

The Perfect RIA, Episode 73: Coronavirus, and Bear markets, and Stimulus Oh My

In today's podcast, Micah and Matthew will be talking about retirements as this topic gets probably the most questions. They will be going through some warning signs we should look for while talking to clients or prospects. There are different things to focus on while choosing an ideal client. What are some strategies to use while talking to clients and how do they work in good and bad times?

Micah is a fan of bucket scenarios. Putting some money aside, not keeping it in one place, can be a lifesaver. Micah looked like a hero to his clients because, during three months before the outbreak of coronavirus, he was raising cash across the board. He didn't predict the pandemic or the market crash. He just thinks ahead, plans things and that way everything and everyone is safe. Setting rules is liberating and it is very important to be able to make some rules for yourself and live by them. Matthew uses that philosophy as well and he is not giving up on them even if his clients have other ideas. Rules are rules. You need to find the process that will work for you and follow it. If you don't, you will not only hurt yourself but also your clients.

Rules are important, they should be implemented but it doesn't mean you cannot change things as long as it's not a deal-breaker. If you want to check your emails twice or three times a day, fine, do it. But, as Matthew says, if you want to do it a hundred times a day, that's way too much. It means you are not sure what you're doing and that's not good.

Make sure your decision-making process is right. Think about the end goal for your client. Are your decisions aligned with this goal? If yes, that's great, if not, you have to change the process. The bucket approach takes away the discussion about risk tolerance.

Micah also says that risk profile questionnaires are useless for him. For him, it is important not to make his client an emotional investor. Questionnaires have a bunch of questions about

the future investments which will no doubt make you emotional and that's exactly what he's trying to avoid. Matthew gives an example when he went to the doctor and had to fill in a questionnaire about his family's health conditions. This is not what people need, your clients come to you with a problem and just wants you to help them without wasting their time on filling in some papers.

While talking to clients about their investments, shorten the conversation as much as possible. The thing is, if you start talking about their account numbers, they might get emotional and make decisions based on that. You don't want it, you have it all under control, you understand the process and there is no need to make them worry about anything. Do not use percentage with your clients, the general statement "We have five years of cashflow" will be safer and will not make them panicked.

Your clients might not understand how everything works. That's why Matthew always tells his clients everything ahead so they are prepared for every scenario. Let's say the client wants to have \$5,000 per month saved on their account but because the market went down, this amount would immediately fall down to \$4,500. Matthew would tell his client about it, asked if it's okay with them to tighten the belt for a month or two. If they say yes, no problem. If they say no, also no problem – the monthly amount will be a bit lower but the client is aware of that so there are no surprises. Micah and Matthew give us many different scenarios on what can happen and how to deal with that.

Action Items

1. **Mark your calendar on April 7th, 1:00 pm Pacific time.** If you have a backstage pass membership, you are going to attend the 100K Challenge live. The topic will be "Closing Every Qualified Prospect".

2. **Come up with a clearly defined income strategy.** Make sure you have one, review it with your clients, think about how everything is going to work. Once you have it, stick to it. You have to have a plan for your clients, also for situations when they're going to react emotionally.
3. **Record yourself presenting to your clients.** You might have some privacy issues doing that with a real client so practice before with your assistant, kids or your spouse (or maybe not, if you don't think he/she is a good idea). Watch yourself later, think about how you can improve it, are you sure your clients can understand everything you're saying? Be confident. Deliver the performance well because if you don't, you will not deliver value to your clients.
4. **Go to Kitces website.** Leave a comment there and show it on your social media. Tag us and let us know what swag you would like to get, and we will send it to you!