Episode 140: Are you ready for our Retirement Income Challenge? Join us as we begin next week

Wed, Aug 21, 2024 9:21AM • 44:28

SUMMARY KEYWORDS

retirement, retirement income, funded, ratio, risa, assets, day, wade, monte carlo, bob, liabilities, plan, thinking, challenge, folks, retire, retirement plan, people, investing, income

SPEAKERS

Bob French, Alex Murguia, Wade Pfau

Bob French 00:00

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. Want to get your retirement plan in shape. Well, have we got something for you? Hey

Alex Murguia 00:45

everybody, welcome to retire with style. I'm Alex, and I'm here with Bob French and Wade Pfau, and today we want to talk about our retirement income challenge. And that answers the question, Where do I begin when you're thinking about cutting yourself a retirement income paycheck? So let's take it away, Bob and Wade,

Wade Pfau 01:11

but yeah, just had a little context of that, and then Bob will kind of bring you in for the details. This is something we do every several months or so, and it's an opportunity to really interact with the community. We get everyone together for two hours a day. And this next challenge is going to be next week. So Monday, August 26 to Thursday, August 29 each day, from 12 to 2pm eastern time, we'll have two hour sessions, and we're going to talk about with Bob what all these sessions will entail, to give you that opportunity, if you've kind of tuned into the retire with style podcast and are thinking about retirement, kind of a great first step towards moving having a plan at the end of the week, knowing your retirement income style, knowing what else it entails to have a retirement plan in place. So Bob with that, that sort of introduction, yeah,

Bob French 02:03

absolutely. This is something that, you know, I know I really enjoy. And you know, Alex and Wade, you're also there, you know, I know that you guys enjoy that. And we're also bringing Jason ruskala In this week, or this this time round as well. You know, to talk about some stuff there. And you know, what we really want to do is, is bring everyone together, bring all of, all of us there to really help, you know, everyone who's, who's taking part in this challenge, to put all this together. You know, it's one thing to kind of talk about, you know, the RISA or the funded ratio, or each of these individual pieces in isolation. It's something completely different to put them together and in the context of your own situation. So, you know, I think a good way of kind of starting this off is actually just to kind of walk through, you know, what the Retirement Income Challenge looks like. What are you going to be doing once, once you sign up and take part with us?

Alex Murguia 02:59
Well, let's, let's do that. And the only context I will add to that is at the beginning, when I said, How to start the Retirement Income Challenge. The genesis of that was folks asking us, I've read everything now, how do I start? And so that got us to thinking, you know, what's the good way to do that? Part of that was creating the resale but it also got us to thinking that this is the first step. There needs to be others that follow to make sure that you're giving yourself the best chance of success within your retirement income plan. So on day one, it's Risa all the time. Wade, for the uninitiated, do you want to maybe go into that a little

Wade Pfau 03:40
bit. Yeah, yeah. So day one, that's August 26 at 12pm Eastern Time. And if you are listening to this in the future, just sign up for the retirement researcher mailing list, because there'll surely be another opportunity at some point to to go through the process. But day one, we'll talk about what the RISA is, which, if you've been listening from the very first episode of retire with style. You probably have a pretty good idea already, so we'll make this a little bit brief, especially since we'll cover it as part of the session as well the retirement income style assessment, where we'll look at two primary factors that we found through statistical analysis. Is the whole retire with style, the whole idea of retirement income styles, what drives how people think about retirement? How do they think about the assets, and how those assets, what kind of assets to use to meet their essential spending in retirement? And so we found there's a probability based safety first factor that speaks to whether people are comfortable relying on market growth through a market portfolio to meet their essential spending in retirement, or are they safety first, which indicates more they really want some sort of protections built into the assets earmarked to cover their essential spending in retirement. The other factor was optionality versus commitment. Optionality just suggests you want as much flexibility as possible for all. Your assets commitment suggests that if you can actually find something that solves for a lifetime need, you're okay taking some of the flexibility off the table. You kind of get the sense that this could help manage cognitive decline, help protect other family members and so forth. And so we'll we'll talk in more detail about how the reset came about, what all it means, and give you an opportunity on day one to take the RISA yourself, if you haven't taken it yet. Now, if you've already taken it, you're still welcome to join the challenge. That's just going to be one part of the week, but take the Risa as well. We'll have a link for spouses to take the RISA. This is all free. There's no charge with any of this. It's part of the Retirement Income Challenge, a free event for everyone, and so that it's really the topic of day one. Bob, yeah, no, I think this is one that is going to be it's with day one. What we're really trying to do is set the stage. We're really trying to give you that that context for how we want to do the rest of the planning. And actually, I realized, I don't think we've called out how to register, you know, for the for the challenge. If this is something you're interested in, you know, you can just go to resaprofile.com/podcast, and you'll be able to to register for the challenge. Like Wade said. You know, it is August, 26 to 29th so next Monday to Thursday, from 12 to two Eastern so if you're interested in dingbark and

resaprofile.com/podcast, that'll also be in the show notes, obviously. But you know, that's that first day. Focusing in on the RISA, I think is something that's really, really important. And like Wade said, if you've already done the Risa. Well, that just means you're, you're ahead of the game. You'll be able to, you know, sit back and I guess you you can skip the homework of taking the Risa that night, just do it again, or just do it again. I don't think it's necessary, but sometimes people enjoy taking it more than

Alex Murguia 06:59
once. Yeah, momentum. Yeah. What

Bob French 07:02
such entertaining questions in there that people love doing it over again. But one thing I that way, did mention that I think is worth really stressing here is, is having your spouse take it. You know, if you're married or retiring with someone, you know it's really, really important to make sure that your plan fits the both of you. You know, because they're they're retiring right alongside you, and it needs to make be comfortable for them as well. So this is a really, really great opportunity to get them to take the RISA at the same time and make sure that you know, actually Alex and Wade. I don't know if you guys have ever done any numbers around this, but anecdotally, is very common for spouses to have almost diametrically opposed retirement income styles. I know my wife and I do, so it's really, really great to be able to have a conversation around that, you know, both of you have taken the RISA independently, you know, to talk that through and figure out what's comfortable, what works for you.

Alex Murguia 08:14
No, that's, that's a good point. I would say, I don't know if it's very common, but it's not uncommon. You know, say it's common that kind of language. But, yeah, no, I think one of the things that happens is, when you're deciding on a retirement plan, kind of if somebody's here, if somebody's like in one direction, and the other one is diametrically opposed, the tie goes to the one that's the most conservative, and you kind of eat that strategy. But the reality is that's probably not the most optimal way. It's not a matter of getting somebody to scream, uncle, but what happens is probably within your mindset, you're thinking it's just differences of an asset allocation and differences of a withdrawal rate. But that really gets at the heart of the matter of what the reason is trying to manifest, which is like, before you assume something's gonna be a total return, which is that's, that's code for asset allocation decision and withdrawal decision. There's much more to it than that. You're gonna have a completely different strategy. And because you're talking about strategies and not accommodations, just within one strategy, you're able to find kind of a middle ground in a more reconciliatory manner that fits both folks. That's my take on it,

Wade Pfau 09:29
and having a spouse or partner take it as well can open up a lot of really important conversations. I think oftentimes one person in the household is the more interested in the financial considerations, and we've had a lot of conversations with folks that they never realized their spouse or partner thought about this differently, and having them each take the RISA on their own, not trying to take it together. There's no need to share one Risa because it is free. So each person take it on their own. Find out you have two different styles and. And then that's really been eye opening for many people to realize absolutely that, yeah, the sponsor partner is looking for, not necessarily the same approach to their retirement income. And that

Alex Murguia 10:11
takes us to the second day, because the first day is just the theory of the RISA. What are these factors? What? Why does it matter? Why is this credible, that kind of stuff, and actually bringing a piece of psychology and, you know, behavioral finance and investing together as well, laying down the framework for why we all need a framework. And the impetus of that is that, you know, when things get tough, it's hard to fight your your biases, in fact, almost impossible. And so the reality is, the biggest thing you could do for yourself is have a framework in which you make decisions from because it begins to create more of an objective give and take. And so we go, we go deep into that before even introducing the Risa. But the homework is to do the Risa. And the next day, which is day two, we get into the interpretation of the Risa at a general level, because the idea is, you've all taken it so you know what your score, you know what your profile is, so then you know, we'll provide, effectively, a tour of all the potential interpretations of the Risa. And within that, the question naturally is, what happens if the spouses are not the same profile? Well, how do you reconcile that? So in day two, we really get into into the thick of that. But what else do we get into in day two? Fellas? Yes,

Bob French 11:28
day two is where we start getting into the funded ratio, which is something you may or may not have heard of, but it's more of a household balance sheet type approach to financial planning, kind of the think of it the same way that pension plans do a lot of their planning, where we match up your assets with your liabilities, and start kind of seeing how they match up, seeing how they line up, and making sure that, you know, at a very, very deep level, you have enough assets to be able to meet your future liabilities. And then even more so, understanding the types of assets that you're matching up against the different types of liabilities, and breaking that down to a pretty fundamental level to make sure that you're going to be able to align how you're funding your retirement liabilities, your retirement spending. Make sure that's aligned with your resa, make sure that's aligned with your retirement income, personality, your style, because it doesn't matter how beautiful and perfect your plan is, if it doesn't fit you, and it's that's something that's be prevalent. Frankly,

Alex Murguia 12:49
that's true, because if you're thinking about the dynamic, what we want to know is where you're coming from, and then trying to figure out strategies that that complement that, not necessarily try to figure out strategies that fit my profile, and I'm jamming that into your solution. It's that's a significant nuance. Now Wade, how does the funded ratio accomplish something like that? You because people are thinking, oh, a financial plan. There's a cash flow financial plan, which is full of ledgers. The industry kind of got away from that a little bit. I mean, you do it, but for one off questions that you're asking, not for like this huge financial plan, there's the Monte Carlo, which is just goals based Monte Carlo, which kind of is, is on trend right now. And then there's the funded ratio. Maybe give a quick sort of differences while still maintaining within the confines of this episode. You know, what does balance sheet mean versus Monte Carlo? And then how does that work within the context of the reset? Have you

Bob French 13:53
signed up for retirement researchers Retirement Income Challenge? Yet it starts next week, Monday, August 26 at noon Eastern, and we're filling up fast. Don't miss your chance to join Wade, Alex, Jason and I in this free four day challenge where we walk with you and discover

how you approach retirement income, where you stand relative to your retirement goals, and what you can be doing to bridge that gap and make sure that your retirement is on track. Think of it like a pop quiz for your retirement plan. Now we can only accept a limited number of participants for this challenge, and we're filling up pretty quick. So head over to resorprofile.com/podcast to learn more and find out how you can join Wade. Alex, Jason and I, again, That's resaprofile.com/podcast you see you in the challenge.

Wade Pfau 14:46
Yeah, yeah. So that balance sheet idea of assets and liabilities, the the liabilities are just the financial goals of your retirement. They're the expenses associated with your goals, meet your essential spending, meet your lifestyle goals that are. Part of your budget, any legacy that you would like to plan to leave behind at the end, and also the contingencies, the different types of spending shocks. How do you want to allocate, potentially to being able to fund a long term care event, that sort of thing? So you define your liabilities as a different expenses, and then you just define the assets as what's available to potentially use to meet your retirement financial goals. And that can be different, account balances, brokerage accounts, IRAs, all that sort of thing. But also cash flows. And cash flows are on both sides of this, your Social Security benefits, what's the present value today of your lifetime Social Security benefits. How does that match up against the present value of your essential spending in retirement? That's what the funded ratio is really designed to get at with that balance sheet approach, and comparing it to Monte Carlo, the a lot of financial planning software these days, it reports a probability of success if you're doing any kind of financial plan, and it tells you you have a 90% chance for success, or whatever the case may be. That's really an alternative way that I've really gone against. I like the funded ratio better. So, so if you have a high probability of success, the software doesn't report to you. Well, there's some sort of rate of return assumption connected to that that would make the financial plan work, but you have no idea what that is. The funded ratio just comes from the opposite direction. You define what you view as a reasonable rate of return for your assets, and it doesn't tell you what the probability of success would be. You just kind of have the sense that if you have a conservative rate of return assumption, it will correspond to a high success rate. And we like using treasury inflation protected securities to define if my assets just grow in inflation adjusted terms with what the tips yield curve can support. Will my plan work without having to get additional stock market performance on top of that, and if you're funded, it means you don't need financial market risks to make the plane work. Of course, you're always welcome to and that's part of the conversation is, well, the more overfunded you may be. If that's the case, you have more discretion to potentially invest the additional assets for growth and legacy and so forth, but the funded ratio really gives you that detailed first look at and really all the look you potentially need of will your plan work based on the assets you have and the financial goals that you want to be able to fund with those assets? I

Alex Murguia 17:35
agree with Wade in the sense of I I've come to appreciate the funded ratio much more than the Monte Carlo goes based planning. There's a role for Monte Carlo, especially if you're in total return and you're taking distributions, but you're like five years into retirement, and you want to see the sustainability of this portfolio, but when you're starting out and you're establishing a plan, I think the funded ratio is the way to go. I invite anyone to tell me differently at this point, although I'm happy to listen, I'm all ears, because at some point I like the Monte Carlo, and we sort of transferred over to the funded ratio. But I if you really think about it, it's assets over your assets, which are what you have being right what you have right now, and potential income that

you know is coming in, like social security, all that stuff. Take it down to its present value, and then liabilities, future liabilities that you know you're going to have, and you know if, and let's just say your assets are 100 your future liabilities are at 100 your funded ratio is one, right? 100 over 100 is one. And so you're right there. But again, what we what we break it down as well, is what's your funded ratio in aggregate? What's your funded ratio by essential expenses, like essential expenses over essential needs? What's your funded ratio? I said it the wrong way. You know essential liabilities. You know we do it by discretionary you know, wants and haves as well. And so that means to give you a playbook for where you know, under the auspices that you know assets are fungible, it begins to give you a playbook on how do you want to move those chairs around to make sure that you're in line? And I agree. I think what the funded ratio does the money crawl will tell you 80% on track, right? But that's just telling you 8080, out of 100 plans, 80 past and 20 of them failed. Those 20 of them could have failed by $1 on your on the day you die, right? It's still a failure. And so I like the funded ratio a little better starting out, because it gives you a sense of how far you are. You know how much progress needs to be made. Like a funded ratio of point nine, let's say 90, 90% it's not telling you you're 90% 90% of the plans succeeded and 10% failed. It's telling you you're 90% there. But if you move these things around a little bit, guess what? We can take you to 100 we can take you to 110% X. Etc, etc. I think that's a much more intuitive way to look at your finances, like I said, like Bob said, That's what institutions do and and just by give and take, Bob, what's your experience from folks taking it and giving you their feedback? Because they come from this Monte Carlo world, or they come from just straight up Excel marketing world?

Bob French 20:20
Absolutely. I think it's something that does come at it from a little bit of a different perspective, but it works really well because, as you said, it really kind of ties in to that intuitive nature of, well, you know, if you have a funded ratio of, say, 90% that kind of means you got a little bit of work to do. You're 90% of the way there to what you need to be able to do, or need to be able to to have to fund those retirement goals and and one thing that I want to really kind of dive in on here, that Wade kind of alluded to a little bit, is that, because we are using the present value type of approach, what we're effectively doing is stripping away all of the risk that's kind of pushing your plan all over the place within a Monte Carlo type framework, yeah, where you know, even if you really want to push it with a Monte Carlo type of plan, well, you know, let's Just assume the markets do a little bit better, and we can kind of engineer whatever results you want within a funded ratio plan. Yes, you can still do that. We can still fudge the numbers, but it's a little bit harder to do that. It's a little bit more structured in terms of we're just going to assume a very basic approach. We're going to assume that we're bringing everything back to today on a risk adjusted basis, and then we're just matching things up. Now, if you are on the younger side and you're going to be investing, you know, yes, you're probably going to have higher returns than you know, the Treasury default rate we're taught, or, excuse me, the discount rate we're talking about. But that's adding in extra risk. That's not something that's guaranteed. What we want to focus in on is, you know, at the base winning the game. Are you winning the game? That's right, Alex, if you've got, if you got the game one, don't need to risk it type of thing. But that's really something that we're trying to focus in here with the funded ratio. Give you that base level understanding of how your assets match up with your liabilities. And once you understand that, once you know, well, you know, I have 120% funded ratio, or I have a 90% funded ratio, you can go in and understand, what do I need to do to accomplish what I want? Do I need? If I'm at 120 120 530% funded ratio, the world's your oyster. You You can just

stop, uh, put everything in, you know, tips and, oh, well, I can't guarantee you'll be fine, but there's a pretty decent chance you'll be fine. Oh, you

Alex Murguia 23:07
should be or you can take, let's say, or make a simple example, right? And it doesn't quite work like this, but I don't feel like figuring out. Let's say you 130% funded, 30% the 130 the 30% of that 130 it's house money for that. You know, you can use it and be more

Bob French 23:29
aggressive. Yeah,

Alex Murguia 23:30
exactly. And so money is fungible. I want to get, I want to really get that conveyed, because then the funded ratio really strikes a chord with that and lets you divvy up assets a little bit better, in my view. Wade, yeah,

Wade Pfau 23:45
another angle on that, if like, say you're still pre retirement, so say you're doing this at age 55 you part of your assets are you're planning to work through 65 and that's telling you you're 130% funded. Another angle there is, well, maybe I'm gonna dial back. What if I assume I work until 62 how does that impact the funded ratio? If it's still over 100% you might kind of feel this is a good opportunity to pursue an earlier retirement. Potentially, it's just if you're underfunded, you've got levers. You can either have more assets, which maybe mean workload scenario, have less liabilities. What if I just trim my spending here or there? If I had a legacy goal, maybe I'll trim something off of that or, I mean, you can assume a higher rate of return, but that's a riskier way to go about doing things. Now,

Alex Murguia 24:34
we'll have a whole day kind of devoted to

Bob French 24:36
internal and I was about to say we're starting to be around the

Alex Murguia 24:39
retirement income podcast challenge. But you folks listening in are understanding now the rhythm of the direction of where we're going with this, but something just to, just to put a bow on this final day too. How does the I mean they Well, it's a mixture big two and a half at this point. Yeah, because it's. Three it's about understanding the funded ratio and integrating the RISA component. Do you want to give that some playtime weight about how the RISA, how the funded ratio actually fits into the RISA as the next step? Yep,

Wade Pfau 25:14
yeah, and you alluded to that earlier, but to just highlight the idea. So typically, when people talk about the fund ratio, it's everything, all assets over all liabilities. Will actually break that down for you, between your reliable income assets and your essential spending, your longevity goals, your the diversified investment portfolio compared to the discretionary lifestyle goals and legacy and then your reserve assets earmarked to contingencies. And we'll show you the funded ratio ratios for each of those. And where the reset really comes into play is in many cases, you may

not have enough reliable income to meet your essential spending goals in retirement. Maybe you've got Social Security, if you've got some pensions too. This may not be an issue, but let's just say Social Security. Say $40,000 a year. Your essential spending, $60,000 a year. You have an income gap there of $20,000 a year, and that's where the reset comes into the conversation is, how do you look to fill that gap? If your total return, you're not as worried about that gap, because you're more comfortable drawing from a diversified investment portfolio. So you look more at Well, let's take my reliable income plus diversified portfolio and see how that compares to my longevity, essential spending, my lifestyle, discretionary spending and my legacy. And if that whole thing's funded, you feel okay, but with the other three retirement income styles, you are maybe looking to take some of that diversified portfolio to add to the reliable income with a time segmentation approach. It's more about using individual bonds to build short term spending buckets to give you that protection. With income protection or risk wrap, you might be delving into the world of commercial annuities with lifetime income protections to potentially build a bridge to fill that gap so that you have protected lifetime income, enough reliable income to meet your essential spending. But that's where the RESA comes in, is providing the alternatives and giving you a path forward when there's an income gap. How might you feel most comfortable filling that gap

Bob French 27:23
Absolutely? And one thing I'll call out here, this is always a challenge for for people doing the who are in the Ric we report these as percentages. So everyone's always shooting for 100% on these things. You don't need it. You know, as Wade was kind of talking about, it's really going to come down to how you approach this. If your total return, and you're seeing that your reliable income doesn't cover your essential expenses, that's fine, you know, if it's the other way around, if you're someone who is in that income protection type of bucket, you're going to want to make sure you're at least at 100% there in terms of having your rival income, covering your essential expenses, if, if that's possible for you. Wade,

Alex Murguia 28:08
that's difference between me and Bob. I always give 110% Yeah, 100% that's for that's Bob. 100 No, no, no. And so Bob, Bob, where could someone find out more about this? You may someone may be midstream listening? Yeah, no,

Bob French 28:26
there's a real handy website. You can take a look at recent profile.com/podcast you'll be able to one register for the challenge. But also learn some more about what's going on there. Learn some more about what we'll be covering, and you know what's going to be be covered in there now.

Alex Murguia 28:46
Now they sign up today, Tuesday, when this podcast is released, will you provide access to your playlist on Spotify for those folks?

Bob French 28:57
I don't think so. So, no, no, no, no, I'll do it as soon as you do Alex, although actually that's probably a dangerous statement

Wade Pfau 29:09

to karaoke to perform his playlist. Yeah, there you go. Yes,

Alex Murguia 29:13
I'll start with a touch of honey.

Wade Pfau 29:19
One more day, still, another day of the challenge? I don't know if you were trying to close this up, but no, what day did I miss? Thursday? You're up to Wednesday, right? Oh, yeah, no, no, I

Alex Murguia 29:32
wasn't done. I was gonna say day four now. And day four, we gave you a little bit of a preview the last few episodes. Yeah, with our good buddy, Jason riscala, who's, you know, one of the lead advisors in McLean. And so what will he be talking speaking about, Bob,

Bob French 29:52
yeah, so he'll be talking about, and actually think that day four is probably the most important day of of the whole session. I. Which is kind of that non financial aspect of retirement. What do you want to be doing, you know, with your with the rest of your life in retirement? You know, that's something that doesn't get talked about nearly enough. Frankly, you know, because moving into retirement is such a massive change that you need to go in understanding, you know, what do I truly want here? What will make me happy in this next portion of my life?

Alex Murguia 30:32
Just real quick, I think it's even I think as we're talking about numbers, we're talking about numbers day one, two and three, right? And so I think people don't realize a lot of times that you get lost in the mix, right? And so the money is just the means, right? And what you want to do, ultimately is what it's about. And if you really lock in on what you want to do, you'd be surprised how how many people can back into the money part of it. But once you know that, it gives you a lot of solace, especially we, you know, last few weeks, we had a lot of market volatility. I think last week went up, but previous to that, oh my goodness, what's going to happen, you know, that kind of thing. And so being able to lock in on what you want to do and have that as that North Star provides a heck of an anchoring when things get rough, because things will get rough, right? And so I think that that's, that's, that's very, very important. I'm sorry to cut you off, Bob. I just wanted to know absolutely, because there is a lot of existential stuff about, like, yes, not retiring from something, retiring into something, etc, etc, that you can go into

Bob French 31:37
managing your time affluence. And, you know, all of these different things and and you know, actually, this is a big portion of you know what Jason did in his transition to retirement workshop, or stepping into retirement workshop that he did earlier on in the summer in our membership site the academy. But this is something that, that I truly think is, is something that we all need to spend more time thinking through, both in terms of, you know, this is, this is what you're going to be doing for the rest of your life. But also, quite frankly, you know, you need to do that to figure out what you're planning to do. You can't plan without knowing where you're trying to get to. And you know, a lot of people plan in terms of, hey, I'm going to shoot for kind of a level amount of income every year in retirement. I don't know what I'm what people are going to spend every year, but I can guarantee you it's not the same as the year before. You know, it's something

where you want to plan for something specific, not simply back into, you know, what you can do in retirement. And

Alex Murguia 32:46
we, I feel pretty confident saying that it's one of the most like salient that we'll have simply because we've done a lot, you know, we, you know, Bob runs retirement researcher, and that's our membership site, which is an RA, but it's a non asset based Ra, where we do a lot of workshops and things like that, and so we're always thinking about content. And invariably, the most popular workshops are those that deal with more the emotional stuff. We just had a great workshop on and Bob was we were all surprised, not not quality, because we know Dan Vito is good, but the topic really hit, and it was traveling in retirement, right? Yeah, yeah,

Bob French 33:25
absolutely. We had a in in July, we had a webinar. You know, a number of people who are listening to this probably were there because it was a an open access webinar. You know, the recordings in our membership site the Academy right now, but you know, it was something where it was, hey, traveling in retirement is different. You don't have to get back to the office next week, you know. And that opens up a lot of flexibility, a lot of opportunity. You mean, I

Alex Murguia 33:56
don't have to open up your emails. That's right,

Bob French 33:58
you get to ignore me once you retire, Alex, just, just,

Alex Murguia 34:04
how is that different from now?

Bob French 34:10
Yeah, that's right. So it is something that you know a lot of people in, even in retirement, you know, they have that same mindset that you know your vacation needs to, you know, is short, fast and, frankly, kind of intense, but you don't need to, if you you know, if you want, you can rent an apartment from Airbnb for two months in a city and, yeah, kind of live like a local, if that's what you're interested in, you can do that one week vacation to to a particular city, if that's what you're interested in. But it's really about recognizing that you have these choices, and it's very much tied into this type of stuff with that non financial aspect that we're going to be talking about in day four of the challenge. So. It's something that you know, as you can tell, all three of us are pretty passionate about the fact that, you know, the money is just, you know, it's something that allows you to do whatever it is that you want. It's it's definitely necessary and important, but it's the scaffolding of your retirement.

Alex Murguia 35:15
The other thing I would add to that is, I'm 51 and, you know, maybe it's a midlife crisis or this, or that my kids are when this podcast is released tomorrow, Tuesday, my I'm dropping off my boys at college, right for the first time, at twins on Wednesday. And I've, you know, I'm, I'm not at retirement. You know, contrary to Bob and Wade's desires, but I'm beginning, you know, it's hit me hard in terms of not the kids going away, but how do I want to engineer the rest of my working years, if you will, with my wife? Right? What is it that I really want to do in that sense?

And part of that is, is, yeah, specifically being intentional about, okay, maybe I can work two months from whatever Argentina or why would I want to do that? Right? No, Brazil or Spain or just something, right? I didn't mean anything against any of this country, but the point being that I'm starting to think about it, and I'm not in retirement yet. So I'm saying that my segue is, you don't have to be on the cusp of a retirement to get a lot of value, absolutely, because these are things that I'm 51 and I'm thinking about that hard right now, just, you know, the engineering part of your life. So I just wanted to throw that out there.

Wade Pfau 36:36
And not just that too, but like we talked about, and we will talk about in the the work, the challenge. It's about not just investing in financial assets, but investing in all the non financial aspects that you can't suddenly get to retirement, and then assume that all these relationships that you were planning to strengthen at that point with past co workers, family members, whoever it may be that that's just gonna happen because you have time, if you haven't been investing all along, you may find that those relationships may not be there in the level that you were expecting. So it's really being aware of all these other things you need to keep in mind to be prepared to successfully manage a major life transition in which eight hours a day spent at work is now eight hours of unstructured time that needs to be filled with something

Alex Murguia 37:29
meaningful. And if Wade makes a lot of sense, because I've looked at his Spotify playlist, and it's just cats in the cradle by loop. It's just an infinite loop.

Wade Pfau 37:39
So kids going to college, are they going to have time for you now that you have time for them?

Alex Murguia 37:49
My child arrived just the other day, totally. I think that's a signal for those interested, I

38:01
can, that's right,

38:02
I forget. We'll

Bob French 38:03
throw that plug in there again. If you're interested in in hearing us kind of talk at each other for for a couple more days here, or actually doing the productive stuff we talked about, you can sign up for the Retirement Income Challenge. Resa pod, or, excuse me, resaprofile.com/pod, profile.com/podcast again, that's recent profile comm slash podcast, and you'll be able to sign up again. It's next week, August, Monday, August 26 through the 29th through that Thursday, from 12 to two Eastern every day. And

Alex Murguia 38:38
the pod, just to be clear here the Retirement Income Challenge. Sometimes we say Ric the Retirement Income Challenge is a retirement researcher event, yes. So even if you even want to see what that is all about, go to retirement researcher.com Absolutely. And check that out, because it'll give you the vibe. And Wade was saying something that I don't know, in the in our

foolishness, we may have, you know, crowded him out. But the reality is, this is a very interactive session. It's not just a webinar, and you listen to somebody, it'll be a Zoom meeting. And the difference is, everyone, everyone's, you know, we can see everyone, you know, you put up your camera, and folks ask us questions all the time while we're speaking, and the way we handle that, as long as it's turned into the topic, what will happen is like, let's say, if I'm speaking, Bob and Wade will be there, you know, managing the manning the phones, if you will. So will other folks. And so if you have questions about topics as I'm saying it, you know, Wade will answer it. It's very common. Wade will answer it. I'll answer it. Bob will answer it. You know, we take turns around that. So it's a very interactive session. In fact, a lot of folks that have done it before take us up on it multiple times, like a selection of folks that take it all the time, they use it as kind of a litmus test how they're doing. Going every two years, and many of the members on our on our site, retirement researcher, take it as well, and they chime in with personal anecdotes about how something helped, or whatever. So it's, it's a very interactive session. It's just not listening to us from the mountaintops, you know, tell you, this is what you guys should be doing. It really is, we want to engage with you folks and and really work through getting you a plan, because our idea is at the end of this, there's a transformation that occurs, and that transformation is you're onboarding into having a crystallized view of your financial plan. I don't think you're going to have a crystallized view of what you want to do in retirement, but you will know what questions to ask from a personal standpoint about how you should be thinking about it. You know, the answers are up to you, and then there's things that we can do next steps. But really it's, it's not just do a plan for a plan, it's, you know, there's work involved, but from by day four, you will feel significantly more confident about how you're entering retirement with that confidence and clarity that you didn't have previously. That I can say, hand over my heart, that's a pretty cool value add that you'll experience. And I can say that by just looking, by just listening to everyone else that has gone through it. That's my parting thought. Bob and Wade, anything there you would like to add

Wade Pfau 41:18
great parting thought, I guess. And it's probably been pretty clear throughout the context of our discussion, because we do have listeners who are everyday folks planning for retirement. We do also have listeners who are financial advisors. Today we're talking about the retirement researcher retirement income challenge, not for the financial advisor listeners, so much, but for the everyday folks listening, who are thinking ahead towards retirement.

Bob French 41:41
Absolutely. And yeah, like I said, this is I, maybe I'm maybe I shouldn't be speaking for you, Alex and Wade, but you know this, I think, is one of the most fun things we do at retirement research, or it's something that people get a lot out of. And you know, as Alex said, it is work. We do expect you to put in some time to do some thinking around these things, but you really do come out of this with, you know, a pretty deep understanding of where you stand relative to your retirement goals, what you want to be doing and how you're going to be achieving that

Alex Murguia 42:20
You're right, Bob, you shouldn't be speaking for us. Had to that was like,

Bob French 42:27
I know, I walked into that one. I walked into it. I set that one up halfway through what was gonna happen. I know, I know.

Alex Murguia 42:37
Like a live

Wade Pfau 42:41
broadcast reviews coming in exactly.

Bob French 42:43
But to get out of this again, you can sign up at resaprofile.com/podcast, that's also going to be in the show notes. But you know, this is something that I think you know is, is definitely worth the time. If this is something that you're interested in, you know it's, it's a good use of your time, and you know, I'd love it if you could join us.

Alex Murguia 43:07
All right, everyone. We'll see you there

Wade Pfau 43:11
next time on retire with style.

Bob French 43:13
Wade and Alex are both principals in McLean Asset Management and retirement researcher. Both are SEC registered investment advisors located in Tysons, Virginia. The opinions expressed in this program are for general informational and educational purposes only, and are not intended to provide specific advice or recommendations for any individual or on any specific securities to determine which investments may be appropriate for you. Consult your financial advisor. All investing comes with the risk, including Risk of Loss past performance does not guarantee future results. You