

The Perfect RIA, Episode 64: RMD Value Adds

In this episode Micah and Matthew bring the issue of RMD on the floor. RMD – required minimum distributions, is very often seen as a non-important detail rather than an opportunity.

Working with an advisor means that you can delegate your finances to them and that is the biggest advantage of that. Our hosts explain how to use that fact in the real life.

As they say, it is important to always be one step ahead of required minimum distributions. Your client needs to know about it from the very beginning, bring it up early enough before their 70th birthday. That way, as Micah and Matthew say, you will avoid lots of questions because your client will be up to date with everything.

What Matthew likes to do is to have someone in his office to send reminders to his clients about their RMDs. All the necessary details are included in the annual notice. Even if someone is not subject to them, they will also get a message informing them about it.

Micah's firm works on going through the accounts of all his clients and by February they are ready to show them the final result. Your clients might still forget about it, but that doesn't matter. You are ready so you can always take out their file and show them everything you've done so far.

Then our hosts are talking about how to discuss the topic with your clients. It is really not recommended to use acronyms during your conversations. While it might be obvious for you, your clients will simply not understand what you're talking about. Take them through the whole process in an easy way, straight to the point so they know the most important parts. Answer their questions that will for sure appear and don't try to pretend you have an answer for each and every one of them. Show your clients that you are also just a human and you might not know everything but you are there for them and you will help with anything they need.

The next topic in this week's episode are QCD – qualified charitable distributions. It is not something you should remind your clients about during every meeting but, as Micah says, it is worth bringing it up at least once. Not all your clients will be willing to donate to charity but those who will might save some nice amount of money on it and they should know that. Micah suggests saying it in a way that will not make them do it just because they can take advantage of it but will rather seem like an opportunity mixed with a chance to help others. As the hosts point out, QCD might not be written down on the tax report so it's likely that your client will miss it. It is your job then to take care of it and make sure it is done in a proper way.

Micah also warns us about preparing adequately for the future events that might happen. As a financial advisor, you should be always one step ahead of your client. Make sure you are up to date with everything so when something happens you are able to fix it right away. If your client calls you angry and asking questions why something happened, you are losing your expert position and it will be hard to get it back. Micah talks about ways of how to make sure that never happens or at least how to limit situations like this.

Action Items

1. **R&D.** You can create your own or just take the one that is up on Backstage Pass and swap your logo out on it. Either way, “rip off and deploy” a process for handling RMDs.
2. **Get in front of clients.** You need to get ahead of questions your clients may have about new developments, such as the SECURE Act, as it specifically pertains to their situation, not just a generic piece you printed out with the technical details.
3. **Bring up QCDs in your RMD letter.** As advisors, our job is to help clients make informed decisions. That means making them aware of all the options available. Make

sure clients know that you are on top of everything, even things they don't know they should be worried about.

4. **Use the Backstage Pass.** If you haven't signed up yet, you missed a great webinar. There will be more coming up, so make sure you check it out. For current members, don't forget to log in and "R&D" all the information that you paid for.