

## **The Perfect IRA, Episode 61: Distribution While Out of Office**

In this episode Micah and Matthew are answering a very important questions for lots of people: how to handle your business properly when you are on vacation and don't feel like working. They use this opportunity to also talk about another crucial topic: setting client expectations.

First step, as with any other problem, is to judge the size of it. People tend to panic and feel nervous when something uncommon is happening. The idea here is to figure out whether our problem is a regularly occurring one or we notice it from time to time. Many of us might not see it but there is difference between having a problem once or twice a month and having it every day or even more often. What is the cause of the problem? Is it one particular client or is it something else? Answering these questions will help to understand our position better.

Then, you need to make sure to set your clients expectations. It is something that should be discussed during the first meeting with your client. Make sure they understand everything you do. Micah explains that on his example – he makes sure that his clients understand the idea of retirement funds and checking accounts separately. He tells his clients how the access to their accounts work, how transferring money works and how long does it take to take the money out. Sometimes the situation will be out of your control and you need to be prepared for that as well. Plan thing ahead so when something happens, nobody gets mad.

Then the hosts talk about avoiding unknown distributions. As they say, it is crucial to ask your clients about any big expenses in the next 12 to 24 months. They might not remember at the time but when you ask them, they might come up with something they put off for a while and wouldn't think of for now. If the client wants to make a sudden request considering his account, there is a big risk that the market will go down.

Together with that, you need to think of how to handle an unknown distribution, that is when your client calls you suddenly to take the money out. As Micah explains further, it all depends on the amount of money that is involved and how big impact can it have on their account. Usually, if it's risky, Micah calls his clients to explain the situation. If you are on vacation and such situation happens, have someone in your team who is able to process everything for you or if it's not urgent, have your client call you later when you are available. Make sure your clients cannot take their money without your company's approval – you are working for them, they trust you and if something goes wrong it will be on you.

Our hosts also remind us to follow up with any distributions that happen on the client's account. Even if it's a smaller amount, call them or send an email saying that you noticed a transaction and you wanted to make sure they got the money. Sometimes you will need to make a decision instead of your client. They might not realize that whatever they have in mind might be a bad idea and that's when you come in. As Micah and Matthew suggest, it's better to start soft with the client. Explain why it might impact their income and try to make them understand.

### **Action Steps**

1. **Manage expectations.** All TPR listeners should read Jocko Willink's "Extreme Ownership" if you haven't already. If your clients are calling haphazardly for distributions, you need to own that you haven't set expectations correctly.
2. **Get the data.** Anytime you're going to make a change to your procedure, get the numbers to make sure you are not making decisions based on emotions. If it's a once-in-a-blue-moon thing, deal with it when the blue moon happens, rather than training your team on a new policy for something that rarely happens.
3. **Make it easy.** There's no virtue that goes to martyrs. Systematize everything you can. If there's a client who calls every quarter asking for money, set them up for an

automatic distribution. For example, Micah's practice makes all required minimum distributions by March instead of waiting for the end of the year when custodians may be swamped.

4. **Have a process.** Have a system in place to inform your team how to set expectations with clients and follow up to make sure you delivered on that. Backstage Pass holders will have access to the actual processes Micah and Matthew use in their practices.