Episode 85: RISA® in Action with Doug Oosterhart, CFP®

00:00
Bob French
The purpose of Retire with Style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to Risaprofile.com Style and sign up to take the industry's first financial personality tool for retirement planning. Michigan is a wonderful summertime destination. So today we continue our summertime risa in action series with Michigan native Doug Oosterhart.

00:58
Alex Murguia
And we're bringing in Doug Oosterhart from life point planning today, right, Wade?

01:06
Wade Pfau
That's right. Yeah. We're excited to have a Michigan native who's been all over the country, and we're happy to welcome Doug to the show for our special Friday series looking at the Risa.

01:16
Doug Oosterhart
Thank you.

01:16
Wade Pfau
Welcome to the show, Doug.

01:17
Doug Oosterhart
Thanks so much for having me.

01:18

Alex Murguia
I really appreciate no, I think it's awesome. And Wade, just a quick after I started the episode saying, hey, I'll try to keep quiet here, but Doug had the best story of using the Risa before it was the Risa, and your book had a lot to do with it. You know how you have a free link in your know to take it?

01:38
Wade Pfau
I sure do.

01:41
Alex Murguia
He would send folks to take know from your book and then he would discuss it with them afterwards. That's the greatest hack, I thought. And when Doug told me that story, I was like, this guy's like us. We need him on. We need him on.

01:58
Doug Oosterhart
Yeah. I was reading the guidebook, then I'm like, wait a second, this is in print. So it's a static link, which means I guess anyone could use that. So sorry. Yeah, I had clients do it, and that was before you could even print it or download it in a PDF. So I had to create a loom video of here's how you actually get the results to me. But it was good.

02:25
Wade Pfau
Yeah, they have to copy and paste the output from the screen. Watching them through that, but it was good.

02:31
Alex Murguia
Hey, whatever it takes. Whatever it takes.

02:35
Wade Pfau
That's a great hack. And that's still today. I mean, I guess advisors can do that. Get those.

02:41
Alex Murguia
Yeah, they'll just get our nurturing sequence. But hey, all spare, right?

02:45
Wade Pfau
Yeah. The danger is that booklink does ask you if you want to be on our mailing list, correct?

02:51
Doug Oosterhart
Yeah, I just try to tee them up like, hey, you're going to have to sign up for their email list, but we can still work together.

02:58
Alex Murguia
Don't worry, after a week, you won't want to read anything.

03:02
Wade Pfau
It's not you can opt out as well. It just asks you if you want to sign up and you may have to unclick the box, but as long as you do that, you're not on the mailing list.

03:12
Doug Oosterhart
Definitely.

03:14
Wade Pfau
But wow, I've heard that story, but I didn't specifically link it with you, Doug. Yeah, wonderful. You're a longtime user.

03:21
Doug Oosterhart
Yeah, no, it's been and now you.

03:23
Wade Pfau
Do have a formal license.

03:25

Doug Oosterhart
Yeah. Now I can send the link, which.

03:26
Wade Pfau
Is so, yeah, you've got complete control with your own. So we'll let the listeners know a little bit about your background. I mentioned you're a Michigan native, you're a graduate of Michigan State University. I grew up more in the Detroit area. That was at least where I lived. More of a University of Michigan vibe.

03:47
Doug Oosterhart
Yeah, absolutely.

03:49
Wade Pfau
Tell us a little bit about your journey from Michigan State to where you are today.

03:53
Doug Oosterhart
Yeah. So started as a 20 year old in the industry, and I'm now going to be 31 this year. So I'm kind of at a weird point where I'm not, like, practicing on clients, if you will. And I'm also not a 65 year old advisor that's been around forever, so I'm kind of just in that little sweet spot. But, yeah, started as a junior at Michigan State at a large insurance company and built the practice over five years there to 200 ish households just organically pounding the pavement and then decided to start my own RAA about five ish years ago. And now I work with about 75 households and I've been through all different fee models. Right. I've been commission only, fee based, fee only. And now I'm back to fee based, which I think McClain is too. Correct?

04:51
Alex Murguia
Yes.

04:54
Doug Oosterhart
I think we're on the same page there just in terms know our preference for business model, and this isn't about what business model is the best, but truly having the ability to serve clients in any solution. Right. And I think that's what's really powerful about the Know Wade. You've identified multiple viable options. So now what we're trying to do is say, okay, what option fits any specific situation? And it's not always a spreadsheet answer. Right. I've seen people comment on some of your kits'posts with just crazy stuff, and I

love that you take the high road with your responses, but just crazy stuff about just their specific philosophy that they put every single client into. So the Reese is so great that it helps identify specific solutions for specific. We're still kind of in growth mode. I hired an assistant based on Alex's advice, trajectory of the business.

05:59

Doug Oosterhart

He's just like, okay, your next step is to hire an assistant. I'm like, you know what? Let's do so just to build the infrastructure to have more scale. Yeah, that's me in a nutshell.

06:12

Alex Murguia

And I think for folks, we can do it a little early. In my conversations with Doug, even though he's 30, 31, whatever. Why? He's beyond his years. I've been around long enough. I'm 50. I got into this probably when I was, I don't know, right out of Grad at 29, 30, I don't remember exactly. And you have an intuitive sense of who's going to be a good advisor who's not just by the vibe, they give. And I got to say, Doug, for someone your age and the way you've been, your trajectory and the like, I can see you being extremely successful, like an outlier type of successful, and that's why I was like, let's bring them in, because it'd be kind of cool. No, seriously, it'd be kind of cool, like, ten years later, 15 years later to say, hey, Doug, check this out. Remember way back when?

06:58

Alex Murguia

No, I honestly feel that way, but who knows, right? We'll see. I get that vibe. So I kind of think no, I appreciate it.

07:08

Doug Oosterhart

The line I use is, and I won't be able to use this forever, but my line right now is, don't you want someone in their prime when you're in retirement? So then they're just like, oh, right, okay.

07:20

Wade Pfau

Well, yeah, that's a real issue. The advisor is the same age as the client.

07:24

Doug Oosterhart

Sure.

07:24
Wade Pfau
They may not be around for that.

07:25
Alex Murguia
Well, the funny thing is, remember, wait, I got in, like, I was probably early 30s, right? Early 30s, like 30, 31. And I remember going to conferences thinking, hey, look at me, I'm the young whippersnapper. And now I'm like, man, I'm like, average. I'm, like, in the middle here.

07:42
Doug Oosterhart
Definitely.

07:45
Wade Pfau
Middle aged increase.

07:46
Alex Murguia
Yeah, right.

07:50
Doug Oosterhart
See, we need more of those from Wade. Trust me, he plays it close to the best.

07:58
Alex Murguia
Dude, were in Stanford last week, walking down the campus, and he's just zinging. Got a he's got a public persona, right?

08:11
Doug Oosterhart
Absolutely.

08:20

Alex Murguia
Is the book the first impression where you thought, hey, what is this Risa thing about?

08:25
Doug Oosterhart
Yeah, for the specifically, yeah. So the book is really, I don't know, the best way to describe it's. Really? Meaty. I don't know. There's just a lot of stuff inside of know, when I'm like, okay, let's take this chapter by chapter. But yeah, the book was the first time that I was first thinking about, wait a second, this is not a classic risk tolerance questionnaire, right. And that's, I think, one of the easiest right? Yeah. And that's, like, one of the easiest ways to describe what the risa is to say what it's not. It's not a risk tolerance questionnaire where you're going to be like, oh, here's your portfolio that you should be in based on your age and clients and prospects alike. Enjoy that part. Right. And when I was first sending it out, it was a lot longer, but now it's shorter.

09:17
Alex Murguia
The one on the book is the research version.

09:19
Wade Pfau
Full length?

09:20
Doug Oosterhart
Yeah, full length.

09:21
Alex Murguia
You got the director's cut, right?

09:24
Doug Oosterhart
Exactly. So now it's a little bit shorter, but the whole thought about it is just different, and it's not anything that we've seen before. Right. I think at least the goal is to get to know your client as best as you possibly can, but also specifically know how they think and how they make decisions. So if you can do that and get into their brain about, okay, how do they make a decision? Right? It's not the spreadsheet answer for this specific client. It might be something else. But as long as we know that all of the solutions are viable, we can determine what fits best for them in their specific scenario. Or we can also weed out people that might not

be a good fit or that might be a good fit to be a DIYer, which saves everyone time, which is great. But yeah, to answer your question, that was a long answer to a short question.

10:24
Doug Oosterhart
But yeah, the book was the first time. And then now I sent you guys that email about the funded ratio, which that's another really cool exercise that you can do with people, is kind of take that and then mirror back in the Risa like, okay, we know your funded ratio looks good. Now how do we go about implementation of that income plan in the future?

10:47
Alex Murguia
Yeah, because the funded ratio does a good job of disentangling the essential expenses from the discretionary. And how funded are you in each component? And if you're obviously in the income protection bracket, then, you know, like, you need a laser focus on making sure the essentials are funded with contractual income to the degree that it's economically feasible, et cetera. Right, yeah, no, I think you're spot on there.

11:13
Doug Oosterhart
I guess. One. Go ahead, Wade. Sorry.

11:19
Wade Pfau
As you know from the retirement plan guidebook, I really became enamored with the funded ratio. And that's really the one two punch of what's your style and then do you need to change anything from your current course of action? And that's where the funded ratio is really looking at. Is there a gap you're looking to fill? And if so, how are you most comfortable filling it? So I'm glad to hear also that you kind of like that funded ratio. Just it's an alternative to and it doesn't replace, it's just you can do them both. But Monte Carlo based financial planning tools that report success rates, they're two different coming at the same problem from opposite ends, but ultimately getting similar answers.

11:57
Doug Oosterhart
Yeah, I was just going to say it's and, not an or. And it also depends, again, on the client's learning style. So especially you get a spouse that might be more technical and a spouse that might be more high level. We can say, okay, great, here's two different ways we can approach it. We're going to get you the same solution, but in terms of your visualization and learning, we might approach it from a different angle, which I think is helpful. And then also go ahead. Sorry, Alex.

12:21
Alex Murguia
No, I don't know how much to take it into a discussion on Monte Carlo versus funded no, I wanted to get into it, so I'm kind of catching myself. We have previous episodes. Knock yourself out. I don't know what number they are, but ultimately my two cent is Monte Carlo is more of a binary yes or no, then it gives you the cumulative percentage of thousands of plants. Whereas funded ratio I like better because it's kind of a percent completion thing, and I think that's much more useful for somebody, especially in the early stages of deciding what kind of plan they want to get into. I'll leave that at that before getting into it. And obviously Wade agrees.

13:00
Wade Pfau
Correct?

13:00
Alex Murguia
Wade.

13:03
Doug Oosterhart
Sure.

13:03
Wade Pfau
And also just the funding ratio lets you really focus on what rate of return are you assuming? Whereas that gets completely obscured in the.

13:14
Doug Oosterhart
I mean, we could take that a step further, right, and we could draw it back to the Risa. A lot of advisors out there, as we know, focus specifically on that total return, whether it's 4% ruler, whatever withdrawal strategy, and the funded ratio. We can be like, okay, you hit your ratio or it's a completed ratio at X amount of return. So therefore we don't necessarily need to hit home runs. We don't necessarily need to do X, Y and Z. We can really construct something that you'll be able to live with for the next X number of years and not have to change it.

13:54
Alex Murguia

No, man, you're absolutely right. It just helps the conversation, and that's why we think it's the good one to punch. I don't know. I mean, if you're doing Monte Carlo too, there's a sense of it's just always going to be total return. And so using that as a segue, does the RISA help from a client communication? Well, I hope the answer is yes, but who knows, right? And if it didn't, that's fine too. I just didn't want to lead the witness the way I was asking it. So let me rephrase that. How has the RISA affected the way your client communication cadence has gone when presenting strategies, et cetera?

14:31
Doug Oosterhart
Yeah, great question. So we know, right, annuity can sometimes be a four letter word. And one thing like a potential piece of criticism for the Risa is that it can be relatively annuity heavy or give the perception that it is. And that's just not the case. Right. I have case studies of just clients in all different segments and quadrants of it, where it's like, look, we're just going to implement whatever works. And I was telling Wade before this, I use a lot of buffered ETFs in my practice, and that could be a solution for a certain segment of people. When we're talking like a bucketing strategy, I have, like, a timeline matching visual, like a one pager that I'll show clients because they'll pull up their account on the custodian and it'll just be a hodgepodge of different holdings. Well, that doesn't really paint the correct picture.

15:33
Doug Oosterhart
So I'll use a one pager timeline matching visual with people, like, look, we're doing this on purpose and with intention. So the RISA's basically transformed, I guess, the visual nature. You could call it the reporting account reporting, if you will, but like, okay, hey, we're going to construct this strategy and we're going to share it with you without the financial jargon. However, we know that the back end work that Wade has done on this is all really robust. So that gives us a lot of confidence with the solutions that we would recommend.

16:10
Alex Murguia
I would add to this is an and as well. And were just in a meeting earlier today, Wade and myself, with DPL and the angle, and I think you've said this. What the RISA is just doing is describing characteristics of solutions, right, without giving them a label. The issue is that, look, 75% of the people want solutions that have a role for contractual income. And so it's not that the RISA is pushing annuities, it's just the RISA is acknowledging their existence as a credible retirement income strategy. And so if someone's coming from the worldview where it's total return or nothing else, then even if annuities come up, 5% of the time, they think we're sandbagging. And the reality is the reverse is true.

17:00
Doug Oosterhart
Exactly.

17:01
Alex Murguia
You're sandbagging total return for everyone. When that doesn't conform to the reality of how people want to source retirement income, you're just like, wedging it in. And so that's kind of my response.

17:15
Wade Pfau
Wade yeah. And Doug, you mentioned earlier about the comments on Michael Kitsey's blog, and that was a few minutes ago at this point, but there was a one I think you might be referencing, which someone wrote that the job of the financial advisor is to convince their clients to be 100% stocks at all times in retirement. And right. If that's your belief, then you do think that the Risa is unnecessarily bringing annuities into the conversation. But the reality is and that guy, you really have to have an extreme viewpoint to believe. I mean, 100% stocks is right for everyone.

17:52
Alex Murguia
And Wade, that guy thinks the job of a client is to pay quarterly in advance, 1%, no matter what, with no refund. That's really important.

18:05
Doug Oosterhart
Right, exactly. But also, as a client, how do you differentiate right, because there's so many advisors that are so polarizing in terms of total return or on the other side that might be annuity, only like, oh my gosh, doomsday, doomsday. You have to put everyone in annuity. So the Risa, it helps us identify where they're at maybe on that spectrum to then guide to have the best solution for them. And that's important for a client to also identify, like, okay, we're going to go interview three advisors. Okay, well, what are the advisors biases to different retirement income solutions, which is important, something that I think, Alex, you were just talking about, I used to frame it as if were to design your ideal asset for retirement, what characteristics would it have? Because then that could help us identify and that's the same thing, like, oh, do you have any pensions?

19:06
Doug Oosterhart
And the client would say, no, I wish. It's like, okay, do you have any annuities? They're like, no, I hate them. It's like, Whoa, wait a second. A lot of it has to do with framing, but the Risa definitely helps frame correctly.

19:24
Bob French
Are you a financial professional looking to learn more about the Risa and retirement Income best practices?

Well, if you are, you should join our retirement income masterclass on Monday, August 20, eigth and Tuesday, August 29, you can sign up at risaprofile.com/advisors. That's risaprofile.com advisors.

19:44
Alex Murguia
No, that's great. And what is your sweet spot for who you use the Risa for? Do you use it specifically? Only for clients that are transitioning into retirement, for clients that are a little younger, that you can kind of let them know we don't need to do it now. But just so you know, this could be something in the future that we may have to prepare for clients that have already been retired as a sort of reality sanity check. Just putting it out there, what do you see within your practice?

20:13
Doug Oosterhart
Yeah, I mean, primarily it is focused on retirees or people on the cusp of retirement. But I have a multi generational client where I took pieces from the Risa for the client's son and just to really get to know them. Right. If we can get to know our clients the best, we can help them determine what solutions work the best for them. And the son was like I paused him. I think were talking about it might have even been, like, disability insurance or something. He's a physician, and he just stopped me, and he's like, Dang, you really know how I make decisions and how I think about things. I'm like, that's the point. That's what we're trying to do. So in terms of demographic wise, it's tough, right? Yeah. I mean, primarily it is for retirees, but there can be use cases for people that are in accumulation as well.

21:11
Alex Murguia
And how do the retirees react? Some of the things we've heard from advisors in the communication, which is similar, you were kind of hinting at it earlier, and I kind of moved away from it, but I think it bears repeating. Some advisors have told us the Risa kind of permissions, the ability to talk about any solution because it's not coming from the advisor. It's actually being sourced by the individuals themselves. And that helps sort of create a buy in, if you will.

21:39
Doug Oosterhart
Yeah. I like to say it goes beyond quadrants. Right. Really what we're doing is blending the academic aspect with the personal aspect so we can say, okay, great. We have free rein to discuss the best possible solution for you, because generally speaking, everything in finance just has trade offs. Right. Like, really what we're trying to do is say, okay, what do you prioritize Mr. Or Mrs. Client and your financial plan? And then what trade offs are you willing to accept to get you from retirement at the start of retirement to the end of retirement? I guess it does. It really gives us the ability to speak openly and speak freely on both personal and things with the dollar sign.

22:38
Alex Murguia
Yeah. And Wade, did you notice he used the word trade off specifically? That's something that Wade always likes to he does it very eloquently. Yeah. He'll say that it takes the best of psychology because it's personality driven and the best of economics by identifying the trade offs that they're making from retirement. Income planning uses that phrase a lot. And look at that.

22:57
Wade Pfau
Wade, I think that one from you. You're the one talking about the best of psychology.

23:06
Doug Oosterhart
The client is an expert in their life, and we're an expert in financial stuff, if you will, right. Retirement planning, tax planning, whatever. So what we're trying to do is say, okay, let's take your expertise of your own life and our expertise of the financial world, and how can we blend them together to create the best solution? That's the easiest way to put it.

23:28
Alex Murguia
That's a nice way to put it. I haven't heard it like that before. That's hard to do after so many of these. That's pretty good. Any particular use cases that you like to talk about where you were able to flex your muscles on this?

23:47
Doug Oosterhart
Yeah, I have people all over. I just said go beyond the quadrants, but I have people in every quadrant. I have a couple that I've just written down. The most common one I feel like maybe a question you guys get would be, what if one spouse has one profile and another one has a different one? I have a client where one spouse is just income protection, very scared of ups and downs, any volatility at all. And then the other client is not full total return, but maybe something like a guardrails approach or something. And part of it is me, I have to be really good at explaining things to both of them and their learning style and really work at that. But really we have to think about, okay, all the solutions are viable. What is comfortable for both of you? And the solution for them was he had a little bit of a military pension, and then he already had an income annuity, or he had annuity that he annuitized, and so that satisfies the wife's want and need for income protection.

25:03
Doug Oosterhart

And then we kind of blend them. So we have a couple of years of income that is already, whether it's bonds, cash, whatever, short term bonds cash. But then the rest we can just say, okay, here's the timeline for these funds. You're not going to access them for X number of years. So therefore we're okay with some volatility. And I'll circle back with the wife and just say, look, these specific dollars, they will go up and down, but we have another portion of your dollars that aren't going to. And she's like, okay, that checks the box for me then, which is good.

25:42
Wade Pfau
Yeah, that's really powerful because you're quantifying or you're showing that it's not just the market that she's being forced to depend upon because here are the protected income, reliable income sources that you have. And so just being able to frame that conversation with her in that manner, whereas there's still some investing going on, but her entire future lifestyle is not dependent on the success of those investments.

26:07
Doug Oosterhart
Right.

26:07
Wade Pfau
That was persuasive.

26:09
Doug Oosterhart
Yeah. And they are retiring January of next year. So we'll set all of that into motion and we've kind of already prepped it, which is nice.

26:23
Alex Murguia
This is a bit of a straw man that I'm going to present, granted. Right. But for consumers listening in, I think if they walk into the normal fee only advisor that does assets under management, I think what you see if somebody is ultimately very conservative versus somebody is very aggressive, is they'll split the difference on the allocation and call it a day. And what I mean by that is, if you notice what Doug did is he's bringing in characteristics of the different strategies into something that's blended, that accommodates the couple's preferences in a manner that reconciles their sensitivities. Whereas what happens a lot in practice right now to the detriment of the consumer is if this couple went to the traditional I'm a Fiduciary, I'm fee only and it's assets under management. Because if you do well, I do well, and that kind of BS.

27:23

Alex Murguia
The reality is that they'll think, okay, this husband's coming in at 100% equity, 0% fixed income. And we'll put the other spouse, the wife, at 40% equity, 60% fixed income. So if we split the difference, that's what is that? 70, 33 up, three down, it meets in the middle and no one's happy.

27:47
Wade Pfau
You know what I mean?

27:47
Alex Murguia
That kind of thing.

27:48
Doug Oosterhart
Yeah.

27:49
Alex Murguia
And so there's always this presumption that the investments carry the entirety of the load. And if you do that, you're not recognizing the significant risks that are present in retirement, which are manifested by her and him and the like. And so I think it allows you to kind of find that blend. Other folks that we found doing the research, they have a separate strategy for the lady and a separate strategy for the man in that spouse kind of couple. I think it depends on how you can split the pie up. Sometimes it's easier, like what you said, just blend it. And you're satisfying both parties in that mix.

28:30
Doug Oosterhart
Yeah. I think it's important we'll call that I think of that as the spectrum of the word safety amongst advisors. Exactly. Because there are advisors out there that are like, what do you mean the market's safe? Well, yeah, it might be if your time horizon is 30 years. Right. Your risk, if you will, lessens over a longer time horizon. But you can't just put clients into one strategy and adjust their allocation based on that. I mean, 2022 might be the most recent example where a balanced portfolio is probably what Wade, you can probably attest to. This was the worst performance ever of a balanced portfolio.

29:16
Alex Murguia
Well, bonds got hit 20%, right?

29:19
Doug Oosterhart
Yeah.

29:21
Wade Pfau
Both stocks on bonds were looking at some, depending on which fund you have.

29:26
Doug Oosterhart
Sure.

29:26
Wade Pfau
But somewhere in the ballpark of 20% losses.

29:28
Doug Oosterhart
Yeah. So that's just really important to identify as a consumer, again, what the advisors biases are. Because, again, this isn't supposed to be a podcast about what business model is the best, but you're correct. Right. Generally, if you go to the, oh, this is why I left fee only world to go back to fee based. It's like, look, there aren't solutions if you're fee only that you're even thinking about most of the time. And I hate to generalize, but that's just what I saw, was like, look, being Fiona, you do not have all of the solutions available to you.

30:13
Wade Pfau
We should probably define these terms. We're using them a lot today, and I don't know if we've ever formally.

30:18
Alex Murguia
This may be our next art, which I've got some ideas around. But Doug, why don't you're on a roll. What's fee only?

30:26
Wade Pfau
What do you mean by fee only and by fee based?

30:28
Doug Oosterhart
Yeah, again, with theme of what it's not versus what it is. Fee only can encompass a percentage of assets model. It can encompass a flat fee model, where that can be an ongoing flat fee, whether it's paid monthly, quarterly, annually, et cetera, or it could be an hourly fee or, like, a project based fee. All of that fits under the category, at least, of the CFP board, a certified financial planner board of being fee only. And basically, that just means that the advisor does not accept any mutual fund commissions or insurance commissions, et cetera. Fee based is all of what I've just said, but then also adds on insurance commissions. Or I guess technically, you could do mutual fund commissions under that as well. Now, I don't do that.

31:27
Alex Murguia
I think that's like a dinosaur at this point.

31:29
Doug Oosterhart
Yeah. I mean, I don't see the reason why anyone would own a commission based mutual fund, but whatever, it still exists. Yeah, I see them. We just get clients out of them. Interestingly. What I found is that the clients don't care. I had a client where they had a non qualified annuity. It's just a joint non qualified annuity with some gains on it. And they also had a huge position in just, like, VTi. Right. A total market index fund. And we're like, okay, let's tax free exchange this into a new annuity that might have a floor. And it's just like, okay. And they're like, great. How do you get paid on this? And I'm like it's. A commission? And they're just like, cool. At the end of the day, most clients don't care about how the advisor gets paid. They might want to know what the advisor gets paid or what the business model is.

32:32
Doug Oosterhart
But at the end of the day, they really just want their problem solved. And if you're just upfront with the client about it, generally they're like, okay, I get that.

32:42
Alex Murguia
I'm in agreement with you. I think, ultimately, look, to the degree they care not, I don't know, because I don't formally ask every single person, and you don't know fair. You don't have the negatives. Right. The people that didn't take you on as a client, maybe that was an issue, and they never told us, you know, that kind of thing for sure. I think you're in the right direction. Directionally, you're correct. And for me, it's more about transparency, because you can hand over my heart. I could argue credibly every fee model you can. Right. And so the issue is not that. The issue is transparency and aligning incentives and being completely open book with a client about that, because there's use cases where any one of those is advantageous, and there's use cases where any one of those may not be. It's just how it is.

33:32
Alex Murguia
I feel sorry for the consumer because we're in the thick of it and we know it. And so it's one of those things. But it's just government regulations when annuity is effectively a contract. And so that just has different dynamics, as opposed to just putting a trade in the floor of the exchange, if you're doing. But that's neither here nor there, but the larger point, and this was us. This is the Risa for us. I'll do my own RISA in action for Know Wade's, writing all these things, right? And all of a sudden, we come to the realization McClain was a fee only waving the flag of know, that kind of thing firm up and I don't know when. Let's just say five years ago, right? And we realized that, no, you know what? These other things are valid. We should be putting them in our portfolio.

34:22
Alex Murguia
And we're willing to say, okay, fine, we'll just refer it out. If someone needed annuity, we'll refer that business out to an insurance person that does it, that kind of thing. But after a while, it became quite cumbersome, and we are an extension of whoever we refer that person out to. So if that person decides not to call that person back or this or that, it looks poorly on us. And so after a while, were like, listen, just from a business standpoint, it's an easier workflow to put that all inside in one house, and no one pushed back. None of our clients cared. If anything, it's just easier. And the fact that you're open to everything, it's just an easier relationship dynamic again. But transparency is the key there. Whenever anyone tells you how honest they are, the tighter you grab your wallet. That's kind of how I feel when people start throwing terms like that around.

35:23
Doug Oosterhart
Definitely. And for me, it might not have even been annuities. It was also with long term care insurance.

35:30
Wade Pfau
Right.

35:30
Doug Oosterhart
That industry is crazy.

35:31
Alex Murguia
I didn't even think like that.

35:33
Doug Oosterhart
Yeah, so it's just like I want to bring the best solution. I just referred out a long term care policy to Northwestern Mutual because they have a great long term care product that independent agents can't even access. So it's just okay, like if this is what's best for the client, I really don't care. Because.

35:55
Alex Murguia
You can see how the Risa is kind of a natural play for this. If you're really coming at things from there are many credible strategies. Heck, it's taught in the schools. There's the flooring, there's time segmentation, there's total return, and you can split the flooring up into two. But if you really believe in those which are taught, then why would you all of a sudden restrict yourself from three out of the four solutions?

36:21
Bob French
If you're looking for more personal advice, please note that our show is sponsored by McClain Asset Management. Learn more@mcleanam.com. That's Mcleanam.com. McClain Asset Management is a wealth management firm where we help you design and implement the right retirement plan for you.

36:43
Doug Oosterhart
Right. And I think to your point, it's tougher for the consumer, right? I feel bad for the consumer because now it's like, okay, they have to worry about how the advisor gets paid then also, what strategy is the advisor going to pitch them? Is it always total return? Is it always income protection?

37:02
Alex Murguia
Consumers not even aware of that. And this is where the Risa comes in. And maybe you can tie this to your experience. Wade, can you talk about the matching problem that exists? And maybe Doug can point out how that has happened in his firm and he was able to kind know right. Size it?

37:21
Wade Pfau
Yeah, I mean it's kind of come up in the context, but it's just like I always use the example of you turn on your car radio, you tune into the Am stations, probably more so than FM, and you start to listen to the commercials. You hear the commercial that I'm a fiduciary advisor. I'm fee only, so I only charge my clients. And when they do well, I do well. And ultimately, if that's some sort of high percentage 1% to one and a half percent annual fee on the investments and ultimately all that advisor is doing is putting them into some sort of model portfolio just with a basic asset allocation, figuring out the stock bond mix. But beyond that,

choosing a few different funds, that's a very expensive way to invest and that's not necessarily providing any value. Now, of course, some fee only advisors do offer more financial planning services.

38:11

Wade Pfau

But even though this is really promoted in the consumer medias. It's the nice marketing message fee only, the interests are aligned. Well, at the end of the day, there are a lot of financial products that may not fit into that model. And also that model tends to only focus on managing investments. It may not really serve the client well, but then they flip to another station, and it's all about how a fixed index annuity solves every problem under the sun with principal protection, upside, growth opportunities, lifetime income. And if that's the right I mean, if your style fits with that, absolutely. There are good fixed index only annuities out there, but it's always whoever's advocating for a particular strategy, they're acting as though that's the only viable option that everyone should be using. And that's where the Risa and the advisor who's able to maneuver between these different strategies, I really feel is best positioned to ultimately serve the most clients.

39:09

Wade Pfau

And that's, Doug, as you've realized as we've realized, a fee based approach that allows you that flexibility is ultimately, I think, going to be the type of advisory firm that is going to help the most people in the long term.

39:21

Doug Oosterhart

Yeah, that is very well put. And that's why I'm all in on it as the that was the point where I just realized, like, look, we have to offer everything, and we never take it from a standpoint of, oh, this advisor is bad. Right. There's good advisors at bad firms and bad advisors at good firms. We never want to discount anyone. You just think, okay, they're doing the best with what they have, or maybe doing the best with what they know. But my job is to say, okay, how can we offer the client every solution no matter what? And I do a lot of flat fees, too. So it's just like, okay, cool, it doesn't matter. The fee is going to stay the same regardless of your asset level. Now what we can do is make recommendations based on how you think and what might fit best for you, regardless of any type of business model.

40:19

Alex Murguia

Dude, I think that's great, Doug, just because I want to make sure people hear about you. How can folks find out about LifePoint?

40:28

Doug Oosterhart

Yeah, so Lifepointplanning.com is the website, and then I'm on Twitter as well. Douglpp and then also to retirewithlpp.com. That's another one as well that I have. But yeah, Lifepointplanning.com, that shares a lot about the firm and me and what we're doing, which is good.

40:54
Wade Pfau
Hey, wade and that's all one word, no hyphens.

40:57
Doug Oosterhart
Correct.

40:58
Wade Pfau
Life point planning.

40:59
Alex Murguia
Wade remind me to buy the URL. Don't retire with life point.

41:10
Doug Oosterhart
My goal is to make sure that would have the lowest traffic of all time.

41:27
Alex Murguia
And Wade, there's more piece to this, because you had said DIYers part of the Risa is and I don't think we've discussed as much we've discussed the Risa as how you want to source retirement income. The main matrix. But something in that battery that we have is the implementation personas where we identify if you're a delegator collaborator, validator, do it yourself and we do it with self efficacy and advisor usefulness. Is that something you use within your practice? And if so, what are some stories that you have behind that?

42:00
Doug Oosterhart
Yeah, great question. This might be good or bad, I don't know. I try to identify that on initial calls with people before they've taken it and then have them do it to see if I'm right, because it is so important. I had a client or not a client, a prospect that was total return and kind of on the cusp of validator or DIYer. And the interesting part was that their opinion of their self efficacy was low, meaning they don't feel confident that

they can put together a solution, but yet they still don't want to pay for an advisor to help with it. So I thought that was just I was very polite, right. I sent them a follow up video like, hey, we might not be a great fit, here are some resources to help and here's where the rise is even from. But at this time, and they had mentioned to me too, like, yeah, we interview advisors every few years just to kind of see and I'm like, oh, okay, great, well here, let's do this.

43:11
Doug Oosterhart
Risa and to be honest with you, that is really great feedback for me and them like, okay, if you're not going to hire an advisor, what do you need to do it yourself? Right? And that comes down I tell all clients of all quadrants, if you will, this like look, to do it yourself, you need the time, the desire and the ability. Then with enough time you can probably accumulate the ability to research enough to potentially do it yourself correctly. But you also have to have the desire to do it. And if you don't have one or more of those time desirability to create and implement your plan, then that might mean that you need some professional help to do so. Go ahead.

44:07
Alex Murguia
Sorry, Alex. No, I agree with you, but there's an additional piece that I think do yourselfers lack. That's not to say you can't do yourself, but they have to realize what they're walking into and that's there's a difference between knowledge and wisdom. And a do it yourselfer is a sample size of one. Whereas an advisor has you just said you have whatever, 200 families or something like that, right. And so you can identify intuitively two people that are very similar and you could say, no, but this is a better strategy for this person and this is a better strategy for that person because at some point you can intuit what's a better fit beyond just the knowledge. You have the wisdom to know that, okay, in this particular case, this is the way they need to go in this particular case. Yes, I get that.

44:57
Alex Murguia
Whatever a claiming strategy like this works 95% of the time, but for you, I don't recommend it because I know, et cetera. And so that's the one hang up that's there. Trust me, we have it ourselves. If someone's a self directed investor, we just send them to the membership site and educate yourself. Yeah, and if they want to raise your hands, fine, but we're not like soliciting it because it's a game you're not going to win. Right, but that's the only caveat Amter that I do have for do it yourself is that they're a sample size of one and that's an issue.

45:32
Wade Pfau
And everyone makes mistakes. But when you're doing it yourself, you make the mistake for yourself. Whereas the professional help already knows what kind of mistakes get made and can walk you through that so that you don't have to experience the inevitable mistakes.

45:46

Alex Murguia

At the very least, directed person should be a validator every once in a while just to like, right, hey, let me get another pair of eyes on this just in case. But yeah, it's funny how many and you know what? I was surprised, too, how candidly people answer that. Like, you're an advisor. You're giving someone a questionnaire, asking them, hey, how good do you think I could be for you?

46:06

Doug Oosterhart

Right. My favorite ones are close friends and family. I'm like, no, just be honest. But yeah, I mean, the DIY thing, too, just and I don't mean to belabor the point, but the what versus the how, right? You could know what you're supposed to do, but the implementation and the how to do it is a whole nother thing. How to rebalance a portfolio. Okay. Are you doing it with a spreadsheet? The what versus the how is a huge thing as well.

46:43

Alex Murguia

No, I agree. I mean, I'm more just of the opinion that it's almost like when you're a teenager and your parents tell you, don't do this because such and such, and you do it anyways, because you got to find out for yourself. It's almost that. And hopefully you don't get into trouble before you figure out the lesson, if you will. But you do use the implementation matrix. Do you use it for your funnels? Do you use specific funnels? If they're this is how I'm going to approach them. If they're a Validator, this is how I'm going to approach them.

47:17

Doug Oosterhart

Good question. Yes. I mean, generally speaking, validators and Doityourselfers just aren't a great fit for long term planning. The good news is back to our business model discussion. They can find someone that will meet them for a few hours and fill that need. But yeah, I use it with every time I'm sending Arisa. I'm doing that. That piece is super important, too, because again, back to I have to know the client the best to then recommend the best solutions for them. That is a huge component. Are they a collaborator? Are they a delegator? Are they a delegator? Yeah, it's just like with collaborators, I might send an extra email like, hey, we are going to rebalance your portfolio. I don't know why I keep going back to that example, but we're going to rebalance your portfolio and here's what we're doing and here's why. Where a delegator?

48:12

Doug Oosterhart

I might just say, hey, we rebalanced your portfolio this quarter. And they're just like, okay, cool.

48:17
Alex Murguia
Yeah. Communication, it affects the cadence, especially in a discovery meeting. You don't want to overwhelm somebody or you don't want to underwhelm somebody, you want to get them at the right balance, if you will. But no, I agree, I'm looking at way.

48:36
Wade Pfau
Well, we probably are kind of running up on our time here, so let me just mention we do have the Risa Master class coming up, august 20, Eigth 29th and the first two primary days. There'll be CFP and other ce credit available for those sessions starting at twelve noon each day. We'll have the link in the show notes for anyone who wants to learn more about the Risa and Doug. Just give our listeners another chance to learn how they can find you on the Internet if they would like to do so from the consumer side.

49:06
Doug Oosterhart
Yeah, the easiest place is lifepointplanning.com. Just to reiterate, so yeah, started in the business ten years ago, built to 200 families, then started from scratch again. So now I work with like 75 households and the easiest way to connect is just do lifepointplanning.com. I have a Start Here tab, and I've been doing a little bit of a promo where we've been doing a one page plan or like a one page visualization for people just to kind of share with them. Okay, here's some low hanging fruit items that we can discuss, and then if it blossoms into anything else, that's fine. If not, that's okay too. So that's the easiest way. Lifepointplanning.com.

49:54
Alex Murguia
Hey, Doug. Sorry, Wade. Go ahead.

49:58
Wade Pfau
No, thanks for joining us and thanks everyone, for listening. And before I take us home, did you have a last thought there, Alex?

50:05
Alex Murguia
No. Other than that ruminating on you, and I'll say it on Doug's behalf. I can't express how impressed I've been with Doug during all of our interactions before this podcast. So I definitely check that page out. He told me to keep it.

50:21
Doug Oosterhart
Thank you both.

50:22
Alex Murguia
No, thank you so much for taking the time. Really appreciate it.

50:26
Wade Pfau
Yep. Thanks everyone. Thanks, Doug.

50:29
Bob French
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