Scott Brooks Video Transcripts

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SCOTT: All right, let's take a look at your plan. Now, this first part of the plan that we're going to take a look at, this is kind of ubiquitous between my plans. This is something that all of my plans have, that this really just describes what a good quality Retirement Financial Plan includes, okay? Probably not surprising to you. The first thing a good quality Retirement Financial Plan includes is income management. We want to make sure that you have all the income you need coming in every month on a guaranteed basis so that you can accomplish all your goals and enjoy your life, right? Remember, income is king, so we're going to make sure we lock down your income first. And then we want to look at investment planning, and he goal there is simple: we want to to strive to take the least amount of risk necessary to get the returns you want, so you can accomplish your goals and enjoy the rest of your life. And there's that word again, "goal," we keep talk about goals. This is about retirement goals, okay guys? Now, once we've got your income locked down, and it's guaranteed and you're set for life, all right, then we get your investments locked down. Then we start looking at other things. The next thing we'll take look at is insurance planing. Now, insurance planning isn't about buying more insurance. Insurance planning is about making sure you have the right insurance, that you're getting a fair deal on that insurance, but it can also be something their self-insuring against the long-term care crisis. Remember, we talked about that in your situation, Patty I can't get you long-term care, all right? So, what we have to do is we need to have a plan in place that shows you and that lets your children or whoever is going to give you care to know how to give you that care. Remember, we talked about that being part of your Personal Financial Inventory, which you'll get once you become clients of ours? We want to make sure that included in your Personal Financial Inventory is your written self-insurance plan in case you need care, okay? It's going to have where you'd like the care, what kind of care you want to get, and most importantly it will give very clear instructions to your children or whoever's going to give you care on how to pay for that care, okay? I think that's one of big things that jumped out at me at our last meeting, all right? Very good. Now, the next thing we to want take a look at are things like tax planning. I don't know if you are like most of my clients you were probably okay striving to pay the least amount of taxes you owe, right? Unless you like paying taxes.

ROY: No.

SCOTT: No? Okay. Then we look at estate planning. Now in your guys' case, estate planning is going to boil down to this; you have a trust in place. We need review that trust to make sure it's up to date, okay? Then we look at things like emergency backups. This is provisions for ample liquidity. This is just a fancy way of saying you need money just in case. Roofs leak, transmissions go out. You want to make sure you have money just in case you need it, right? Then we look at gaps. Gaps is just a fancy way of saying problems. Remember we talked about it's not enough to have a plan in place today that has a path to accomplish all your goals. You've got to play the "What If?" game. What if one you dies? What if you need long-term care? What if we have high inflation? What if the stock market crashes? What if we have a bad economy? We want to make sure we have a plan place today that says if any of these problems arise, we know how we're going to handle them now. Does that make sense, guys? That's what gives you peace of mind; knowing you know what to do if something unforeseen happens, okay? And then maintenance; you know, there is no such thing as a "Set It and Forget It" plan, all right? Once your plan is in place, we have to continue to maintain it. You know why? Because your goals may change. Your risk tolerance may change. The market, the economy, things may change that you want to adjust to. That's fine, we want to maintain the plan on an ongoing basis. And the final and key thing to remember here is that a successful Retirement Financial Plan should be goal-focused, and only goal-focused. You shouldn't worry about trying to squeeze every possible return on your investments, or paying the lowest possible fees, or paying the least amount of taxes possible. Doing that is probably impossible. Now, let me be clear with what I'm saying to you here: I'm not saying we don't want to pay low fees. I'm not saying we don't want to get good returns, and I'm not staying we don't to want pay low taxes. We do want do all that, all right? But what I've learned after 30 years in this business is that it's impossible to pay the lowest fees, to get the highest returns, to pay the least amount of taxes, and accomplish all your goals. What I do know is this: Is that if you put a plan that place that accomplish your goals, you get to accomplish your goals. You can't get perfection, but you can get what you want. Look, I'll tell you something; I can guarantee you this will happen. When we put your plan in place, and we implement it, five years from now you're going to be able to look back and say "You know, if I'd done this differently, I'd have paid lower fees. If I'd have done that differently, I'd have got a little higher return. If I'd have done this differently, I'd have paid a few hundred bucks less in taxes." I guarantee you'll be able to say that. But you know what the next thing you'll be able to say is? Who cares? I'm accomplishing my goals! Does that that make sense, guys? We can't get perfection but we can get the goals accomplished, okay? So, you need to ask yourself as we go through this plan, does this overall Retirement Financial Plan allow me to achieve my retirement goals? Far too many people get lost in the details of all the moving parts of a Retirement Financial Plan. As a result, they don't act on a quality Retirement Financial Plan that accomplishes their goals. They get lost in the forest because they want to focus on the whys and hows of each and every single tree, and then each and every single branch on each and every single tree, and then each and every single leaf on each and every single branch on each and every single tree. You get the idea, guys? You see, we're not going to do that. I sit down with people all the time like engineers that really to want calculate things out, and they want me to calculate things out the 37th decimal place and then they want me to try it this way, and then try it that way, and then try it this way, and you know what I say? No. Let's get a plan that accomplishes your goals and then go enjoy your life. Look, guys; here's what it comes down to. Focus on your goals and the big picture and ask yourself does this Retirement Financial Plan Accomplish my goals? If it does, then implement the plan, and go enjoy your retirement. We're never going figure out what perfection is. We'll never find perfection, but we can accomplish your goals, okay guys? Any questions about that?

PATTY: I had one question. I don't know if I know this about the estate planning . . no no no. It was about our trust and having it reviewed. Do you do that here or does somebody else?

SCOTT: I'm not a lawyer, so I can't review your trust, but I've looked at so many trusts over the my lifetime that I've got pretty good idea of what has to happen. We actually have an attorney on staff.

PATTY: Oh, okay.

SCOTT: That will look that over for you.

PATTY: Oh, that's good.

SCOTT: And then we don't do the trusts here, but we can kind of give you an idea of what you need to do so you can go back to your old attorney, or, you know, if your old attorney's not in business anymore, we can refer you to people that we know are quality, honorable people that will do a good job for you, all right?

PATTY: Fair enough?

SCOTT: Okay, so let's look at some specific strategies here, okay guys? Now, let's make this a little bigger here. You asked me to develop a strategy for your retirement that allows Roy and Patty to both have the option to not have to work starting at age 60 or 62, or sooner if possible, okay?

PATTY: Uh-huh.

SCOTT: That's what we're going strive for, okay? We want a plan that strives to have a guaranteed after-tax income of at least $5,000 dollars per month to live. Remember, we talked about money to live and money to have a life? That's letting you live here comfortably in St. Louis? So $5,000 a month to live, and a plan that strives to have an additional guaranteed after-tax income of at least 15; excuse me, $10,000 per year to have a life. That's your fun money, right?

PATTY: Right.

SCOTT: All right. Are those number still pretty accurate based on our previous conversations?

PATTY: Yeah. They haven't changed.

SCOTT: So we're till on track for that. We want to have a plan that has the flexibility and liquidity to bridge any income gaps that will arise in retirement. Now, this is going to be kind of important for you, because, Patty, right now, you're on disability right? You'd mentioned you'd like to maybe try to go back to work. Are you going to work, are you not going to work, are you guys going to retire prior to age 65? Well, that creates an income gap because then we've got to pay for health insurance for a few years, right? So, it's important that we have enough liquidity in the portfolio so that if any gaps arise, liquidity gaps, we have the liquidity to cover that. And, I've built that into this plan for you guys, okay guys? All right. Now, item E is very important. We want a plan that strives to have your income keep pace with inflation. Now, this is actually very important here. Excuse me. A lot of people underestimate what inflation can do to them in retirement. Or, a lot of people make the mistake of thinking that inflation is what the government says it is. The government says the CPI, the Consumer Price Index is up, or wherever it is, they say that's what it is. Well, what is the Consumer Price Index? Well, what is the Consumer Price Index? Well, the Consumer Price Index is a basket of goods and services that the average American buys and spends their money on, all right? Well let me describe to you what the average American is, all right? The average Americans are named Johnny and Sally Lunchbucket. They are 35 years old, they have 2.1 small children living at home, and they have a large mortgage. Does that describe you guys in any way?

ROY: Nope.

SCOTT: Not at all, does it, right? So, here's what's important about inflation for the two of you. Now, this is going sound corny, but hear me out on this. Inflation is actually a very personal experience in retirement, and here's what I mean by that: the inflation that you experience could be very different from the inflation your next door neighbor experiences. You know why? Because you buy a different basket of goods and services than they buy. Does that make sense?

ROY: Right.

SCOTT: So, even though I know how the Consumer Price Index, what it's doing, I know what's happening with the Consumer Price Index, I don't necessarily know how inflation is affecting you, because you're spending money in a unique way that's unique to you. Does that make sense guys? So, one of things we have to do is, at least once a year when we have review meetings, okay? At least once a year we have to have a discussion about how inflation's affecting you. Now, right now we're in a pretty low inflationary environment, so you may say we're fine. But there's going to be some years where you're going to say, "You know, Scott, we could probably use an extra couple hundred bucks a month income right now." If that's the case, fine. You just have to tell me. We'll arrange it to where you get that extra couple hundred bucks a month direct deposited in your bank account. But you have to give me feedback and keep me updated on that. Does that make sense, guys? So, inflation could be very important. Now, we want a portfolio that strives to increase the return and decrease the risk of your investments, and this is important, net of all costs, fees and expenses. Today I'm going to show you some very specific investments with very specific returns. I'm going show you things that pay you income, all right? Everything I'm going to show you today, all returns, all investments, are going to be net of all fees, costs, and expenses. So, like, for instance, if I show you an investment that has a return of, let's say, 10 percent, okay? It's not, well, it's 10 percent and then what are the fees and subtract it from the 10 percent. No, the fees have already been subtracted to get us to the 10 percent. Remember, I told you I'll only ever show you what you actually get. Remember that? So everything today is net of all fees, costs, including my fees costs. Everything is net today, okay? We want to plan that is not likely to lose more than 5 percent overall in any given year. Remember, we talked about how much risk you guys could take, how much you could stand to lose before you would get uncomfortable?

ROY: Uh-huh.

SCOTT: You both said, actually, 5 percent, right?

SCOTT: So, let me tell you about the plan I put together for you today. When I take this plan and put together this plan and the investments as demonstrated, as you'll see in just a few minutes, okay? When I put them all together and then I tested them, I kind of back tested them together, how all performed, and what not, back-tested them from year 2000 to present, all right? Here's what I found. Even though there's variations in the investments, this investment portfolio that I put together for you, there's never been a calendar year in which the portfolio overall had a down year. Now, I want to make sure you're clear what I just said. I'm not saying that investments didn't have losses inter a year, or over a year or so, but the overall portfolio that I've put together for Roy and Patty didn't have a calendar year in which your overall portfolio had an overall loss in it, okay?

PATTY: Uh-huh.

SCOTT: Now, you'll also notice I said I tested it back to the year 2000. Why didn't I test it back further than that? The answer is actually pretty simple. If I went back to the 90s to test it, everything did good in the 90's. The market was going crazy. I'm not worried about it. If I can make it work in the bad times, you know, the year 2000 to the present, if I can make it work during the bad times, I can certainly make it work during the good times. So, I'm going to focus on how it does during the bad times. Does that make sense?

PATTY: Uh-huh.

SCOTT: All right. Now, these are the things that you asked me that you wanted to do. These are your goals. You want a plan that allows you both to travel both domestically and internationally to places like Napa Valley, Colorado, Germany, take a Baltic cruise, see the Northern Lights. You want to visit World War II historical sites in Europe and in the Pacific. You want a plan that allows you to help the kids grandkids from time to time. Maybe pick up golf. You want to work in the yard. You want to get in shape, or you just wanted to sit on your deck and enjoy a good cigar and a glass of wine, or maybe work in a winery maybe part-time, right?

PATTY: Yes, that winery sounds real good.

SCOTT: Right! So, is that pretty accurate still, guys? Good?

PATTY: Yeah.

SCOTT: Very good, very good. All right. So, this item here, this is Item H that we just discussed. Item H, right here. These are more tangible things you can do. Item I is more intangible, and want to take a minute here and describe to you what Item I is. Item I is me taking my 30 years of experience and trying to read between the lines of what you told me. If you remember the last time we got together, I took a bucket-load of notes, guys. I wrote a lot of things down. So, Item I is going to be a lot of the things you told me, but it's going to kind of be me trying to see the world through your eyes. This going to sound corny, but I literally try to put myself in your head and see the world through your eyes, because as I build this plan I want to make sure this fits how you feel and think. So, this is Item I. Tell me if I got this right. I think what you guys are really looking to do to is to establish I trusted adviser relationship with a fiduciary who gives you both peace of mind because you have a concrete plan to retire, you have guaranteed income for life. You have a wealth preservation and growth strategy so you know you will never run out of money. Your fiduciary gives peace of mind because you know where all your money is and or organized financially. Your fiduciary gives you peace of mind because you clearly see where your income will be coming from, and that you can never outlive your income. Therefore, you know this you will have enough money to get you through your aging years. Your fiduciary shows you how to convert your wealth to income and how strive to increase your wealth. Your fiduciary gives you confidence that you'll be able to help you daughters and grandchildren with gifts from time to time and leave them a nice inheritance after you have lived a long and full life. Let's not give it to them too soon, right?

PATTY: Right.

SCOTT: Your fiduciary ensures that there's ample liquidity in your Retirement Financial Plan to cover any unexpected expenses that may arise from time to time, or to cover occasional mid-life crisis so Roy can rehab that old 64 and a half Mustang. Are you going to let him do that?

PATTY: I don't know about that.

SCOTT: Your fiduciary must strive to ensure that you're not likely to experience market losses that are outside your comfort zone and that your income is not dependent on the market. Therefore, you never have to worry about market corrections affecting your retirement goals. Your fiduciary gives you peace of mind because he clearly understands what you need and has demonstrated that your goals are achievable and explains you Retirement Financial Plan, so that you clearly understand it. Therefore, you can concentrate all your efforts on the retirement you've earned after decades of hard work. Is that accurate, guys?

ROY: Uh-huh.

PATTY: Yup.

SCOTT: Good?

PATTY: Yes, sir. It looks really good.

SCOTT: So, so far am I heading down the right path? Am I thinking like you guys are thinking as I write this plan? Is this accurate so far?

ROY: Yes.

PATTY: It's everything we talked about.

SCOTT: All right, very good. Now, is there anything so far that I've left out, that I've forgotten?

ROY: No, I think you pretty well covered everything we talked about.

PATTY: Pretty accurate.

SCOTT: Pretty accurate? Is there anything that I've added that doesn't belong there?

ROY & PATTY: No.

SCOTT: So, so far am I thinking down the right path here? Am I thinking down the path like you guys are? So, I'm I going down the right path?

A. Uh-huh.

SCOTT: Okay, very good. So let's keep going.