I've seen it over and over. People are bold, certain they've got it all figured out.

They say, "I got this, I can do it," until everything goes sideways. Then they panic.

That's why behavioral management is absolutely crucial in investing. Every damaging error ties back to three interwoven forces of human nature: our emotions, biases, and the constant temptation to act when we should be still.

Three key forces drive investment mistakes:

- 1. Physiological Wiring:** Imagine two early humans trekking through the woods. They hear a rustle in the bushes. One instantly yells, "Lion! Run!" and bolts, while the other hesitates—only to become a meal. This survival-driven response is etched in our DNA. Most of the time, it was just rustling leaves in the wind—no lion. But on rare occasions, it was a lion. The ones who panicked and ran are the ones who survived... and they're the ones we

descended from. That's why, when the market drops 1,000 points, we feel the pounding in our chest. The panic still lives in us.

2. **Psychological Biases:** Our brains feel losses twice as strongly as gains. Losing \$100 feels twice as painful as gaining \$100 feels good. That's why people panic-sell at the worst times.
3. **Cultural Conditioning:** We're trained to buy bargains. If canned tuna is on sale, we stock up. But when stocks go on sale, the instinct flips. People see a downturn as a catastrophe, while surging prices create FOMO (fear of missing out). The 24/7 media cycle only amplifies these conflicting emotions.

These challenges explain why even disciplined investors can struggle and why fragile investors are particularly vulnerable.

## **Stories from the Field: Real-World Investing**

I've seen every type of investor reaction. Those who panic and sell, those who stay the course, and those who make bold but smart moves when others are running for the exits. Here are just a few examples of some quick investor stories.

**The Wachovia Client** – A client had his entire retirement savings in Wachovia Bank stock in 2007. He trusted it completely. Fortunately, he listened to my advice and diversified. When Wachovia collapsed in 2008 and had to be taken over by Wells Fargo, he still had a solid financial future instead of losing everything. To this day, he still thanks me.

- 2008 crash happens → Wachovia Bank collapses.
- Because he diversified, he still had a solid financial future.

I knew another prospective client around the same time who also had Wachovia stock—only his was outside of an IRA. He had a large capital gain built up in it, and when I advised him to diversify, he pushed back. He didn't want to trigger the tax. And I get it—nobody wants to pay taxes if they don't have to. Tax planning is a big part of what we do.

But sometimes, you can't let the fear of paying taxes stop you from making the right investment decision.

What many people forget is that yes, Wells Fargo took over Wachovia—but the shareholders weren't rescued. The stock went to zero. The company lived on, but the investor's money didn't.

Let's just say... he doesn't have a capital gains problem anymore.

That's why diversification isn't just smart—it's essential. I wish he had listened.

**The Political Investor Who Sold Everything** – In 2021, a prospective client believed the market would crash due to political changes. He was convinced that the new administration's policies would tank the economy. So, he sold everything and sat in cash. He never reinvested. Meanwhile, the market surged, and he missed one of the best years in history.

## **Lesson: Never, ever make investment decisions based on politics.**

The market doesn't care who's in office. It cares about businesses, profits, and innovation. Companies adapt to political environments, just like they adapt to economic cycles. A big misstep investors make is assuming their personal political beliefs should dictate their financial strategy. But companies aren't Republican or Democrat—they're either profitable or they're not.

This investor let his emotions override a proven investment strategy. It's a classic blunder—one many investors fall into—but politics has become one of the most dangerous triggers lately. When emotions take over, fear-driven decisions follow, and they rarely pay off.

**The Tech Boom and Bust** – A Merrill Lynch advisor held \$5 million in Cisco stock during the tech boom. He rode it all the way down when the bubble burst. Even professionals fall for this.

- He rode it all the way up in the tech boom.
- He rode it all the way down in the crash

**The Florida Real Estate Frenzy (2006)** – Many clients wanted to sell beautifully diversified portfolios to buy Florida real estate. Not long before, they were doing the same with tech stocks in 1999.

- Tech stocks crashed in 2000.
- Florida real estate collapsed in 2008.

## **The Premise: A Plan, A Process, and True Diversification**

**All solutions** in this book start with one critical premise:

- You are working with an FRA.
- You have a plan.
- You have a beautifully diversified portfolio, suited to the long-term needs, goals, and wants of that plan.

FRAs preach diversification because we know that investing isn't about making a killing in any one thing.

It's about avoiding getting killed by any one thing.

A widespread miscalculation in investing is the urge to chase what's hot and abandon what's cold. When something is skyrocketing, human nature wants to go all in. When something is lagging, human nature wants to sell it.

That is exactly the opposite of what we should be doing for long-term success.

True diversification means having a structured portfolio that never lets any single position control your fate. This means that at any given time, you will have something in your portfolio that isn't working. And that's a good thing.

If everything in your portfolio is going up at the same time, you are not diversified. And when the tide turns, you're in for a rude awakening.

One of the simplest ways to keep a diversified portfolio working for you is through regular maintenance, just like tending a lawn. You wouldn't let your grass grow wildly in one area while ignoring the rest, and your investments shouldn't be any different.

## **Keeping Your Portfolio in Check**

Everyone loves tech stocks, including me. But, when one sector grows too much, it can throw your portfolio off balance. Just like a lawn needs regular trimming, your investments need rebalancing to stay on track. You need to sell a little high, buy a little low, and do it in small pieces over time. Isn't that the whole idea of investing?

When a sector becomes overgrown, trimming it back helps maintain balance. But the flip side is just as important. When a sector has been down for too long or too much, rebalancing can shift capital into it, positioning you for future growth.



Rebalancing is the exact opposite of what human nature screams at you to do—but it's a simple, powerful tool an FRA uses to keep emotions in check and help protect your lifetime returns.

It's a disciplined strategy to manage risk and keep your portfolio aligned with your long-term goals. It has worked well over time, though, of course, nothing is guaranteed. The challenge is that far too often, people let emotions get in the way, holding on too long or hesitating to rebalance. That's where an FRA comes in, helping you stay diversified, aligned with your goals, and positioned for long-term success.

Successful investing adheres to a proven strategy.

This kind of disciplined investing, where you trim when needed, resist emotional impulses, and remain focused on a structured plan, is what separates those who panic in market storms from those who stay the course. But what if you could do even more than just endure market volatility? What if you could actually use it to your advantage? That's where working with an FRA transforms you from a fragile investor into an antifragile one.

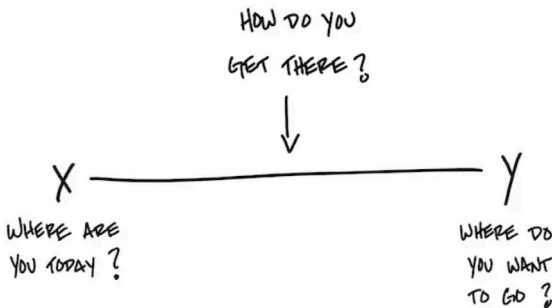
## From Fragile to Antifragile: The FRA Roadmap

Most investors are fragile until they work with an FRA. They just don't know it.

Over the years, thousands of investors have walked into my office thinking they had it all figured out. They believed they were disciplined, resilient until reality tested them. When markets were smooth, confidence was high. But the moment uncertainty struck, emotions took over.

The goal isn't just to survive market turbulence. It's to move from fragile to resilient to antifragile. And an FRA is your roadmap to get there as quickly as possible.

### The Road Trip of Investing



Think of investing like a cross-country road trip. You have a map and a destination, but along the way, there will be storms, detours, and roadblocks.

- A **fragile investor** panics when storms arise. They take unnecessary detours, pull over in fear, or abandon the trip altogether. Now, their journey is delayed—or worse, they never get to where they need to be.
- A **resilient investor** understands that storms are part of the journey. They stay on course and reach their destination as planned.
- An **antifragile investor** embraces volatility. They use market turbulence and crises to improve their position, taking advantage of opportunities others miss. Because of this, they may reach their destination even faster than they originally planned.

Over the years, I've helped thousands of investors make this shift. My job as an FRA is to get them to be resilient as quickly as possible—then ultimately push them toward antifragile. That means rewiring how they think about risk, uncertainty, and opportunity, so instead of fearing volatility, they use it to their advantage.

## The Power of Anti-Fragility: Turning Market Chaos into Opportunity

The 2022 market selloff was one of those moments where we saw that our clients had made the shift. Because of our process of ongoing education, proactive planning, and Financial Vitamin C, they didn't panic. They were prepared, rational, and ready to take advantage of opportunity instead of reacting to fear.

### Tax-loss harvesting:

Selling underperforming assets to realize losses that could offset future gains

That allowed us to execute a tax-loss harvesting strategy with confidence. But instead of sitting in cash or hesitating, we repositioned into comparable investments with a lower cost basis. This proactive approach not only positioned our clients for substantial gains during the subsequent market recovery but also strengthened their tax position for years to come.

Once you become an antifragile investor, an FRA can implement advanced strategies that go beyond just "staying the course." You're no longer mesmerized by the news cycle or paralyzed by fear. Now, you're in a position to take advantage of volatility instead of being controlled by it.

We've executed these strategies successfully in 2001-2002, 2008-2009, 2020, and 2022—each time, we leveraged market pullbacks to strengthen client portfolios, optimize taxes, and enhance long-term outcomes. Every year, we actively scan portfolios for tax-loss harvesting opportunities, ensuring that when corrections happen, we make the most of them.

That's just one example of what separates fragile investors from antifragile ones. Fragile investors panic and lock in losses. Antifragile investors use volatility as a tool to come out stronger.

## **How FRAs Help Clients Manage Volatility**

Investors often feel confident while they're still adding to their portfolios. But when they enter the distribution phase of retirement, when income from work is no longer coming in, market downturns suddenly feel far more threatening. That's when emotions take over, and we see who is truly prepared (and not).

A proactive strategy means staying disciplined through all market conditions, including times of euphoria.

Because another danger can be overconfidence.

During bear markets, panic leads investors to sell at the worst possible time. But during bull markets, greed and overconfidence can make them chase hot trends or ignore risks.

No one can time the market consistently, but an FRA removes the element of surprise and keeps you from making detrimental emotional decisions. Because surprise fuels panic. Panic fuels emotions. And emotions fuel mistakes.

That's why an FRA helps clients maintain discipline through:

- **Financial Vitamin C** – Ongoing education that keeps you focused on the bigger picture. Just like real Vitamin C, it drains out of your system over time, worn down by media noise, market fear, and opinions from friends and family. It needs to be continuously readministered to keep you strong, focused, and immune to distractions.
- **Proactive Planning** – A clear strategy in place before downturns hit, so there's no scrambling when the market drops.
- **Structured Decision-Making** – A framework that prevents emotional detours and major setbacks, keeping every move aligned with your long-term success.

The investors who succeed aren't the ones trying to predict the next crisis. They're the ones prepared.

With the right strategy, you won't be swayed by short-term euphoria or panic. Instead, you'll be making adjustments based on a structured plan, ensuring you stay positioned for long-term financial success.

But even with the best strategy, even with all the preparation in the world, there's something that separates great investors from average ones: continuous refinement. That's where the concept of "The Slight Edge" comes in.

## **The Slight Edge: Why Even the Best Need Coaching**

Tiger Woods, one of the greatest golfers in history, had a coach even at the peak of his career. In elite performance, the difference between winning and losing is often a matter of small, seemingly insignificant improvements—a slight edge.

A minor tweak in a golf swing can be the difference between first place and missing the cut. The same principle applies in retirement planning.

The right financial advisor refines your approach, helping you make small adjustments that lead to massive long-term results. An FRA optimizes what you're already doing so that your financial plan performs at its highest level.

Those who recognize this edge and embrace coaching instead of assuming they can do it all on their own end up in a significantly stronger position over time. Retirement planning means having the right professional to guide you through your unique journey.

## Conclusion

Ultimately, investing means managing behavior. The best investment strategy in the world won't work if you don't stick with it. That's why an FRA's role as a Behavioral Investment Coach is critical.

Fragile investors break in market downturns. Resilient investors survive. Antifragile investors get stronger. The market will drop again. It always does at some point—sometimes not for long, sometimes for a good amount of time.

Will you be ready?

The greatest threat to your financial success isn't the market itself, it's how you react to it.

A long-term, quality, diversified portfolio of equities should be an absolute for your long-term money in retirement. Money that you won't need to access for at least 5-10 years or more is generally considered long-term money in retirement. How much of your portfolio should be earmarked for this is a conversation you must have with your FRA.

Having the right advisor can make all the difference when creating a true retirement plan that works for you. This means not just having investments, but ensuring that they are actively growing your income to outpace inflation and alleviate any financial worries.



A strong behavioral approach is the foundation of successful investing, but even the most disciplined investors are tested when markets decline. This brings us to one of the biggest challenges investors face: bear markets. How you navigate them will determine your long-term success.

*“Optimism is the only realism. It is the only worldview which squares with the facts, and with the historical record.”*

— Nick Murray, *Simple Wealth, Inevitable Wealth*

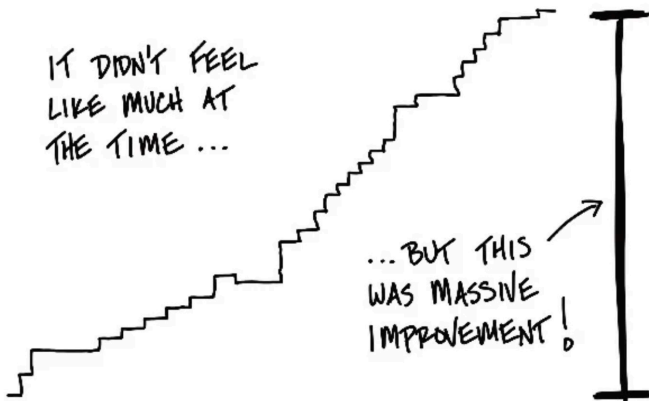


## Chapter 15

# Bear Markets: Staying Invested Through Uncertainty

*"Among the four most dangerous words in investing:  
It's different this time."*

— Sir John Templeton



## **The Inevitability of Bear Markets**

Since 1950, there have been 16 bear markets occurring approximately every 5-7 years. A bear market is defined as a decline of 20% or more in equity prices. How you react to bear markets will determine your long-term success. An FRA ensures you have a plan in place before a downturn happens, so you don't make emotional blunders that can disrupt your future.

Every bear market feels unique, but history tells a different story. When I wrote the first edition of this book in April 2018, the S&P 500 was around 2,800, and the last bear market had been back in 2011. Since then, we've been through three bear markets, the late 2018 slump, the COVID-19 crash in 2020, and the inflation-driven decline in 2022.

And now, as of this writing in 2025, the S&P 500 is over 5,000. That progression still amazes me. It's a perfect reminder that while bear markets feel catastrophic in the moment, they have always been temporary setbacks in a long-term upward trend.

See the graphic on the following page

## Bear Markets: Staying Invested Through Uncertainty

### Percentage of Rolling Periods with Positive Returns for the S&P 500, 1950 - 2024



### The Bear Markets 1950 -2020

Date of Market Peak	Date of Market Trough	% Return	Duration	Market Peak	Market Trough
08/02/56	10/22/57	-22%	14.5 Months	49.7	39.0
12/12/61	06/26/62	-28%	6.5 Months	72.6	52.3
02/09/66	10/07/66	-22%	8.0 Months	94.1	73.2
11/29/68	05/26/70	-36%	18 Months	108.4	69.3
01/11/73	10/03/74	-48%	20.5 Months	120.2	62.3
09/21/76	03/06/78	-19%	17.5 Months	107.8	86.9
11/28/80	08/12/82	-27%	20.5 Months	120.5	102.4
08/25/87	12/24/87	-34%	4.0 Months	336.8	223.9
07/16/90	10/11/90	-20%	3.0 Months	369.0	295.5
07/17/98	08/31/98	-19%	1.5 Months	1186.8	957.3
03/24/00	10/09/02	-49%	30.5 Months	1527.5	776.7
10/09/07	02/09/09	-57%	17.0 Months	1565.1	676.5
04/29/11	10/02/11	-19%	5.0 Months	1363.1	1099.2
09/20/18	12/24/18	-20%	3.0 Months	2930.8	2351.1
02/19/20	02/23/20	-34%	1.1 Months	3386.2	2237.4
01/03/22	10/12/22	-25%	9.5 Months	4796.56	3577.03

This matrix represents the bear market (>20% decline) in the S&P 500 Index since 1950. We want you to understand that down markets are normal and happen from time to time. The illustration is intended to show you that even though bear markets occur, the trend in the S&P value has consistently moved higher, hence those who panic out during bad times risk missing out on the upward trend in the S&P value.

Above is a look at all 16 bear markets from 1950 to 2024, and each one felt like "the big one" at the time, yet they all eventually recovered, rewarding those who stayed disciplined.

## 1,000 Reasons to Sell: Why "This Time is Different" is Never True

Every bear market comes with a new reason why "this

time is different"—why this particular crisis will finally break the system.

And every time, investors panic, sell at the worst possible moment, and lock in unnecessary losses.

Looking back, these may seem like just headlines. But at the time, they felt like the end of the world.

There is always an excuse:

- **1973-74 Oil Crisis**—*"Oil prices are out of control! The economy can't survive this!"*
- **1987 Black Monday**—*"The stock market just lost 22% in a single day! It will take decades to recover!"*
- **2000-2002 Dot-Com Bubble**—*"The internet boom was all a lie! The market is broken!"*
- **2008-2009 Financial Crisis**—*"Banks are failing! The financial system is collapsing! This time, it really is different!"*
- **2020 COVID-19 Crash**—*"A global pandemic? The world is shutting down! The economy will never recover!"*
- **2022 Inflation & Interest Rates**—*"Inflation is out of control! The Fed has lost control of the economy!"*

Yet, through all of these "*unprecedented*" events, the market didn't just recover—it moved to new highs.

## **Investors always find a reason to justify selling:**

- Politics
- Inflation
- Recessions
- Interest rate hikes
- Wars
- Pandemics
- Market crashes
- Corporate scandals
- Debt ceilings, government shutdowns, trade wars
- Etc.

## **The Media is Not Your Investment Advisor**

Like we discussed in Chapter 6, the financial media thrives on fear, especially in a bear market. Their job isn't to make you a successful investor; it's to get you to click, watch, and panic. They'll shout, "*The market is crashing!*" but won't follow up when it recovers. They'll warn, "*Recession fears are growing!*" but stay quiet when the economy expands. And they'll claim, "*Uncertainty is at an all-time high!*", as if uncertainty isn't always part of investing. Markets don't react to headlines; they re-

spond to business fundamentals. Over time, those who stay disciplined, not those who react to the noise, are the ones who win.

## **The Playbook for Market Success is Simple**

Every investor will face these moments of doubt. The key is having a system in place before fear takes over. You need:

- A long-term financial plan.
- A diversified portfolio designed for your goals.
- To recognize that bear markets are not failures—they are features of the system.
- An advisor who keeps you from making the single worst investment mistake—selling at the bottom.

While this time feels different, it never is.

## **Brian & Jody's Story: The Cost of Not Having a Real Plan**

Too many investors think their financial plan is solid until it's stress-tested by reality.

Brian and Jody had worked with their financial advisor for nearly two decades, diligently saving and following the standard advice. Their accounts were growing,



their statements looked great, and their advisor always picked up the phone when they called.

But as retirement approached, Jody started asking tough questions:

- “How do we make sure we don’t run out of money?”
- “What happens if one of us gets sick?”
- “Are we protected from inflation?”
- “What’s our actual plan if the market crashes early in retirement?”

Their advisor didn’t have clear answers. There was no real plan, only a collection of investments.

When the market dropped, they finally saw the gaps in their strategy. They were taking more risk than necessary while lacking a solid tax approach that was needlessly costing them money. Their portfolio had no structured income plan to address inflation’s steady erosion of purchasing power.

Perhaps most concerning, they had no contingency if either faced a health crisis, and, critically, no predetermined strategy for navigating the inevitable next bear market. Most investors believe “staying the course” constitutes a complete strategy, but this approach only works when built upon a comprehensive plan.

Brian and Jody had investments without the foundation of a real retirement strategy.

## **It's a Lot Like Insurance**

Many people assume they have the right insurance until disaster strikes. It's only after a fire, a flood, or a major accident that they realize their policy doesn't cover everything they assumed it did.

Retirement planning is the same.

Brian and Jody's financial plan looked fine until the reality of market downturns, taxes, and unexpected costs exposed its weaknesses.

## **The Difference an FRA Makes**

When we sat down together, I showed Brian & Jody how to actually stay the course. We created a structured withdrawal plan so they wouldn't have to sell stocks during downturns, paired with a tax-efficient income strategy that preserved more of their hard-earned money. Their new comprehensive approach helped to protect them from bear markets, inflation, and long-term care costs all in one integrated system. Now, instead of reacting emotionally to market swings, they had a strategy they could rely on—one that didn't depend on hope.

"Now we feel like we actually have a plan," Jody told me. "We're not just hoping—it's built in."

## **The Power of Having a Plan**

Before meeting me, another couple I worked with was obsessed with the market. They watched every tick up and down. They were always nervous, always reacting.

After working together, we built a real plan, one based on their actual goals.

When the 2008 crash hit, instead of panicking, they did what most investors couldn't: they added more money and rebalanced their portfolio.

I was proud. They had become antifragile.

They had spent years building their financial foundation with me, learning important principles, strengthening their discipline, and actually applying what they learned. Importantly, they were open to it. They truly listened and put these ideas into practice.

Now they're 65 years old, enjoying retirement on their terms because they followed a strategy built for the long haul.

But not everyone had that kind of confidence in 2008....

## **The 2008-2009 Financial Crisis: The Worst Crash in Modern History**

For many, the financial crisis was a brutal test of everything they thought they knew about investing. I had a

front-row seat to how investors responded—some held firm, while others made decisions that still haunt their retirement plans today.

It wasn't just a market event. It was an emotional rollercoaster. Some investors stuck to their plan, while others panicked and locked in losses they could never recover from.

The 2008-2009 Great Financial Crisis was triggered by a perfect storm: the subprime mortgage meltdown, a global credit freeze, and the shocking collapse of Lehman Brothers. The damage was unprecedented, with the S&P 500 plummeting 57% from peak to trough.

The 2008 financial crisis was the worst market drop in modern history. I remember it vividly. Clients were nervous. Some newer ones called with concerns, even though they had a plan. But my veteran clients had already prepared for this.

We had built financial Vitamin C into their strategy, giving them the confidence to weather the storm. Still, some came in for reassurance. We sat down, reviewed their plan, and reminded them why it was built this way.

Once they were reminded and saw that we had planned for this all along, they were okay.

But I had one newer client who was on the verge of selling everything. He called me, panicked.

"Joe, this time it's different."

I told him the unvarnished truth: "I don't know how or why, but it will get better."

We reviewed his plan. He saw that it was built for moments like this, so he didn't have to react emotionally. He stayed invested.

That was 2009, and the S&P 500 was at 757 points.

Now, in 2025, the S&P 500 is over 5,000 points.

I know others who did sell out. They were prospective clients who came to see me after the crash. They lost money permanently, missing the rebound. The pain wasn't just financial. It was also emotional and filled with regret over decisions made in the heat of the moment.

Instead of long-term growth, they got long-term regret.

Looking back, the difference between those who stayed invested and those who didn't wasn't luck. It was having a real plan and the right guidance.

In the grand scheme of things, paying 1% a year to avoid the biggest financial mistake of your life seems like a pretty small price, doesn't it?

These patterns have been studied extensively. Investor behavior is often the biggest threat to long-term success.

That's exactly what the DALBAR study proves, year after year.

## **The DALBAR Study and The Cost of Emotional Investing**

Every year, DALBAR<sup>8</sup> releases a study that looks at how the average investor actually performs compared to the investments they hold.

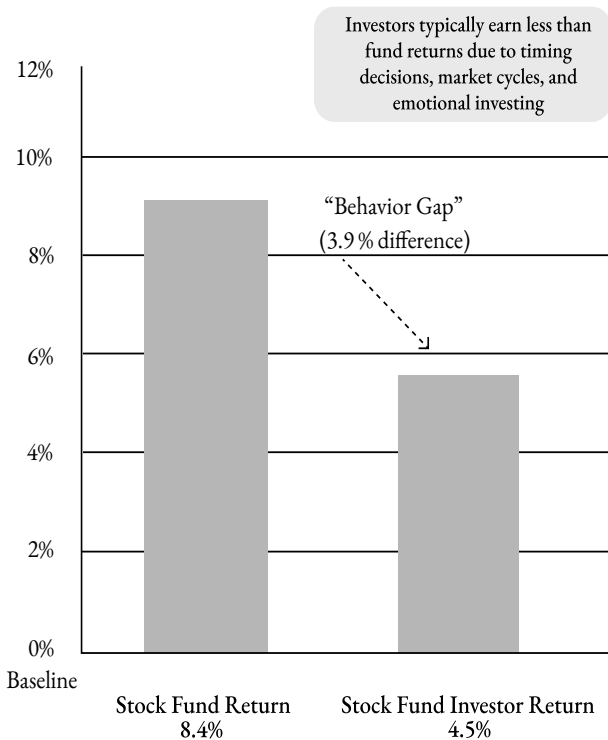
And every year, the story is the same. The average investor consistently underperforms the very funds they invest in. Investors don't even get market returns because they jump in and out based on emotions, often selling during market turbulence and buying during bull markets.

See the graphic on the following page

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8. DALBAR, Inc. is the financial community's leading independent expert for evaluating, auditing and rating business practices, customer performance, product quality and service. They are committed to raising the standards of excellence in the financial services. Since 1994, DALBAR's Quantitative Analysis of Investor Behavior (QAIB) has measured the effects of investor decisions to buy, sell and switch into and out of mutual funds. The results consistently show that the average investor earns less- in many cases much less- than mutual fund performance reports would suggest. The bar graph on the following page shows from 1989-2008 the last great crisis.  
[www.dalbar.com](http://www.dalbar.com)

Average Stock Fund Return vs. Average Stock Investor  
Return (1989 - 2008)  
“The Behavior Gap” in Returns Over a 20 - Year Period



Source: Based on DALBAR’s Quantitative  
Analysis of Investor Behavior study (1989 - 2008)

These studies consistently reveal that the average equity fund investor lags behind the performance of the equity fund itself. The pattern holds true year after year, though the gap varies in size. This underperformance isn't because of the market. It's because investors react emotionally. Over decades, investors have shown a pattern of buying high and selling low, which is the exact opposite of successful investing.

This is why having a plan and an FRA is critical. Our own behavior is often the biggest threat to our financial success.

In times of uncertainty, investors don't need an algorithm. They need a real person to guide them.

*“Don't try to time the market. It's very difficult to do. There may be a couple of people in the world who can do it, but if there are, they're not telling you.”*

*—Ben Bernanke*

## **How Often Do Market Declines Happen?**

*“If you can't endure upwards of fifteen percent decline every year, and an average decline of about a third one year in five, you just flat-out can never be an equity investor”*  
*— Nick Murray*



Market downturns aren't market failures. They are part of how markets function.

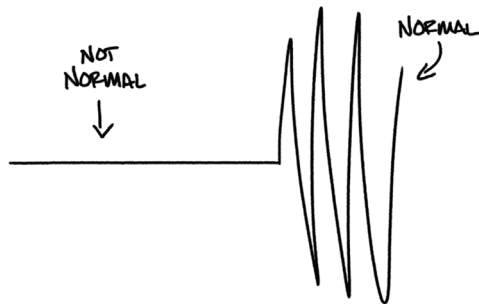
Historical data shows a clear pattern that 10%-14% corrections happen nearly every year. More substantial 15% pullbacks occur approximately every three years. And significant 20%+ bear markets happen every 5-7 years, with an average drop of 33%.

If you want long-term growth, you must accept that volatility is the price of admission.

As Nick Murray<sup>9</sup> wisely noted, "In efficient markets, the suppression of volatility must ultimately result in a commensurate suppression of return."

The good news is that investors who stay the course through bear markets have always been rewarded over time.

This is the nature of investing. It will test your discipline, but history has rewarded those who remain committed to their strategy.



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<sup>9</sup> [nickmurraynewsletters.com](http://nickmurraynewsletters.com)

*“...The declines have all been temporary, at least so far and they have been completely overwhelmed by the subsequent advances...” — Nick Murray*

## **Conclusion**

Bear markets aren't anomalies. They are part of the process. Since 1950, we've had 16 of them, and, every time, markets recovered and reached new highs.

The investors who succeed are the ones who prepare before the major contraction hits. Those who panic and sell lock in losses permanently. Those who follow through on a structured plan build real wealth over time.

Your FRA's job isn't to predict downturns—it's to prepare you for them. That's what separates those who stay on track from those who let short-term fear take them off course.

Markets don't move in a straight line, but history has shown they move in the right direction.

In the next chapter, we'll explore why markets rise over time, why long-term investing works, and how to position yourself for success.

## Chapter 16

# Markets Work—If You Let Them

*“The stock market is designed to transfer money from the Active to the Patient.”*

— Warren Buffett

## Why Markets Go Up

Over the long run, markets rise, not because of luck, speculation, or wishful thinking, but because behind every stock is a real company. And, as an investor, you are not buying into some abstract, fictitious “stock market.” You are a part-owner, however small, of some of the greatest businesses in the world.

Think about what that means. These are not just random tickers on a screen. These are companies that are the most transparent, innovative, resilient, liquid, competitive, and financially successful in the world. The only way to truly participate in the power of human innovation—one of the most consistent forces of progress on Earth—is to own companies. As an investor in equities, that’s exactly what you’re doing. They’re

led by talented management teams that are constantly adapting and evolving. And they all have the primary goal to be profitable.

That's what drives markets over time. It's not about short-term headlines, political drama, or economic cycles—it's about businesses finding ways to grow and thrive.

## **You Invest in Companies You Use Every Day**

If you bank at JPMorgan Chase, drive a Chevrolet, use an Apple iPhone, and grab lunch at Chipotle, you're engaging with public companies. The same is true if you brush your teeth with Colgate, use a Dell computer, stream Netflix, shop on Amazon, buy groceries at Costco, scroll Instagram, or sip Starbucks. These are real businesses woven into your daily routine—and when they're profitable, their stock prices go up. When they aren't making money, or aren't expected to be in the near future, prices go down.

Companies don't just sit there and accept losses.

## **What Happens When Companies Aren't Profitable?**

If you've ever worked for a business or run one, you know exactly what happens when profits decline. Companies adjust. They close unprofitable locations, reduce

expenses, innovate to create new revenue streams, acquire weaker competitors, and sometimes trim their workforce to survive and rebuild.

The goal is always to get back to profitability. And, historically, they always have.

### **Example: Marriott During COVID-19**

During the COVID-19 crash, Marriott Hotels faced a devastating blow. Travel collapsed overnight. Their business model was built on full occupancy, and, suddenly, hotels worldwide were empty.

What did they do? They closed properties to conserve cash, furloughed employees to preserve resources, and renegotiated contracts while cutting non-essential expenses. They did what was necessary to survive. And, as travel recovered, Marriott bounced back stronger because the business itself was still viable.

### **Example: Ford Motor Company in 2008**

In 2008, the auto industry was on the brink of collapse. General Motors and Chrysler needed government bailouts to survive. But Ford did something different. They secured massive credit lines early, anticipating an economic slump. They sold off non-essential brands to focus on core business and streamlined operations while aggressively cutting costs.

Because of these moves, Ford was the only major U.S. automaker that didn't take a government bailout. And

when the economy recovered, Ford was in a stronger position than ever.

## **Why This Matters for Investors**

No matter what happens in the world, companies will always fight to survive and return to profitability. Yes, some will fail—just like in any business cycle. But that's exactly why diversification is essential. The great companies of America and the world that drive the markets adapt, pivot, and find ways to thrive again.

That's why, no matter how bad things look at the moment, I believe in owning a well-diversified portfolio of great companies for the long run. And that's why markets, despite every kind of crisis, have always recovered.

## **Why We Stick It Out: The Long-Term Rewards of Holding On**

*“Patience is the key to joy” — Rumi*

## **Riding Out the Market's Ups and Downs**

Looking at the Bear Market Chart in Chapter 15, you know what the market was at during the first bear market in 1950? Just 39. Yes, really—39! That's not a typo.

Fast forward to October 2022, the bottom of our last bear market, and we're at 3,577. Think about that. A 91x increase

despite all the ups and downs along the way. By the way, not to pile on, but that chart does not include dividends.

### Dividends:

Payments made by a corporation to its shareholders, typically derived from company profits. They are usually paid in cash but can also be issued as additional shares of stock. Dividends provide investors with a source of income and are commonly distributed on a regular basis, such as quarterly. While not all companies pay dividends, those that do are often financially stable and seek to reward long-term shareholders. Reinvesting dividends can be a powerful strategy for compounding wealth over time.

What does this tell us about investing through bear markets? Let's break it down with real numbers.

The first chart on page 180, tracks the S&P 500 all the way back to 1946. Take a moment to consider:

- **Where was the S&P 500 in 1946?** *It stood at 18—a level that would be unthinkable today.*
- **How much did it pay in dividends that year?** *The annual dividend was \$1.00 per share—providing a solid income stream at the time.*

- **And how did both the price of the S&P 500 and its dividend payments compare to consumer inflation (CPI)<sup>10</sup> over time?** *The data shows that both stock prices and dividends grew significantly, far outpacing inflation over the long run. (See first chart on page 180.)*

## A 30-Year Perspective: The 1995-2025 Chart

Now, let's look at the second chart on page 180, which covers a full 30-year retirement period from 1995 to 2025.<sup>11</sup>

- **Where was the S&P 500 in 1995?** *It stood at 500—a number that seemed high at the time.*
- **Where is it today?** *As of 2025, it has grown 10x to over 5,000.*
- **How much did it pay in dividends in 1995?** *Investors received \$14 per share in dividends.*
- **What about today?** *Dividend payments have soared to \$72 per share, more than 5x higher than they were in 1995.*
- **And how did the market's growth and dividend increases compare to inflation (CPI)?**

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10. [pages.stern.nyu.edu/~adamodar/New\\_Home\\_Page/datafile/spearn.htm](https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/spearn.htm) and for CPI its [CPI <https://fred.stlouisfed.org/series/CPIAUCSL>](https://fred.stlouisfed.org/series/CPIAUCSL)

11. <https://politicalcalculations.blogspot.com/2006/12/sp-500-at-your-fingertips.html>



*While inflation has increased **2.1x**, the S&P 500 has grown **10x**, and dividends have increased **5x**.*

Over three decades, both stock prices and dividend payouts have far outpaced rising costs, reinforcing why long-term investing works. (*See second chart on page 180*)

By reviewing these historical trends, you can see for yourself why holding firm with your investments, even through bear markets, has been the right move consistently.

Of course, we'd want to work this into your personal plan and circumstance with an FRA to make sure it's right for your situation.

### The Scorecard: 1946 vs. 2025

Metric	1946	2025	Growth
S&P 500	18	5,100	283x
Dividends	\$1.00	\$72.00	72x
CPI (Inflation)	18.1	310.0	17x
Purchasing Power	\$1.00	\$0.05	Lost 95%

Data comparing market growth to inflation over an 80-year period

### The Last 30 Years: a Full Retirement Perspective

Metric	1995	2025	Growth
S&P 500	500	5,100	10x
Dividends	\$14.00	\$72.00	5.1x
CPI (Inflation)	150.3	310.0	2.1x
Purchasing Power	\$1.00	\$0.48	Lost 52%

Data comparing market growth to inflation over a typical 30-year retirement period

So, what does all of this mean?

Despite all the crashes, panics, and fear-driven headlines over the decades, equities have not only delivered attractive returns, they've produced positive returns the great majority of the time. In fact, 75% of full calendar years have been positive, and, as you can see, equities have far outpaced inflation.

When we look at the data, it's not just stock prices that have grown. The rising dividends over these time periods have consistently increased at a rate higher than inflation, providing a natural hedge against the erosion of purchasing power.

It's important to note that this proves nothing about the future. As long as these roughly 75 years may seem, they do not guarantee anything going forward. When it comes to investing, past performance never guarantees future results, but it does show us a powerful trend:

Time doesn't just smooth out volatility. It turns market turbulence into opportunity.



Investing based on short-term emotions is a losing game. Long-term investing, however, has historically been rewarded.

That's why investment policy must be built on probability and historical data, not chaos theory from the media.

The longer your time horizon, the less near-term volatility becomes real long-term risk.

Let's put this into perspective:

- If you expect the market to return 7-10% per year, you must also accept that at any time, your investments may be down 15-30% or up just as much.
- If you invest \$100,000, your portfolio could be worth \$85K or \$70K at times, and at other times it could be \$125K or more.
- Once in a while, there will be bigger drops that scare everyone, including me.

And that's okay. *Feeling* fear is normal. *Acting* on fear is the mistake.

That goes for your advisor, as well. Our job isn't to predict financial headwinds but to ensure you don't act against your own interests when they come.

Imagine the journey to financial success like Apollo 13's mission to the moon. The astronauts had a planned trajectory, but during their journey, they were off course more than they were on course.

Yet, they still reached the moon.

Just like that mission, your investment path will have ups and downs, corrections, and bear markets. At times, it may feel like you're drifting off course. But if you stay disciplined and trust the process, history has proven time and time again that long-term investors reach their destination.

Your portfolio, like Apollo 13, won't always follow a perfect trajectory. But if you trust the process and don't abandon the mission, you'll reach your financial destination.

## **If This Time Were Truly Different**

If this time were truly different, if markets never recovered and companies remained unprofitable indefinitely, then we'd have far bigger problems than just our portfolios. In a world where businesses can no longer generate profits, financial planning wouldn't be a concern. Your portfolio wouldn't be a concern. At that point, money itself would likely cease to function as we know it, and survival would be a much bigger priority.

## **The Challenge of a 30-Year Retirement**

So, over time, because of inflation, what you buy with a dollar in your first year of retirement could cost you \$2.44 thirty years later. Luckily, there are ways to handle this, and the graphs show one good approach. It's important to talk to your financial advisor about the right

approach to making sure your income keeps pace as the years go by in retirement.

## **Conclusion**

Markets rise over time, not because of luck, but because businesses adapt, innovate, and find ways to remain profitable. Through every crisis, downturn, and bear market, companies have fought to survive. Investors who stayed invested have been rewarded.

It's not just stock prices that grow. Dividends have consistently outpaced inflation, providing a powerful source of income growth in retirement. But reaping these rewards requires patience, discipline, and a strategy that keeps you invested through the ups and downs.

The real risk is making fear-driven decisions that lock in losses. Your FRA's job is to build your confidence in your plan, so when uncertainty strikes, you don't react emotionally. Because the market doesn't reward panic. It rewards patience.

As Margaret Drabble put it, "When nothing is sure, everything is possible."

In the next chapter, we'll shift from market cycles to personal financial readiness by defining "Your Number" and ensuring you have the foundation to retire comfortably and stay retired.

## Chapter 17

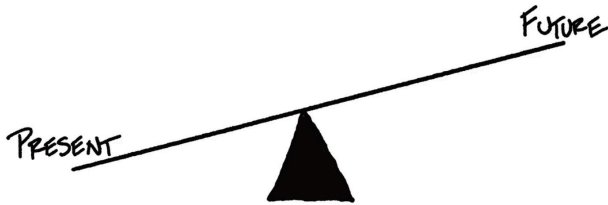
# Determining Your Number

*“Appear as you are. Be as you appear.”*

— Rumi

### 5 BIG QUESTIONS

- ① HOW MUCH CAN YOU SAVE?
- ② HOW MUCH RISK CAN YOU TAKE?
- ③ HOW MUCH WILL YOU NEED?
- ④ WHEN WILL YOU NEED IT?
- ⑤ HOW MUCH DO YOU WANT TO LEAVE?



Retirement is filled with uncertainty. You must ask the right questions, starting with the most important one: Do you know how much money you need to retire and stay retired?

This is a critical calculation, one that determines whether your retirement plan is truly built to last. Figuring out your retirement "number" means calculating the total investment capital you'll need. This number is designed to provide your after-tax income, along with Social Security and any fixed pensions, and support the lifestyle you want. While the 4% rule is a widely used guideline, it is not a guarantee—market conditions, inflation, and personal circumstances can all impact its sustainability. We achieve this by strategically withdrawing funds at a sustainable rate from a well-diversified portfolio, ensuring long-term financial security.

## **Step-by-Step: How to Determine Your Number**

Say you determine that you need \$10,000 per month in after-tax income in your first year of retirement. You expect \$4,000 per month from Social Security and a pension. That leaves a shortfall of \$6,000 per month (\$10,000 minus \$4,000), which must come from your investments.

To determine how much investment capital is required, we need to account for taxes. If we assume an effective tax rate of 20%, then withdrawing \$7,500 per month from an IRA or taxable account would leave you with \$6,000 after taxes. Since you keep 80% of your



withdrawal after taxes ( $1 - 0.20$ ), we calculate the pre-tax amount by dividing \$6,000 by 0.80 ( $\$6,000 \div 0.80$ ), which equals \$7,500. That equates to \$90,000 per year in gross withdrawals ( $\$7,500 \times 12$  months).

## Retirement Withdrawal Tax Impact

### Monthly Withdrawals

**\$7,500 Pre-Tax**

**\$1,500  
Tax (20%)**

**\$6,000 After-Tax (80%)**

### Annual Withdrawals

**\$90,000 Pre-Tax**

**\$18,000  
Tax (20%)**

**\$72,000 After-Tax (80%)**

After-Tax Amount  $\div (1 - \text{Tax Rate})$   
 $\$6,000 \div 0.80 = \$7,500$  needed monthly

Now, let's assume you follow a 4% to 4.5% withdrawal rate in your first year of retirement to help preserve your principal and allow for growth. To find the amount of capital needed, divide your annual withdrawal by 0.045:

$$\$90,000 \div 0.045 = \$2,000,000$$

In this example, you'd need \$2 million to retire comfortably. Do you know your number? And, if not, how do you know you're on the right track?

## **The 4% Rule: Why This Withdrawal Rate Matters**

I often ask, 'How much do you need to retire?' More often than not, people don't have a clear answer. The answer is a calculation based on your spending, taxes, and how long your money needs to last. One of the simplest ways to estimate it is the 4% rule.

The 4% withdrawal rule is a widely used guideline in retirement planning. It suggests that if you withdraw 4% of your portfolio in the first year of retirement, then adjust for inflation annually, there is a strong historical probability that your portfolio will last 30 years or more.

This rule is based on a well-diversified investment portfolio of stocks and bonds. Some studies suggest that withdrawing 4.5% is also sustainable, but the right approach depends on your unique plan.

A seasoned advisor helps you determine whether 4% or 4.5% is right for you, while incorporating strategies to extend your portfolio's life.

This isn't about just getting to retirement. It's about staying retired, no matter what life throws at you. The goal is not just to avoid running out of money but to ensure that, over time, your investments continue to grow, keeping up with inflation while funding your retirement.

## Adjusting for Inflation

If your retirement is 5-10 years away, your future expenses will likely be higher due to inflation. To account for this, you can adjust your after-tax income target by an estimated 3% annual inflation rate.

A simple way to estimate this:

- **If retirement is 5 years away**, multiply today's income need by **1.16** (*expenses will likely be 16% higher*)
- **If retirement is 10 years away**, multiply today's income need by **1.34** (*expenses will likely be 34% higher*)

For example:

- **\$10,000 today → approximately \$11,600 in 5 years.**(assuming 3% annual inflation)

- **\$10,000 today → approximately \$13,400 in 10 years.**

This ensures you're not **underestimating** what you'll actually need when the time comes.

## Why This Calculation Matters

By working through this exercise—either on your own or with your FRA—you can determine where you stand, assess any gaps, and develop a strategy to bridge them. Whether it's adjusting your savings rate, refining your investment strategy, or reevaluating your retirement date, having a clear number puts you in control of your future.

Hitting your number is just the beginning. Retirement isn't a finish line—it's the longest chapter of your life. The real question is: Will your money last as long as you do? A well-structured plan ensures that your income continues to grow, so you can enjoy retirement without constantly worrying about running out of money.

Knowing your number is critical, but it's only the beginning. Having enough on paper doesn't mean much if you don't have a strategy to manage risks, navigate bear markets, optimize taxes, and ensure your money lasts as long as you do. Because wishful thinking is not a strategy—intentional planning is. That's why you need a clear, intentional strategy—one that adapts to the

unknowns. An FRA helps ensure you don't just survive retirement. You thrive in it.

### How to Calculate Your Retirement Number

1. Monthly After-Tax Income Needed:

(today) →  (adjusted for inflation)

2. Minus Social Security & Pension:

\$

3. Investment Withdrawal  
Needed (after-tax):

\$

4. Estimated Tax Rate on Withdrawals:

%

5. Pre-Tax Monthly Withdrawal Needed:  
(divide by 1 - tax rate)

\$

6. Annual Pre-Tax Withdrawal Needed:  
(multiply by 12)

\$

7. YOUR NUMBER (Capital Needed):  
(divide annual withdrawal by 4.5%)

\$

This worksheet helps determine the investment capital  
you need for retirement.



## Chapter 18

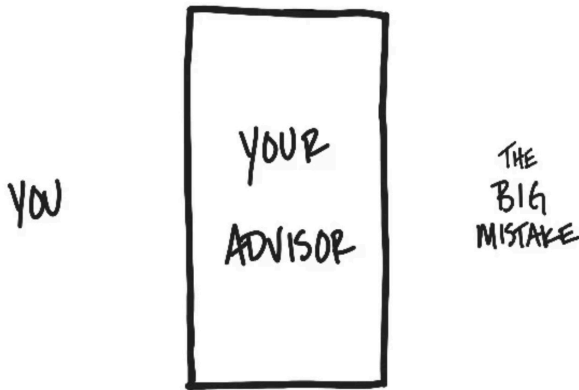
# The Bottom Line: Tying It All Together

*"No man is so wise that he can afford to wholly ignore the advice of others."*

— James Lendall Basford (1845–1915)

*"Yesterday I was clever. So I wanted to change the world. Today I am wise so I am changing myself"*

— Rumi



## **Do You Have a Real Strategy?**

A well-executed retirement doesn't happen by accident. It requires planning, discipline, and, most importantly, strategy.

Stop for a moment. Forget the numbers. Just ask yourself:

See the graphic on the following page.



## Your Retirement Readiness Checklist

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Beyond the numbers: Is your financial journey aligned with your life story?

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- ☐ What is your long term vision?  
Retirement isn't just about money, it's about what you want your life to look like.
- ☐ Are you confident your money will last 30+ years?  
Inflation won't slow down just because you retire, and bear markets will come, will your plan hold up?
- ☐ Do you know exactly where your income will come from each year?  
A structured plan matters more than just having savings. Do you have a clear strategy?
- ☐ How do you know you have the right mix of investments?  
Are you taking too much risk—or not enough?
- ☐ Is your portfolio truly diversified, or is it growing weeds?  
When's the last time you checked if it still aligns with your goals?
- ☐ What's your plan for optimizing Social Security and pension benefits?  
These decisions can add or subtract tens of thousands from your retirement.

- ☐ **Are you sure you're not overpaying in taxes?**  
A good tax strategy can make your money last longer.
- ☐ **What happens if your health suddenly changes?**  
Do you have a plan for healthcare and long-term care?
- ☐ **Would your spouse or family know exactly what to do?**  
Estate planning is about clarity, not just documents.
- ☐ **Does your spouse know the plan?**  
Or will they be left to figure it out alone?
- ☐ **What's your investment philosophy?**  
If you don't know your strategy, you're likely reacting instead of planning.
- ☐ **Who will you turn to when the next financial crisis hits?**  
It's not a question of if markets will drop, but when.
- ☐ **Do you have a real plan, or are you just hoping it all works out?**

**Your financial journey is a chapter in your life story.  
Make sure it reflects your values.**

---

These aren't just financial questions. These are life questions. Most people don't have clear answers to them, and that's the problem. Luck isn't a plan.

Too many people are sold financial products without a real strategy. Sometimes they luck out, but, more of-

ten, they realize years later that what they bought wasn't what they actually needed.

I had one couple come in feeling like they had been “sold” an annuity. The stakes are too high for guesswork. They weren't sure why they had it, only that it came with a guarantee. Most advisors would have immediately tried to replace it. But that's not how we operate.

Instead, we took a step back, built their full plan, and, luckily, it turned out that the annuity actually fit quite well. The problem wasn't the product itself. It was the lack of strategy behind it.

### **Real planning always comes first.**

That's the difference between just selling financial products and actually creating a retirement strategy.

## **What Are You Actually Paying For— And Is It Worth It?**

Let's say you work with an advisor and pay the industry-standard 1% fee.

Over your lifetime, will having a trusted FRA help you avoid costly mistakes, grow your wealth, and give you confidence?

You're not paying for stock picks. You're not paying for market predictions. You're not paying for access to investments you could buy yourself.

## **You're paying for three things:**

1. **Tying your money to your life**—ensuring your portfolio is structured for your goals, risk tolerance, and a plan for the next bear market.
  - A great FRA doesn't just pick investments; they align your money with your actual life.
  - They help you manage risk, plan for withdrawals, and navigate volatility without panic.
2. **Preventing pricey blunders**—that you never see coming, major setbacks that often cost far more than the price of good advice.
  - People don't just make human errors in financial pullbacks. They also make them when things are going well.
  - Chasing speculative trends, panic-selling, or ignoring key risks can destroy wealth faster than any bear market.
  - A great FRA helps you stay disciplined, focused, and protected from these pitfalls.
3. **A better investment experience**—including rebalancing, tax strategies, estate planning, and navigating key retirement transitions.
  - Your FRA manages everything from portfolio construction to withdrawal planning, tax optimization, and wealth transfer strategies.

- Retirement isn't just a financial event—it's a major life transition. Having a qualified guide makes the process far less stressful and much more successful.

Now ask yourself this:

Over the course of your lifetime, do you think you'll feel the value of these three things—personally, financially, emotionally?

And if so... do you think there's a chance you might end up with a 1%—or more—per year return than you would've earned on your own?

That kind of edge—applied consistently over time—can make a real difference.

In my opinion, the value far exceeds the cost and it is one of the smartest decisions you can make. But ultimately, you have to feel that for yourself.

## **Do You Have a Plan?**

If you don't have answers, it's time to work with an FRA.

Retirement success isn't just about money. It's about clarity, confidence, and meaning. It's about living a secure, fulfilling, and meaningful retirement on your terms.

## The Three Pillars Of A Great FRA Relationship

**Clarity:** People don't know what they don't know. A great advisor simplifies the complex and helps you focus on what truly matters.

**Insight:** Experience matters. An FRA leverages decades of knowledge to guide you through life's transitions while understanding you as a person—not just your numbers.

**Partnership:** A trusted advisor isn't just a service provider; they walk alongside you every step of the way, ensuring your plan evolves with you.

## The Real Cost of Not Having a Plan

Some people hesitate at the idea of paying for an FRA.

But nobody has ever failed at retirement because they paid for the right guidance. Plenty of people, however, have blown up their retirement because they didn't.

The real cost isn't paying for advice. It's not having a plan when it matters most.

No one ever regretted having a solid strategy.

Plenty of people, however, have regretted not having one.

In the end, the choice is yours.

My goal in this book was to show you what's at stake, what a real retirement strategy looks like, and what a real advisor looks like.

You don't have to do this alone. With the right plan and the right advisor, you can navigate retirement with confidence.

In retirement, there are no do-overs.

Hope is the most expensive strategy there is.

Let me leave you with this. I'd like you to take a moment to reflect.

As you reflect on your life, can you think of the people who helped you along the way? The ones who offered support, guidance, or simply showed up at the right time?

And then—if you're lucky—there are a few rare ones. The ones who didn't just help—they walked beside you, believed in you, and helped you become who you were meant to be. Like in *The Wizard of Oz*. And sometimes, with time and perspective, you realize they helped change the trajectory of your life for the better.

That's what I wish for you with your FRA. Someone who lives and breathes the five criteria we explored in this book—and who, over time, becomes one of those rare people you look back on with deep gratitude.

Just like a trusted contractor, a doctor, or a holistic practitioner you love—having that person in your life is priceless.

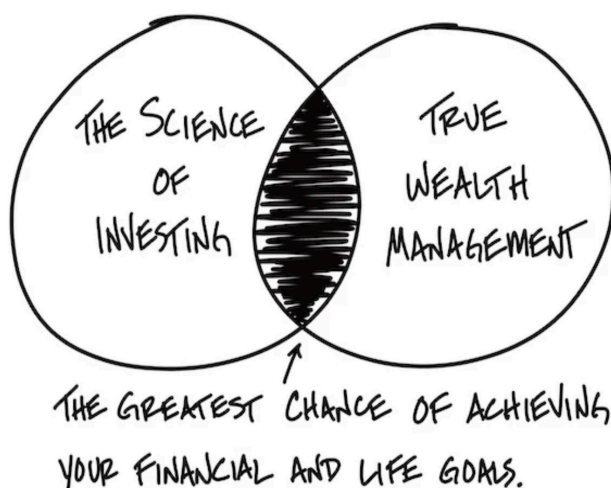
And if this book helped you take the first step toward finding them, then it's already done its job.

*“The afternoon of life is just as full of meaning as the morning; only, its meaning and purpose are different.”*

—Carl Jung



## Continue Your Financial Journey



Retirement means creating a plan that gives you confidence, flexibility, and control over your future. At Falbo Wealth Management, we believe that true wealth is in what matters most to you. If this book resonated with you, I invite you to continue the journey:

- Stay ahead with exclusive insights, market perspectives, and real-world strategies to help you make informed financial decisions. No fluff, no hype—just the guidance you need to take control of your financial future.

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**Retirement Planning Worksheets** – Get hands-on tools to help you assess your financial picture and plan your future.

**Investment & Wealth Management Strategies –**  
Gain insight into the most effective ways to optimize your portfolio for your long-term goals.

### **Your Retirement. Your Vision. Your Plan.**

At Falbo Wealth Management, our only agenda is to help you create a financial plan that aligns with your vision for the future. Whether you're navigating retirement, managing investments, or preparing for life's transitions, we're here as your ally in the process.

Your retirement plan should work for you, not the other way around. Keep learning, keep refining, and most importantly, ensure your financial strategy is built to adapt to life and market changes with confidence.

If you're ready to take control of your retirement plan with the right guidance, let's talk. You can schedule a free 30-minute phone call at:

<https://oncehub.com/JoeFalbo30minute>

Scan the QR code below:





## Acknowledgments

I'd like to thank my clients for trusting me to help shape their retirement lives. These relationships are a huge reason why I continue to love what I do.

I also want to acknowledge those who have helped me grow and evolve in my career—Nick Murray, George Kinder, and my financial advisor coach, Joe Lukacs. Their wisdom and mentorship have been invaluable in shaping my approach to financial planning and retirement success.

A special thank you to Sylvia Arpke for her support and contributions to this edition. Your insights and dedication helped refine this book into something even stronger.

To Lisa, my beautiful, supportive, and loving wife—

you inspire me every day. I am deeply grateful for the love and partnership we share.

To my children, Liana and Joey—you are my greatest joy. Everything I do is for you, and you remind me daily of what truly matters in life.

Lastly, thank you to Nathan Oliveira and Paul G. McManus from the short book formula publishing for bringing this book to life visually, and to Carl Richards of Behavior Gap for your sketches, which illustrate some of the most critical points in this book.

This book is not just about finance—it's about life, purpose, and creating a retirement that truly fulfills you. I hope it serves as a guide to help you align your money with the life you want to live.

With gratitude,

Joseph Falbo

## About the Author

Joseph F. Falbo, Jr. is a Certified Financial Planner™ (CFP®), Accredited Investment Fiduciary (AIF®), Certified Retirement Counselor (CRC®)<sup>12</sup> with three decades of experience helping individuals and families navigate retirement with confidence.

Joseph began his career in 1995, earning his securities license and gaining hands-on experience in financial services before joining Merrill Lynch's Professional Development Program (PDP) in 1997. Over the years, Joseph worked at major brokerage firms and banks, including Wachovia/Wells Fargo and Merrill Lynch, before founding Falbo Wealth Management in 2009—an independent, client-first financial planning firm based in New Providence, NJ. His firm is dedicated to guiding

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12 . CRC conferred by InFRE® (185-LPL)

clients through a well-structured, goal-driven approach to retirement planning.

Joseph serves on LPL's Financial Planning Board, where he helps shape the best practices and future direction of financial advisory services. He leads a team of experienced professionals, ensuring that clients receive comprehensive, high-quality financial guidance tailored to their unique needs.

He is also the author of *Retirement Success: Hiring Your Functional Retirement Advisor*, a book designed to help individuals understand the challenges of 21st-century retirement and why most people will need a real advisor to navigate them. The first edition laid out the key criteria for choosing a great advisor, while the Second Edition expands on these principles with updated insights on market cycles, income distribution, and strategies to avoid costly financial mistakes. It emphasizes the critical role of behavioral coaching, long-term planning, and financial discipline in overcoming these challenges and achieving lasting retirement success.

Joseph lives in New Jersey with his wife and two children. When he's not working with clients, he enjoys spending time with his family, fitness, maintaining a health-oriented lifestyle and continuously refining the retirement planning process to help people live financially secure, fulfilling lives.



## DISCLOSURE

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The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

All investing involves risk including loss of principal. No strategy ensures success or protects against loss. There

is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Fixed and Variable annuities are suitable for long-term investing, such as retirement investing. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Guarantees are based on the claims paying ability of the issuing company. Withdrawals made prior to age 59 ½ are subject to a 10% IRS penalty tax and surrender charges may apply. Variable annuities are subject to market risk and may lose.

Investing in Real Estate Investment Trusts (REITs) involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained. (99-LPL)



# IT'S NO LONGER YOUR PARENTS' OR GRANDPARENTS' RETIREMENT.



## Are you making the mistake of planning for retirement using a rearview mirror?

Most people don't know what they don't know about retirement. The old rules no longer apply. Longer lifespans, rising costs, market volatility, healthcare expenses, and tax inefficiencies have created a new set of challenges—ones that previous generations could afford to ignore, but today's retirees can't.

Whether you're five years from retirement or already retired, this book will help you understand what's at stake, avoid major pitfalls, and find the right advisor to guide you.

Joseph Falbo Jr., CFP®, a financial advisor with over 30 years of experience, reveals how to find a trustworthy, empathetic advisor who prioritizes planning over products—in other words, a fully Functional Retirement Advisor (FRA).

Inside, You'll Discover How To:

- **AVOID** the biggest financial missteps that derail retirement. (Many people don't realize the risks until it's too late.)
- **UNDERSTAND** the one investing discipline every legitimate FRA practices. (Hint: It's not stock picking.)
- **DEFINE** your retirement vision—so you can tie your money to the life you want to live.
- **CALCULATE** your retirement number—so you know exactly what it takes to retire comfortably and stay retired.
- **ASK** the one financial advisor question almost no one ever thinks to ask—but absolutely should. (This could change everything.)
- **BLOCK OUT** the constant financial media noise designed to trigger fear and panic—so you make smart decisions based on strategy, not headlines.

Through relevant teachings, personal anecdotes, powerful analogies, and real-life stories, *Retirement Success: Hiring Your Functional Retirement Advisor* is the ultimate guide for those approaching or already in 21st-century retirement.

Because hope is not a strategy—and the right advisor can make all the difference.