



Money, Marriage, and the Meaning of Financial Success [Ep. 24]

Transcript

Note: The transcript of this podcast was generated using an automated transcription tool for informational purposes only and may not reflect the exact wording or content discussed in the episode.

Well, I think we all know that couples tend to argue a lot over money. My parents split up at a very young age. (...) And even at that young age, I was seven years old, I still knew what the main reason was. There was a few reasons, but the number one reason was financial. And I think that's one of the biggest things that drove me into this career. Helping a couple come together to bring the future in the present, help them get on the same page about finances. (...) If we can make a little dent in that and maybe save a marriage or two, it gives me joy.

(...)

Hey, (...) everybody. Welcome to today's podcast. So, today's topic is why personal finance is more personal than financial. It's not just about the math. It's about the people, emotions, and the choices. So, let's get into why your money is a journey and it's as unique as your fingerprints. (...) Yeah, I'm looking forward to this topic. So, kick us off, Robert. Why do we say that finance is more personal than financial? (...) Because it's like many of the top things in life where we think about faith, family, health, finances. It can be very

emotional, right? You've worked so long to achieve something so people make emotional decisions. I mean, think about it like this. Math is universal, but a situation can be different, right? So, take two people, similar incomes, but different objectives, different important things or goals in life. The outcome can be different even though they make the same amount of money, right? So, just because people make the same amount doesn't mean that the outcome is going to be the same. What are they doing? What are the choices that they're making along that journey to get them to the end result? Sure. And so how do you emotions and psychology play into that? (...) Well, as we said, it's emotional. So, there's certain things that drive us in many things in life. Fear, (...) stress, (...) greed, (...) also optimism.

(...)

Many people think, and it's kind of the opposite. I don't know why the stock market is this way for many people because it's one of the only things we think about in this vernacular, which is when the market's down and it's going down, we tend to get scared. And it could be different at different phases of our life. Like younger people tend to not care that much because they've got a longer time horizon. But as we age and we get closer to retirement and we built a bigger nest egg, when you have that market drop, the number seems bigger. The percent could be the same decrease that you would have seen 30 years ago when you were younger. But the dollar seems a lot bigger and your time to recover is a lot more dramatic. So, people let fear drive that decision. So, while the market's down, what do you think they do? They want to sell. Sure. But what should they do? Start buying. (...) That sell has created an opportunity for them to take advantage of, but fear got in the way. (...) Yeah, and people's upbringings too, I think have a lot to do with that, right? It's not just as you get older. If somebody had a rough upbringing financially, that may take them in one or two directions. They may want to change their stars and go way more aggressive, what I would call intelligently aggressive, meaning diversified. Or they may do the opposite because finances were tight growing up, they don't want any risk in their life when it comes to investing. So, I think that's a little bit unique too. Yeah. And then you have the other side of it. So, we had fear and stress of selling at the bottom because the market's down. But then the optimistic side. So, when the market's doing really well, and it's up and everything looks good, those same people who sold out at the bottom, who may or may not be kicking themselves go, you know what? I want to ride this train back up, right? I want to get on that excitement so that optimism kicks in and then they get greedy and they jump in. Well, think

about it. The market on average has a standard correction every 12 to 14 months. So, if they're buying when the markets already rebounded, then of course what happens?

(...)

It's kind of that rule of thumb, right? It starts to dip, then they get scared again. And they get cut or caught in this vicious cycle that they somehow can't get out of it. And they keep repeating the same thing. Makes sense. You know, nowadays there's all these finance gurus, whether it's old school would be online to CNBC is now a TikTok, right? There's so many of these financial experts, (...) a lot of them, to be honest, I don't think they really know what they're talking about. But what would you say to somebody who's just following a financial guru or why not? If they said, why don't I just follow the, you know, the, what these TikTok influences are telling me to do?

(...)

They're pushing an agenda, right? They're pushing their own agenda. They know nothing about your goals, your personal life, your expectations, your wants, your risk, your family. They know nothing about it. So, you're just taking somebody on TV that you've never met that knows nothing about you. There's no financial plan. You're going to take their advice and think it sound right. It's not that they're not pitching a good stock and maybe that stock does really well. Maybe it doesn't. But I mean, is it worth risking your financial future and the financial future of your family on one or two gurus out there or investment stocks or meme stocks? No, I don't, I don't think so. Let's put it that way. And as your life evolves, how does that change your finances?

(...)

So, let's start off when, when you're younger, when you're younger, you're out of college, you make less money normally, right? Your income tends to increase over the years. So, you're making less money, but you have more debt, right? So, you have less money to invest, right? As we age, we start making more money. Hopefully we've got some of that college

paid off, maybe even have a house paid off. So, you got a little bit more expendable money to invest. So, people start investing more. But now we want to talk about compounding interest, time in the market versus timing the market. So, the more time you can, the earlier you can start investing, even if it's just small dollars, plant those trees. That's right. It compounds over the years and you see long-term success, especially, and this is one that kind of baffles me a lot. When we look at the young people and they start a career, their company offers a 401k and because money's tight, they don't even want to do that. What if their company's matching 100% of the first four and 6%? That could be thousands of dollars that to me- Or millions over 30 years. Over 30 years. But in a year, that's, you know, call it a couple thousand, maybe more than that. (...) Every single year that could compound. To me, that's part of your salary, right? You earn that income. That's part of your package when you accept it the job, but it's up to you to accept it. How would you think about or talk about how your values change or your values affect your investment choices? Well, people can value different things in life and spend on different things, right? We talked earlier about keeping up with the Joneses, right? So, some people may get a modest, have a good income, but get a modest house, a modest car, (...) right? Just so they can save for retirement because their values in life, their expectations, their goals are what they're trying to achieve. While other people, maybe even with the same income, want the more expensive, luxurious car, want the bigger house, want that keeping up with the Joneses feel because- And there's nothing wrong with it if that's what they want in life, but they could be sacrificing more important things or later years where they might not have the same amount of time to enjoy it. And So, it's just, it's about their values. And I don't think we're here to tell somebody what their values are, but I do think we're here to educate people and help them see what the future looks like and learn by learning what's important to them. Makes sense.

(...)

How would you, talk to me about relationships, how does that change personal finance or affect it? Well, I think we all know that couples tend to argue a lot over money.

(...)

You have sometimes in relationships as we see working with couples, (...) they're spenders and they're savers.

(...)

In fact, I don't even know if I would say the majority of time- Are you the spender or are you the saver?

(...)

It depends. I think I like to spend on others in my life. I like spending on Lauren and the boys and I'll forgo something myself to make sure they're okay.

(...)

My wife should probably kill me for this. She loves Amazon. So, she loves an Amazon package at the door sometimes. I'm a hypochondriac. I love Amazon packages that are supplements and vitamins. She likes things that I don't even know. So, you have those supplements as a line item in your financial plan? I actually do. Or is that above and beyond the budget? Is that in the budget? I think we did a podcast where I was talking about using chat GPT to build supplement stacks and then send it to my doctors. (...) Anyway, back to the question.

(...)

People tend to argue. Now, over finances. In fact, (...) it's one of the top reasons for divorce. Now, not to get sad, but I come from a broken home at a very young age. My mom and dad split up and of course my dad's been going for a year and a half now, but (...) my parents split up at a very young age. (...) Even at that young age, I was seven years old, I still knew what the main reason was. There was a few reasons, but the number one reason was

financial. I think that's one of the biggest things that drove me into this career is because God didn't bless me with many things. As you know, I'm probably not the best essay writer in the office, but I know numbers and I believe in what we do. Having a financial plan, having a strategy, helping a couple come together to bring the future in the present, help them get on the same page about finances. If we can make a little dent in that and maybe save a marriage or two, it gives interest and joy. That's interesting. I've known you over a decade and I had the privilege of meeting your dad before he passed away and I met your mother several times.

(...)

I know some of the back story, but I didn't know that. You think one of the top reasons they divorced was just the stresses of finances? I know it. (...) It's weird as a kid, I don't think I knew it at the time, (...) but as I aged, I knew we were poor. As you knew, I grew up very poor in Louisiana. I knew we were poor, but back then, you don't know what you don't know. We were happy to have hand-me-down clothes and some nights food on our table. As an adult, when you look back, you see the stresses and of course you have conversations over those years. It was tough. I'm going to put you on the spot here. Oh goodness. All right. What if you were there, I don't want to say marriage counselor, but if you were their financial advisor, (...) what advice would you wish that they would have known then that potentially could have saved the marriage? If it was finance related, what could they have done different or what advice would you have given them?

(...)

My father didn't say many things, even though he was a pastor and used to speaking on a pulpit, he didn't say many things. (...) One of the compliments he gave me, he goes, and I was probably my mid-20s, about 20 years ago, (...) he goes, "Robert, I love your brain for finance." He goes, "I don't know where you got it from, but you work hard and it's a gift that God gave you."

(...)

I love that. But then the moment he said that, I remember thinking back to my younger years and go, "What if I could have made an impact?"

(...)

How would I have helped him?" The number one answer I would say to anybody is have a plan. But have a plan with your partner. (...) Sometimes in a relationship, one person focuses on the money, and the other person doesn't care. (...) They just let the other spouse handle it. I think when it comes to something as important as your financial future, even if they don't care about it, you need to bring them into the picture so that they have a say so and they know what's going on. Because the person that does care about the finances and handles it, they might not be there. We deal a lot with death, we deal a lot with divorce, and I think it's important for both people to understand what's going on. That's one wish I think I would have had many years ago, almost 40 years ago, is that my parents would have had some sound advice from somebody. Makes sense.

(...)

How do you think about we have clients that some live extravagantly, some live within their means, how people maintain different lifestyles with different incomes? What are your thoughts on that? (...) We kind of touched on it a second ago when we were talking about keeping up with the Joneses and one person having this house versus another house with different incomes or with the similar incomes.

(...)

I would say it comes back to spending habits, and it comes back to goals. Some people will sacrifice certain things in their life for a greater glory or a greater retirement later on, whatever that is to them. I think it was yesterday or the day before, you and I were talking about a story of a client that sacrificed a lot to be where they're at. You want to go over that? Sure. We have a client, probably been a client 15 this year, I'll call it, and came to us,

was referred to me when he was in his early 50s and he worked in a manufacturing business,

(...)

extremely hard worker, labor intensive, (...) making around six figures and just saving a ton and wanted to be retired at, I can't remember if it was 60 or 61, but basically 10 years after I had been working with him, that was the goal.

(...)

He saved a ton of money. (...) Saved about 100K, (...) wasn't really on track to retire maybe until he was about 70 and he was 50 at the time and wanted to retire when he was 60. He's like, "You tell me, Glenn, what I need to do and I'm going to make it happen."

(...)

We showed him how much he had to save, which, candidly, I didn't think it was realistic.

(...)

He made it happen. Ten years later, he's retired. He's moved to New Mexico with his dog and living it up, sends me photos from time to time and living an amazing life, but he made massive sacrifices.

(...)

What, in one, his air condition? That's what I was about to say. He rarely, if any time, uses air conditioner or his heater, which we're in Dallas, so it can be 100 degrees.

(...)

That gives you an idea of how much he pulled back his spending, drove his car for 20 plus years until the wheels came off literally.

(...)

I think if we had him sitting next to us right now and we said, I almost said his name, if we said, "Mr. Friend here, were those sacrifices you made from ages, let's call it, 50 to 60 worth it for you for the last five years to be living it up in New Mexico, doing what you like, and for the rest of your life, you're financially set unless some crazy spending habits come into play. Was it worth it?" I would think he would say without a shadow of a doubt.

(...)

He did the hard part. That's saving the money, not spending it. We did the easy part, showing him a plan, giving him the MRI, if you will, showing him what we needed to cut out and add in in terms of additional savings.

(...)

He made it happen.

(...)

Everybody's different. I know I could share stories of some clients who their income was 10 times that. They might be making a million bucks, but they're not on track to retire when they're 60 because it's not about your income.

(...)

It's about how much you're saving. Income is, (...) it's nice, but if you're not saving much, that doesn't mean squat.

(...)

I think you said it best, but that old saying, "With great sacrifice becomes great reward." For many things, that can be true in life. I think it was in his scenario because I don't think I'd be bold enough in Texas to not run my air conditioner. I like it cold in the house.

(...)

Again, I'm probably the same in that aspect. It's different for everybody. It's not a one size fits all. That's why it's important not to have a cookie cutter financial plan.

(...)

Or your goals.

(...)

I'm sure if somebody looked at my finances, (...) some people may say I'm frivolous, perhaps on traveling. I enjoy traveling. Or your foodie. I love, you know, once a month going out to a nice restaurant.

(...)

Yet in other parts of my personal spending habits, I'm more frugal than some of the people. We have kids right out of college that will spend more on a weekly basis eating out than I do. I even give them a hard time. They're spending 20 bucks a day on Panda Express or having stuff. And it's delivered. (...) They had on like three bucks for that. I don't get it. Everybody chooses their battles of what they want to spend money on. At the end of the day, you're going to reap what you sow. Yeah, I couldn't agree with you more. As we wrap up, what are some universal questions and answers when it comes to finance that you see and wisdom, you'd like to drop to people? Wisdom to drop? (...) Have a plan first and foremost. I don't care what your age is. I don't care if you're 18. I don't care if you're 80. You still need a plan. Most people, we have some clients that are 70 and 80 years old and they go, I don't need a plan. I'm good. I know I can retire. I'm already retired, right? I'm not going out and live this money. Okay, well, what about tax strategies? What about other things? What about money that you could be leaving on the table just by simple move? So, regardless, have a plan. And the younger you are, start investing and invest consistently. Make it come out of your paycheck and just do it. I promise you in 20 years, you're going to thank yourself. Your older self is going to thank your younger self. And at a minimum, (...) do your match with your 401(k), right? And then spend according to those goals. (...) Make the sacrifices to achieve your ultimate goal. And I'm not here to tell you what your ultimate goal is.

(...)

Whatever's important to you, your family, that's what you got to shoot for. And it may mean make some sacrifices. And if you're lucky enough, maybe it doesn't mean you make any sacrifices because you make a killing. But for many people that we work with and we talk to on a daily basis, it's how do I get there and what sacrifices do I need to make to achieve it? (...) And can you help me find any pitfalls or shortfalls along the way? And that's the thing. I'll plan and invest consistently. (...) Robert, mailbag time. You ready? Let's bag it. Okay.

You're getting asked here from Emma. Emma. She is asking what life lessons-- Why are you reading in that tone? What tone? I don't know. It just seems like a low key, very sweet tone. I'm not used to it. Okay. Well, you're welcome. It's too sweet. It's my professor tone. All right. What life lessons did you learn in the boy band that you were in in Louisiana? That's tough. That--

(...)

How can somebody apply those lessons you learned in the boy band to their financial plan? Even if you're nervous to do something or you have a dream, just go try and achieve it and whether you fail or not, you'll have a great experience doing it and you'll overcome some fears along the way. That's what I think I got out of it. Deep thoughts there. Deep thoughts. Well-- I don't think Emma asked that because I don't think Emma knows that about me. No, she didn't. It was actually a joke. Here's the real question. Oh, that's where you were trying to get me. I get it.

(...)

I'm just thinking or asking, if something unexpected happened and I had to step away from managing my finances for six months, how would you ensure my plan stays on track and my family is not overwhelmed?

(...)

For one, I want to thank Emma for that question because it's a deep one that most people don't talk about until it's too late.

(...)

We talk so much about having a financial plan in place and one of the unfortunate things about our career is how often we deal with sickness with clients, (...) death with clients.

(...)

When people need to step away, it's usually for one of those reasons. My spouse passed away. I need time to myself so they're not thinking about finances for six months or even this week. This week, you and I, in fact, not even our team, we got a call from a person who told us I don't have much longer. It's two to three months.

(...)

We put him a lot of planning, but he's got some button up to do still. (...) They have to step away. The important thing is, and Emma just said it, my family. How do I make sure my family is in stress? If you have a plan that's done, and I can tell you, we both could give dozens of stories throughout our career where we've experienced this, where people had to step away, but if you have a plan done before time that is looking at those what if scenarios, what if this happens, (...) then you're able to give that sense of security, take some, not all, because they're in a dark place in their life right there, but some anxiety off the plate so that they can go enjoy their family. Then if they happen to pass away or it doesn't go like we would pray that it did, that you had a plan built well enough to allow their family to mourn properly. (...) I would go back to having a plan that accounts for shortcomings and what if scenarios.

(...)

Makes sense. Thanks, Emma. For sure. That's a deep one. Thank you, Emma.

(...)

All right. Well, the takeaway is today, build that financial plan and put the savings on autopilot, whether it's your 401(k) or other investment vehicles. Start that up. Any questions, please put that on YouTube or the medium in which you're watching us and we'll be sure to answer those questions in the future. Thank you for joining us.

(...)

GDS Wealth Management is an SEC-registered investment adviser. This podcast is provided for informational and educational purposes only and should not be considered personalized investment, legal, or tax advice. The views and opinions expressed are those of the speakers as of the date of recording, are subject to change without notice, and may not necessarily reflect the views of GDS Wealth Management as a firm. The content discussed is general in nature and may not be suitable for all individuals. Any references to market performance, future results, financial projections, or client experiences are provided for illustrative purposes only and are not guarantees of future performance. All investments involve risk, including the possible loss of principal, and diversification does not ensure a profit or protect against loss. Listeners should consult with a qualified financial professional regarding their individual circumstances before making any financial decisions.