Wellness Mama

PODCAST

Episode 428: Designing Long-Term Financial Wellness for Your Family With Michael Stevens

Child: Welcome to my Mommy's podcast.

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Katie: Hello, and welcome to the "Wellness Mama" podcast. I'm Katie from wellnessmama.com and wellnesse.com, my new personal care line. That's Wellnesse with an E on the end. This episode deviates from the physical aspects of health, but into another area that is also very important, and that is financial wellness and long-term financial wellbeing because statistically, financial struggles are a major source of stress for many of us and also a major source of relationship stress for many couples. I think this last year has made that even more acute for a lot of people. And I thought it was important to start a conversation around this topic.

I'm here with Michael Stevens who runs capitalwealth.com. And he's been one of my points of contact for figuring out some of these strategies myself. And I wanted to share them with you guys today. We go into from very basic level things like savings versus investing and what kind of strategies to set up for this and then also into some less well-known, but tax beneficial strategies that you can use for your family, even that kids can often use from a young age that lead to long-term wealth. He breaks down some of his most used strategies with his clients and also gives some tips for building a strong foundation for lifelong financial health with your kids. Like I said, definitely a different topic, but I think a very important one, especially right now. So, without further ado, let's join Mike. Mike Stevens, welcome to the podcast.

Michael: Hey Katie, I'm excited to be here, and thanks for having me.

Katie: I'm so excited to chat with you because any of my longtime listeners know I cover a whole lot of topics related to health and wellness. And when we look at the statistics, it seems like finances are actually a major source of stress for a lot of people. And I've talked about stress a lot on here because it has a cascade effect into every area of our life. But I think finances are a big source of stress. And this past year has compounded that even for a lot of people, and especially for a lot of families. And you are the best expert I know in the area of financial wellness. And I thought it would be really relevant and important to, kind of, delve into this area, especially from the focus of what we can do as families to prepare and have better financial wellness in our daily lives. And so that's why I was so excited to bring you on. I know this is a big topic and there's a lot of different directions we're gonna go. But to start us off broad, can you just, kind of, give us an overview of the work that you do when it comes to financial wellness and preparedness?

Michael: Yeah, absolutely. And thanks so much for having me on as a guest. Katie, I know that a lot of your listeners, like you said, are into the physical aspects of health and wellness. But again, like what you were saying, the financial aspect of health and wellness is so important. So, what we really focus on at my firm, Capital Wealth Advisors, is giving people peace of mind and clarity with their finances. And I always tell people that we don't work for Wall Street. We work for our client's best interest. And that's really important. I would say, first and foremost, as an advisor, you have to be working with someone who's a fiduciary. And it'd be no different than going to a doctor that doesn't really care about what's going on in your life versus someone that, you know, they're invested in making sure that you succeed. So a lot of what we end up doing is looking at things from a comprehensive standpoint to give people financial peace and wellness in their life so that they can enjoy the things with family and friends, and just the goals that they wanna achieve in their life.

Katie: Yeah, that's so important. What are some of those things that you start to look at? Because I know from my own, kind of, journey over the last 15 years of being married and having kids, in the very beginning, finances were so tight that it was just truly like month-to-month survival to pay bills. And it took a mindset shift for me as, like, we started to be able to grow things a little bit to be able to be really wise with those resources and figure out how to put them in places that would lead to growth and security over time. So what are some of those factors that you look at? Obviously, I'm sure people are starting in a lot of different places. But what do you start by looking at?

Michael: Absolutely. You know, our core specialty is working with people who are nearing retirement or in retirement, but we help people from every stage of the game. And, you know, at some point in my life, I was just beginning as well too just like you and your husband. And the really important thing for people to realize is that it is not as daunting as what it seems. And now, with the internet and things like YouTube and great books, there's a lot of really good resources to use to be able to plan your financial future. You know, there's that old Chinese proverb that says, "The best time to plant a tree was 20 years ago. And then the second-best time is now." So, the reason why I'm sharing that with the listeners here is because I just wanna encourage people, don't wait because if you start small, and just keep going and build off that momentum, one day, you're gonna look back and go, "Wow, I'm so glad that I started. I had no idea I would make that big of a difference."

Katie: Absolutely. And that's another great corollary with health as well is, you know, like, any kind of training or getting healthy, the best time to start is a really long time ago. The second-best time is right now. And those things build over time slowly that sometimes you don't even notice, until one day it's a really profound change. And you mentioned working more with people as they get close to retirement. And I know I've seen statistics that it seems like as the generations have gone, people are preparing less and less, not even just saving less and less from a monetary perspective, but preparing less and less for that. And it almost seems like what we used to think of as the idea of retirement has morphed as well. Like, we don't see people typically as often working for the same company and having just retirement benefits that totally provide for them as they get older. Is that what you're finding as well?

Michael: Yeah, absolutely. And I think a lot of it has to do with the way our society is becoming. Previously, you know, our grandparents, they weren't into instant gratification as much as we are now with being able to scroll on Facebook or Instagram and, kind of, get an endorphin hit, just from what we need right now. You can watch, you know, video on demand with Netflix., etc. But the whole thing is, is that I would tell people that you don't wanna trade your financial peace of mind for being an impulsive buyer. And what I mean by that is that you need to be dedicated and say, "Look, I have a goal that I wanna retire." And honestly, Katie, the sooner that someone gets started on this, the better it's gonna be. It really has a compound effect. Just like you said, on health and wellness, the same thing goes for financial. If you can say, "I'm gonna be dedicated and I'm gonna put aside X amount of dollars a month, or hey, I'm not gonna be an impulsive buyer and go out and buy something right away just because I want it," you're gonna find that you're gonna save a lot more money.

And while it's, you know, always fun to keep up with the Joneses, there is an element of stress that comes along with that. And, you know, I've seen people that are some of the most happiest people in their life, they live a very modest lifestyle, and they enjoy their time with their family and friends but they don't have things like debt hanging over them. And that's really stressful for a lot of people. So, I would just suggest to anyone listening, if you haven't already started, just have a disciplined plan. And it doesn't mean that you have to live on any, kind of, budget where you're eating just rice and beans, but do things like pay yourself first. I'm also a big proponent of charity as well. So, taking some of your money that you're earning and paying it forward, I find that helps you be more happy in life when you're blessing the lives of other people because really, that's what money is. Money is a tool, and you can use money to magnify yourself. And if you're a good person, and you give your time, and you give money, and you're disciplined, you're gonna find a lot more happiness in your life.

Katie: So what are some of those specific things that people can start to learn about and start to prioritize when they get to the point of having, hopefully, debts paid off, things like that? Is there, like, a triage that you work through with people when they come in and figuring out the top priorities and where those resources can be best used?

Michael: Yeah, I'm really glad that you asked that question because there's about three things that we look at for people. One is fees. Fees matter. And I hope that all the listeners listening to this will always remember this analogy. But fees are like running into the wind with a parachute on. It's gonna really slow you back. And if you think about it, when anyone goes down to, you know, like Las Vegas or something, you have all those beautiful casinos. Obviously, they're built because of what people have lost. Financially, those casinos are built up and they're really pretty. The same goes for Wall Street. You know, Wall Street have those beautiful ivory towers. You know, when you walk in, there's, you know, marble, and granite, and stuff all over the place. That's because of fees. So, we try to encourage people just to understand first, what are the fees that they're paying in their financial aspects of their investment life? And if you don't know what your fees are, then reach out to your advisor. And if you don't have an advisor, start doing a little bit of research and figuring out what the fees are because fees absolutely make a difference.

The next thing that I tell people is taxes. And people always look at me sideways when I talk about taxes. And here's the reason why it's so important to understand about taxes when you're talking about investments. My dad taught me early in life, it's not how much you make, it's how much you keep that counts. So, right now, believe it or not, taxes are on sale. If you go all the way back to 1913, that's when taxes began in the United States. Taxes have gone really, really high before. I'll share with you a true story. Ronald Reagan, before he was the president, he was an actor. Ronald Reagan would only make about two movies per year. The reason why he only made two movies per year is he was contracted with the studios to make about $100,000 per movie. So, at the time in the '40s and '50s in the State of California, when Ronald Reagan was making these movies, he was in a 94% tax bracket on anything that he would earn over $200,000. So for, you know, common sense purposes, he would not work anything after those two movies were made and he would just ride his horses on his ranch and pay his remaining taxes to the State of California.

So, again, going back to that whole mindset of taxes being at an all-time low right now, you know, the top tax bracket is 35%. And again, when you go back to what Ronald Reagan was paying when he was in the '40s and '50s on $200,000, which by the way, was a lot of money back then. But $200,000, 94% tax bracket, ouch. So, taxes are on sale. So, you know, what's really important about this, and I know that I'm probably throwing a lot at the listeners all at once, and hopefully, they're taking notes, and going back and listening to this section again because this is kind of an important point, the federal deficit right now, Katie, as we're talking in March, is $28 trillion. And to put that into perspective, if you go back 1 trillion seconds ago, that was 31,688 years ago, 1 trillion seconds. The National deficit is $28 trillion and we are just right on the cusp of adding another $2 trillion stimulus package. People have to pay for that.

So, when you're working and you're putting money into tax-deferred accounts, like your 401(k)s or 403(b)s, anything where you have to pay taxes later in life, you might consider doing a Roth contribution. And that's tax-free money. So taxes are on sale. And then the last and I think the most important thing, and we'll dive more into this a little bit, but you need to have a written income plan. And money is one of those things between couples that there's disagreements. And I lost my dad at an early age, and bless my dad's heart, he was a fantastic guy, he took care of taxes, investments, insurance, everything for my mom, and my two sisters, and myself. And when we lost my dad, tragically and unexpectedly when he was 49 years old, my mom had no clue where to turn. She did not know what to do. Now, had my mom had communicated with my dad and they had a written plan of here's when we wanna retire, here's how much we need to save, and here's how much income we can take out of the retirement plan so that if one of us gets sick in the future or both of us that we're gonna be okay.

You know, if I were to be sitting on a plane right now going to Hawaii, and the pilot comes on and he says, "You know what? I'm excited, ladies and gentlemen, to fly you to Hawaii. It's light winds and 87 degrees. And this plane has a 42% probability of success of making it to Hawaii." I'm not really sure that I would stay on that plane. So, going into your retirement years and not having an actual plan that's stress-tested for the good and bad and knowing that that plan is gonna work out, that would actually be a really bad thing. You don't wanna hope and a prayer plan. You want an actual written income plan. So, those are, kind of, the three things to recap, is fees matter, taxes matter, and having an actual written income plan.

Katie: I'm glad you brought that up about taxes. That had always been my hesitation with anything that was tax-deferred of just, like, if we look at history, are the odds that taxes are going to go up or down? And up seems more likely. And I think Roths are a great option. For anybody who's not familiar with that, can you walk us through what a Roth is and how they work? Because I know that also some people aren't able to set up a Roth.

Michael: Yeah, thanks for asking that. So you really have buckets that the IRS just determines you on how you're gonna be taxed on something. And, kind of, the common buckets out there, you've heard of an IRA and you've heard of a 401(k) and 403(b) possibly, those are a tax-deferred bucket. And what that means is that when you go and you see your CPA, and your CPA, bless their heart, says, "Hey, you wanna save money in taxes this year. Go ahead and put money into this 401(k) or IRA, this tax-deferred bucket, and it's gonna save you money." Well, what a lot of people don't understand, and it was myself included before I got into the industry, is that doesn't mean that you're not paying taxes on that money. It just means that you're deferring it to a later point in the future. And like you said, there's a high probability of success that taxes are gonna go up in the future. So that's really a short-term approach, just saying, "Hey, let's trade something for right now that in the future might be a lot more."

So, a lot of people don't realize that there's something called a Roth IRA. And if you're working, your employer may have what's called a Roth 401(k). And what that means is that you're eligible to put money into this account. And there are rules around it. I'll go over that in one second. But there's an account that you can put money into where you've already paid the tax. And then once the money goes into this Roth account or Roth 401(k), it will grow and grow and grow and never be taxed ever again in the future. So why does that matter? Well, again, if we look at the national deficit, a few things are gonna need to happen for the deficit to come down. One, either the government's gonna have to spend less. Yeah, right. I doubt that's gonna happen. Or two, what's gonna happen is they're gonna reach into your tax-deferred account and say, "Hey, thanks so much. We really appreciate you working hard. We're just gonna increase taxes and take more of your retirement money on your tax-deferred side." But once you have it into the Roth account, there are absolutely no taxes that can ever be taken out.

So, again, that's why I said, taxes are on sale. And if you want to buy something, and you need to buy something, and that item is on sale, that probably makes sense at a good point to actually buy it while they're on sale. Katie, I do wanna mention, just about sometimes people aren't aware, even if they are earning too much money...Let me actually back that up for one second, how a Roth IRA will work. And this is not a Roth 401(k) but a Roth IRA is if you're younger than age 50, you're allowed to put $6,000 per person, per year into a Roth IRA, that tax-free bucket. If you are over the age of 50, you're allowed to do an extra $1,000 contribution catch-up. So you and your spouse could do $7,000 per person per year. However, anything that's good for the IRS, they typically limit us. So, there are rules and you wanna definitely talk to a CPA or an accountant and make sure that you're eligible.

But if you're earning too much money, the IRS says, "Hey, sorry, you're doing too well in life. We're not gonna let you put your money into tax-free." There are some vehicles on the side that if your listeners wanna reach out, we could talk about but there are tax-free alternatives. But going back to that Roth IRA, if you're earning too much money, and you can't contribute to a Roth IRA, and you do have a tax-deferred account, you might be eligible to do what's called a Roth conversion. And that's a little known thing that a lot of people don't realize is that if you say, "Hey, that's me. I've put a lot of my money into a tax-deferred account, and I feel like taxes might go up, how do I keep more of what's mine?" Well, that you could actually do some Roth conversions. And the downside is, is you gotta pay some taxes to get it into the tax-free bucket. But, again, like I mentioned, taxes are on sale. So, every single person has their own magic tax number. You have to know how much is appropriate for you to convert.

Katie: Yeah, that's...We had to do that because we didn't understand all of this early on either. And so we ended up converting some things into a Roth. But I think another point here that is interesting to talk about, I know there's gonna be complexities. And the answer is absolutely gonna be that people need to have personal advice on this. But what we found as well as there are ways to, as your kids get older, structure some of these things for them, especially when it comes to a Roth. If you own a business, for instance, or have certain types of work arrangements, they can contribute to a Roth as well. I know you know this world better. But can you, kind of, give us that overview for those of us who have older kids who are starting to work?

Michael: Absolutely. So, one of the rules to have in a Roth IRA is you have to have what's called earned income. And if your spouse works and you don't, and you're under the IRS high-risk threshold, then congratulations, you're eligible to do a Roth IRA. However, you know, most of our children who are young still that are not working a job, they're not earning, you know, earned income, they wanna be able to say...Excuse me, I should say that a lot of our clients, they wanna teach their kids about the power of compound interest and saving for retirement. So, we use some different alternative vehicles to Roth IRA. Personally, I use what's called an overfunded index universal life policy. And I know that I'm giving your audience a lot of, kind of, in-depth information that might be a little bit hard to digest. And that's okay because this financial stuff can be complicated, but it can also be really clear if you just take your time.

Let me explain to you why I use an overfunded index universal life policy. When you're using a life insurance policy, and I have to emphasize this, not all life insurance policies are the same. Life insurance, they're one of those investments that it could actually be really bad for you to do if it's not properly structured or the flip side of the coin, if something is properly structured, it can be absolutely awesome. So you always have to make sure that you're working with a fiduciary and someone that really understands how to structure these properly because you wouldn't wanna do something and then find out that it was the worst mistake possible to make.

But what do we do for our kids because they're young, I have an 8-year-old, a 5-year-old, and a 2-year-old, they're not working a job. So they don't have earned income. And my wife and I really wanna give our kids a head start in life and teach them about financial wellness. So we're contributing monthly to this insurance account for them. And it's not a huge amount of money and it doesn't need to be a huge amount of money. But compounding interest makes a big difference. And when you get kids going on this and starting at an early age, that really helps them understand.

The whole thing about the life insurance is that it is tax-free, just like the Roth IRA. And, you know, for me, I earn too much that I cannot contribute into a Roth IRA. And as a business owner, I understand I wanna get as much of my taxes out of the way as possible while they're on sale. So, I personally use for a part of my investment strategy, this index universal life policy, where I'm getting that money into a tax-free account and it doesn't have any, kind of, phase-outs or restrictions like a Roth IRA does. So the IRS says, "Okay. If you're gonna do this, then we'll allow you to do that." But again, it's a little bit of a complex situation but understand that even if you don't have earned income, or if you're a business owner and you're earning too much money, or simply that you just wanna get my into a tax-free alternative to a Roth IRA, there are options for you.

Katie: Got it. That makes sense. And I know it's, like I said, a little bit more complex, consult your own accountant, but for us, like, owning certain businesses and the kids able to work for us at different times in different ways, like, we're very careful to track that. But for anybody who owns a business, there are some ways you can do that. Just make sure you follow the rules if your kids...

Michael: Yeah, that's the key is follow the rules, talk to an accountant or a CPA, but there are things out there that you can do. And you don't need to follow the masses. Because a lot of times, just going a little off the beaten path and understanding that there are better options, and that they're not commonly discussed because they're not huge moneymakers, that's gonna be better for you versus for the advisor.

Katie: Got it. And then for my understanding, since this is a retirement vehicle, there's penalties if you wanna take it out early but there's also I believe, like, some exceptions to that. And from my research as well, like, sometimes it's worth doing if you're able to invest through a Roth because the penalty can sometimes be less than, like, long-term capital gains, for instance. So, like, I've kind of had to weigh those things. But can you give us an overview of that?

Michael: Sure. And are you referring on the Roth IRA or the life insurance account?

Katie: Sorry, on the Roth IRA, and then I definitely wanna go deeper on the life insurance side.

Michael: Okay. Sounds good. So, on the Roth IRA, the IRS allows you to take money out of your Roth IRA without the tax and without the penalty. Again, talk to a CPA and just make sure that it's right for you. But there are things like financial hardship, or if you're using the money to go to school, or for the first time home purchase in your life, you could actually take money out of your Roth IRA earlier than 59-and-a-half and not incur any kind of IRS penalty for doing that.

Katie: Got it. Okay. So now, walk us through a little bit more detail on...Because this is something else I've been exploring with you and one of the reasons I wanted to have you on here is using the life insurance side, essentially as an investment vehicle, as well and, kind of, just some of the guidelines that go along with that.

Michael: Sounds good. So, there's a really good book by Tony Robbins, and it's called "MONEY Master the Game." And it's a huge book, by the way, and a really enjoyable read too. And that's the thing that I wanna just, you know, tell the listeners here, don't be intimidated by this stuff. Just start slow and start learning. It's like anything else. But Tony does a really good job about writing where it's really easy to understand. But it's I think on, like, page 439, he starts talking about this. And Tony Robbins begins the book or a chapter on the life insurance by saying, "I was introduced to this concept by some of my wealthiest friends." Now, I think that Tony Robbins is probably a pretty wealthy guy so when he says some of his wealthiest friends, there are tax strategies. And that's the one thing that, you know, again, people have to realize is that the wealthy aren't doing crazy things like offshore bank accounts or some secret accounts where they're hiding money. They're actually just paying their taxes right now because when you go back to realizing that taxes are on sale, you wanna get as much of your money into tax-free vehicles as it makes sense for you. That's exactly what wealthy people are doing as well.

So, how the life insurance concept works, and again, I always wanna encourage people to just talk to someone who understands this concept really well. But if you do a properly structured life insurance policy for part of your retirement plan, it can be one of the best decisions that you made. And here's why. One, when you put money into the life insurance policy that I'm talking about, the growth is totally tax-free. And that's a big deal. We've already discussed that. But the downside to having a Roth IRA and pulling money out prior to 59-and-a-half, like you were talking about, Katie, is that you're gonna get a 10% early withdrawal penalty if it's before age 59-and-a-half. And that's on the interest. Any money that you put into a Roth IRA, you can always take that principle out right away without any kind of penalty. It's just the interest that would incur a 10% penalty prior to 59-and-a-half.

But with life insurance, there is actually no early withdrawal penalty. The way the insurance companies, kind of, get around this, is they do what's called a loan. And this is why I was saying to the listeners that life insurance can be tweaked the best interest for the client or the best interest for the insurance agent doing the policy. You always want it to be on your side but what a lot of insurance people forget to mention, and I'm giving them the benefit of the doubt there, is that when you take money out of a life insurance account, they're not all created equal. Some companies have what's called a loan provision or a loan fee, which means that, yeah, you're gonna get that money out of the life insurance totally tax-free just like the Roth IRA, but if you don't take it out with the right company, then the wrong company can charge you anywhere from 3% to 8% per year loan interest on your money.

There are a lot of really good companies that have low interest rates, like 0.5% or 1%. And the insurance company that I personally use has a guaranteed 0%. So what this means is that as we're putting money in for my wife, and myself, and my kids, and it's growing over time, if we need to tap into it for school or we wanna tap into it for, you know, some family event, or just to use for our retirement at some point down in the future that's tax-free income, anytime that we wanna take money out of that account, if we have a 0% loan provision, what that means is that we're not gonna pay any money in taxes and we're not gonna pay any fees. The insurance company is basically just loaning our money back to us at a guaranteed 0%. And that makes a huge deal.

One other thing too, Katie, that your listeners might be interested in with the life insurance if it's properly structured, you don't have to disclose cash value life insurance on FAFSA forms. So anytime that your kids going through school and they're filling out a FAFSA form to be able to get a grant, that doesn't, by law, have to be disclosed. And the unfortunate thing is that we don't want our kids who are working hard in school to not be eligible to get those grants just because mom and dad make, you know, decent money in their life. Kids should be rewarded based on the efforts that they're putting in. So, I could go down rabbit hole after rabbit hole on this, but just to keep it at a high-level overview, I love doing the overfunded life insurance policies when they're properly structured because I think it's, you know, combined with a Roth IRA, one of the best things that you can do. And again, that's getting money into tax-free accounts.

Katie: That makes sense. Yeah, it seems like with anything, again, the corollary with health is the earlier you start, the better, certainly on these things. And like you mentioned about doing this for your kids, even when they're young, and it being so much less expensive when they are young, and then it can build for their whole life. So it's such an advantage for them. And I think that brings a really important point as well that's really gonna resonate with a lot of people listening. And that is, like, when it comes to all of this, for many of us learning this as adults and being cognizant of wanting to be able to pass on not just, like, finances, in terms of money and a good future to our kids, but the skills and strategies to have long-term financial wellness themselves when they leave home.

And I know this is a really important area for you as well and that you and your wife are very intentional in how you educate your kids about this and the conversations you have surrounding money. I think this is also probably a tough point to talk about for a lot of families or maybe parents don't really know how to, kind of, start those conversations, or how to start teaching these skills to our kids. And I know it's really important to you. So, what are some of the tips you would give to parents as they're learning this themselves to help their kids learn and have that strong, solid financial foundation as well?

Michael: Sounds good. So, go and get your kid an ice cream cone and then take a big bite out of it before you hand it to them and say that's taxes, and watch the reaction on their face. I'm just kidding. Don't do that. But the whole thing about being a parent, you know, and these days, it's so hard to talk to our kids about certain things, money being one of them. But you know what? In school, they don't talk to people about this. I sit on the board of directors for Junior Achievement of Utah. That's where we're located. And Junior Achievement is awesome because it basically goes into these schools and it teaches kids just about money and teaches them about, you know, they can work hard and become anything they want in life. Kids don't have opportunity in school all the time, like what Junior Achievement is trying to bring awareness to. So it's our job is the parents to teach.

Now, here's the deal. I don't have to be a world-class, you know, cyclist to be able to jump on a bike and try to teach my kids. So, if finances seem daunting to you, then learn a little bit yourself and then teach your kids. And kids are pretty...you know, they absorb this, kind of, stuff. And I think they're gonna watch, you know, if you say, "Hey, the reason why we're putting money into this family vacation jar is because we wanna save money or, you know, if you have a job where you're mowing lawns or you're shoveling snow, encourage them, say, "Look, if we actually take a little bit of this money and put it aside and put it into an account where it's gonna grow or just the fact that you're saving, it's going to be so much better for you."

So, I guess my advice would be, you know, you don't have to be a pro to teach someone or even just have that conversation. Make it a family event where you're learning about this, kind of, stuff together. Maybe just, you know, honesty isn't always the best policy. So if you're that person where you don't know much about finances, have a family meeting and say, "Hey, guys, you know what? I wanna do a new thing in the house. I wanna learn about this together. And let's do a little bit of learning." And obviously, for the kids, keep it at an easier-to-understand level. But make it a fun thing and show them just about how as they're saving and saving or, you know, doing chores and putting that money in, it's gonna grow over time.

Katie: Yeah, exactly. And that's...I know you and I've talked about this a little bit offline as well. But you're right, school is not teaching a lot of those foundational skills. And a lot of listeners have heard me say on here, you know, schools not necessarily teaching a lot of foundational life skills. Those are things that we as parents still have to be very aware and cognizant of. And those conversations can happen...Kids can understand so much from such a young age. And just in our family with our bent towards entrepreneurship, we kind of work everything through that kind of a mindset. But I think whatever your investing strategy is, whatever these things that you're gonna do, it's a great opportunity to teach your kids as you go. Like you said, you don't have to be perfect at it to be able to start teaching them, but even just to give them that mindset early on in life about awareness about saving and investing, and not just spending money and using their money to create more wealth long-term, having that at a young age is such an advantage.

Michael: And I think that, you know, a lot of people will say, "Well, I don't, you know, want my kid to focus on money." And I would agree with that. But again, I made a comment, you know, towards the beginning of our show here is that money is a tool, and you can really do good things and help people with it. And if you teach your kids that, you say, "Look, I'm not trying to make money because I wanna be the wealthiest person in the world. I want to use money to be able to bless the lives of other people." And I had mentioned about doing, like, charitable things. The happiest people in life are the people that are able to give away and give their time or, you know, financial resources to lifting other people. There's an old saying, "A rising tide lifts all boats." And I totally believe that.

So, as we're talking to our kids, and even for us, right, as we're on this quest to earn more money in life, ask yourself, "Why do we want to earn more money?" There always has to be a why. And the why should be, "Hey, I wanna have financial peace and security. I don't wanna be stressed out in my life. I don't wanna worry about how to, you know, make ends meet because I went out and bought a boat or a side by side and it was a frivolous purchase that I can't afford." Learn yourself the why and also teach your kids the why. And, you know, going back to that thing, if you're not a nice person, money is a magnifier. It's gonna magnify you to an even not nicer person. And that's just gonna cause emotional turmoil and stress in your life. But if you can view money as a tool and you view it as I can help people, I can bless the lives of other people, I feel like accumulating wealth will be so much more aligned from a physical, and emotional, spiritual standpoint than just try to become the wealthiest person there is.

Katie: I completely agree and echo that. And then not only are we not requiring resources from society to take care of ourselves but also, like, you said, we have the ability to help others, which is certainly, a really fun motivator for me, as well. And I think you've made such a good point is that the earlier you prepare for this, the more compounding it happens and you get to do more of that throughout your whole life. And I'm also curious because I've been working with you on this. So full disclosure, you are helping advise me on a lot of these areas, as I learn. And for anybody listening, who maybe these are new topics to you, and they wanna really start getting involved, what does an optimal scenario look like? If someone does have some income to put into some of these different vehicles, I'm curious, like, what would you say is just...? I'm sure there's, of course, variation from family to family, but what would be some good overarching places to start? And also, if you're willing to share, what do you do personally?

Michael: Oh, yeah, I'm always willing to share. Transparency, I think, is really key with all the clients that we work with. So, again, just, you know, as a business owner, like yourself, a lot of my business, I put...excuse me, my growth that happens financially in my life, I reinvest back into our company. You know, here's a little...Okay. And all your listeners, Katie, they have to promise, I'm gonna share a secret right now, they can't go out and ever repeat that I said this. But here it goes. I can't control the stock market and neither can any other advisor that I know. I feel so much better by saying that. And no, I'm just joking. But the reason why I'm saying that is because, in all reality, we can't control the market. So, my advice for the listeners is, hey, as you're growing and putting your money somewhere, consider taking a hybrid approach, putting some of your money into safe vehicles where it's going to keep growing and even when things like the stock market goes down, you won't lose money. And then for a portion of your money, it's okay to have a little bit of an up and down and have a little bit of a roller coaster.

But where a lot of people get freaked out about the stock market is they go, "All right, well, I don't wanna put my money in here to watch something like 2008 happen again where I lose, you know, 40% of my retirement, like, at a really fast timeframe." Actually, if you go back to this past March, the stock market had one of the fastest drops in U.S. stock history. It was down almost 30%, like, literally within a matter of weeks. And that was crazy because if you go back to the early 1900s, it had not fallen that fast. When things like that happen and when there's so much volatility, it scares people. And, you know, this is one of the triggers why people don't get into saving for retirement or investing because they get paralysis analysis. And that's, "Hey, if I put my money into something, what if I lose?" Well, take a balanced approach. Just like anything that you do in life, you wanna be balanced. Put some money in a safe account. Put some money in an account that's gonna go up and down.

And, you know, for me, a lot of our retirement nest egg is in that tax-free vehicle that I was talking to you about, the Roth IRA. We have a Roth 401(k) at my work that I contribute to as well. And I also put a lot of my own personal money into the overfunded universal life policies. But also, when I put money into my business, that's me investing in myself. And at some point, you know, down the road, my business will be worth something that I can sell. So that's the way I look at my, you know, portion of my retirement nest egg. But, you know, I lose money in my business, and I call it R&D dollars. And what I mean by that is not because we made poor business decisions, but R&D dollars for me is, "Hey, let's try advertising here," or, "Hey, let's try, you know, this financial piece of software." And sometimes you find out, oh, shoot, that software wasn't as good as what we thought or, hey, you know, we were advertising here, and it wasn't really a good spot. I mean, we go into a calculated and we do the best we can, but the whole point is, is you can't control everything.

So, what I'm trying to say for the listeners is have the ability to put some money into something that won't go down and then put some money into things that will go up and down, and be okay with the down, and just know that that's part of life. And that if you're doing things consistently, you're gonna figure out what works. Now, one other thing too, Katie, that goes without saying but it's really important is not all advisors are created equal. And that is a really, really important point. And what I mean by that is that your advisor has to be a fiduciary and that is a license. A person can't just say, "I'm gonna be a fiduciary." And what a fiduciary is, is someone that morally, legally, and ethically has your best interests at heart. Our firm is a registered investment advisory firm and we are fiduciaries. And what that means is that when we give advice to our clients, it is in our client's best interest, not because I wanna go out and make a purchase, so I recommend something to a client so I get paid a large commission. We don't do that.

And when your advisor is a fiduciary, then if they're not giving you good advice, then there's some serious repercussions that can come with that. There could be fines, there could be loss of license, or there could be jail time. And the sad thing is that everyone that's in this industry that's dealing with someone's life savings should be a fiduciary. And there is no law currently that says that. So, do a little bit of homework. And if you're, you know, working with an advisor, ask them, "Are you a fiduciary?" And if they're not, I would strongly encourage you to work with someone that's a fiduciary. So, hopefully, that helps out. I take a balanced approach to my life and I realize it's okay to have some things go up and down, to invest in myself, invest in our company, to try some new things. But, you know, the flip side of the coin is, "Hey, I don't wanna put everything at risk." When we were all little kids, our mama taught us don't put all your eggs in one basket. You wanna diversify. And that's exactly what you should do.

Katie: Yeah, that's great advice. And I know you have some resources on your website for people to start learning more about these. And I'll put those links in the show notes at wellnessmama.fm for any of you guys listening.

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You mentioned Tony Robbin's book "MONEY Master the Game," which I agree is phenomenal. Are there any other resources you would recommend to people to keep learning about this?

Michael: You know, that's a hard thing because the internet is full of opinions. I think it's just finding someone that you trust and that will understand your situation and be able to give good advice. And that's the whole thing about my job is that, you know, we bring people on, like I said, that are nearing retirement or currently in retirement. But there are people that we work with that say, "Mike, I have no clue where to begin." And what we really, kind of, geek out on and take pride on is saying, "All right, let's create this plan for you and show you how if you're doing XYZ how it can make a big difference." Because for a lot of people, even those that are nearing or right about to cross the finish line for retirement, a lot of people don't realize, "Hey, I've won the financial game."

And it's, kind of, like going around a running track where you're running and running and running, and you're like, "Where's the finish line?" And when you have a plan and someone, kind of, takes everything that you've done, and brings it all together, and you're saying, "Hey you know what? You can actually retire." Boy, the peace of mind that people have, you know, we get people that cry in our office because they feel so good or they'll call in or write back and say, "I had the best sleep of my life." And what I'm telling any listeners is that, you know, that might be a long way out for you. That should be your goal. That should be something that you work towards.

So, I really like "MONEY Master the Game" from a financial standpoint. But I want to share with the listeners a book that's really impacted my life for a really positive way. And that's a book by an author named Clayton Christensen. And the book is called "How Will You Measure Your Life?" And the reason why I love this book is because, first off, Clayton Christensen, he was a Harvard professor. And what he did, here's kind of, like, the backdrop, he would challenge his graduating students with three simple questions to examine, measure, and improve all aspects of their life.

Question number one that he would ask them is, you know, for them to ask themselves, "How can I be sure that I'll be successful and happy in my career or life?" Number two, "How can I be sure that my relationships with my spouse, my children, and my extended family, close friends, etc. can become an enduring source of happiness in their life?" And the third thing, he says, "How can I be sure that I live a life of integrity and stay out of jail?" Now, that might shock someone when I say stay out of jail. He's not referring to, like, you make a choice, you're going to jail. But what he's referring to is, hey, we have these, you know, jails, emotionally, physically, and mentally. You know, if you don't exercise and eat poor food, you're basically putting your body in jail or if you're getting over into debt that's unnecessary, you're putting yourself into this emotional jail. So he's saying how do you stay out of jail from a comprehensive standpoint? And on a side note, I think there is a guy whose name was Jeff Skilling, he was with Enron, and I think all you guys know that name. He was also in Clayton Christensen's class at Harvard.

So, "How Will You Measure Your Life?" This book has really impacted me for a few reasons. One, obviously, finding happiness in your life is something that everyone is looking forward to. You know, he talks about it in his book. And that's, kind of, where I've been expounding on that idea is that money is not the root cause of unhappiness, but it becomes a problem when it supersedes everything else. So, with that being said, one of the things that's the most impacting moment of my life of reading this book is when he talks about family. And, you know, Katie, this goes into what we were talking about a moment ago, just about teaching our kids. Clayton Christensen, he really emphasizes that our role as parents is to prepare our children for the future. And really, that the tragedy of today's culture is that we're outsourcing parenting to other people, like relatives, or nannies, or even the schools or extracurricular activities.

And we've really lost sight of the importance of our time, which is really the greatest gift that we can give another person. Investing our time in another really is a sign of respect and love. And it provides this clear signal to others to what's most important in your life. And, you know, again, just going back to that whole thing about staying out of jail is we wanna be able to balance our life. And we wanna be able to choose the right decisions because it has a compounding effect just like money does, right. When we do something just this one time because the marginal cost appears to be negligible, we get suckered in, and then we get to this point in our life, and we're like, "Gosh, how did I get so far into debt?" Or, "Oh, my gosh, how come I'm so out of shape?" Or, "Geez, you know, there's all these aspects, right, to making good choices." So, that is a book that I would highly encourage to any listener that wants to improve relationships or improve themselves from a holistic standpoint. "How Will You Measure Your Life?" by Clayton Christensen.

Katie: That's a new one. I love the recommendation. I'll add that to the show notes as well so you guys can find it. And I think that advice is so important too, and ties into the retirement conversation because I hear so often people think that like, "Oh, I'm gonna do these things when I retire." And they're spending all of their time doing other things now. And I think this last year especially has given some people a lot more time freedom, or at least location freedom when it comes to work because things have shifted so much. But either way, I think recognizing early on, I say this, at the end of every podcast, actually, that time is our most valuable asset. And recognizing that early and treating it as such, we don't have to wait for retirement to live aspects of the life we wanna live.

And in fact, I think we are happier, and healthier, and contribute better to other people into society when we're able to work those things in whatever way we can now. It's something I've encouraging my kids through entrepreneurship as well is like, certainly, there are times when we're gonna just directly trade our time for money but that time is also an aspect of freedom. So to whatever degree that you can really protect your time and who you spend it with, that's really a truly valuable asset. And money can be made more but time can't.

Michael: That's right. And again, I feel like the most important things in our life are the things that, you know, can't be measured, like the size of a bank account. It's the ability to love, to laugh, to cry, to forgive, to have family relationships, and just to really embrace the good that you have in your life. Because, you know, Katie, the world is a pretty volatile place right now, from a political standpoint or just what's going on with even the stock market. There's a lot of uncertainty and it can create anxiety, but there's a lot of good. And I really feel like if we focus on the good and we take time to have gratitude and reflect on the things that's important to us in our life, we'll find happiness.

Now, I'm gonna share with you one last thing that my dad shared with me that stood out to me. As my dad always said, "Mike, you're never gonna wanna look back on your life and say, 'Gosh, I should have spent more time at the office, or, 'Geez, I wish I would have made more money.'" At the end of the day when all of us are out of time, we're gonna look back on our life and we're gonna say, "Was I able to balance it? Was I able to make the world a better place? Was I able to take this future generation of kids and train them to be happy and successful and to be, you know, leaders and doers of good?" And that's really what it is, is begin with the end in mind and just work backwards from there. And that applies to your financial wellness and it applies to your physical wellness. You gotta start at the end and work backwards.

Katie: Absolutely. And yeah, touching on that idea of, kind of, that long-term thinking and also inversion and figuring out how to solve things as a long-term equation. Very good advice, and especially when it comes to finances because like you mentioned, it's hard to have those things grow quickly overnight. But over time, it can be really astounding what can happen. In a sense, the younger we start working on these things and teach our kids about these things, the more time freedom and the more all of these things compound later in life. I know...I mentioned I'll put your website in the show notes for people to find you if they wanna get in touch. But can you also just let us know anywhere they can find you online or the best way to connect?

Michael: Yeah, sounds good. So our company is Capital Wealth Advisors in Lehi, Utah. There is for some reason a couple of other Capital Wealth Advisors, but that is not us. So the best thing you could do is if you wanna get in touch and if you got some questions, I'm more than happy to point you in the right direction and help out, so our website is capitalwealth.com, capitalwealth.com or you can reach out to me on LinkedIn, Michael Stevens, Capital Wealth Advisors. And if anyone would like, you're welcome to just give our office a call, 801-210-2800. And I appreciate you putting all that in the notes. We have the nicest staff in the world. So, if this is a daunting thing for you, if you're new, just getting started and you need some good advice, you're gonna be greeted by the warmest, nicest people in the world because our staff only works with nice people because they are nice people. Give us a call. We can give you some direction. Even if we don't work together, we're always happy to pay it forward and start people out on the right foot.

Katie: Amazing. I will again put those in the show notes at wellnessmama.fm. For any of you guys listening while you are driving or exercising, you can find all of the things we've talked about there. And I'll link to those books you've mentioned as well. I'm excited to check out the "How Will You Measure Your Life?" one. I just put it in my Amazon cart. And Michael I appreciate on a personal level you helping me learn all of this stuff, and especially your time here today and sharing with everyone else. I'm very grateful that you were here, and thank you.

Michael: Hey, it was fun. And I love teaching people and, Katie, you and your family are awesome. Thanks so much for having me on.

Katie: And as I say, and it was reiterated in this episode, I said this every time, thank you for listening, for sharing your most valuable asset, your time, your energy with us today. We're both so grateful that you were here, and I hope that you will join me again on the next episode of the "Wellness Mama" podcast.

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