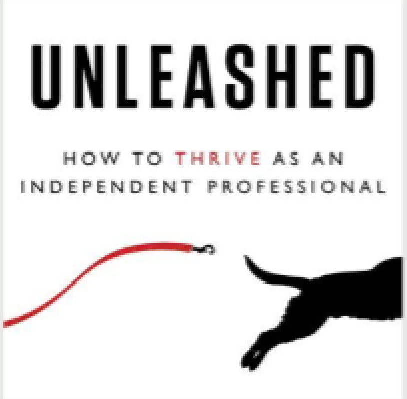

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BRAD CLARK WITH FINANCIAL TIPS FOR INDEPENDENT PROFESSIONALS

EPISODE 139

Will Bachman: Hey, Brad, welcome to the show.

Brad Clark: Thanks, I am psyched to be here.

Will Bachman: Brad, I'm really really excited to have you on the show. And I think we're gonna talk about, you have five tips I believe for independent professionals to think about financial planning and I think we're also gonna talk about all the different varieties or flavors of financial advisor out there. So for someone who has some money, maybe went to business school perhaps, but is still thinking, "Hey, I really probably need some kind of professional help." We're gonna talk about all the different types of advisors that you might go to. So I'm psyched for that.

Brad Clark: Yeah I am too. So let's jump in.

Will Bachman: Let's jump in. So, first why don't you just list off the five tips that you have and then we can explore each one in a little bit more detail.

Brad Clark: Okay so the first is entity conversion. So not entity selection which I think your podcast 56 covers really nicely but I just wanted to briefly touch on entity conversion for your business. The second is retirement plans which sounds basic but I've got a couple of zingers in there that hopefully will open some eyes and raise awareness. The third is insurance. I think you also have a podcast 11 on this one? So I'm not gonna repeat that stuff. But I have a couple of things to say about insurance. The fourth is paying for college and how independent professionals can kind of think about that thorny problem. I'll offer a framework for that. And then finally, I wanna just put on the table this immense difference between tax preparation, which we're all familiar with and tax planning, which is not something that people think a lot about but is actually really really important and strategic for independent professionals.

Brad Clark: So those are the five areas I think we could spend a couple minutes each on before we get to the financial advisors.

Will Bachman: All right. Thanks. And thanks for kind of looking through the back catalog and mentioning some previous episodes. That was the episode with [inaudible 00:02:08] where he is a tax partner at [inaudible 00:02:12] where we talked about tax issues independent professionals should be aware of and we did an episode on primarily business insurance for independent professionals back with [inaudible 00:02:22] episode. Thanks for checking those out. Awesome. So let's go through these. Let's start with number one. Entity conversion. I'm not exactly sure what that means. I can imagine what it is. But walk me through it. What is entity conversion and why should we care?

Brad Clark: So, everybody's probably familiar with entity selection. When we set up our business we have to decide what type of legal entity and tax entity or structure we need. And I think Jonah did a nice job building awareness around that in episode 56. I just wanted to point out hat things change. As your business grows and, whether it's going sideways or going up and whether you're hiring employees or you have a kid and wanna put in a tuition reimbursement plan, there's all sorts of reasons why it regularly makes sense to evaluate your entity selection. And it turns out that converting it, there's two types of conversions and they're pretty easy.

Brad Clark: You can convert your legal entity from one type to another. And you can convert the tax entity from one type to another. So I just want, my main point is two fold I guess. One is that you can change, these are not irrevocable decisions. And it's worth, every few years, asking yourself the question whether it's time to make one or both of those conversions. And you would just wanna talk to an accountant and/or to an attorney to help you do those.

Will Bachman: And I guess the choices, the multiple choices are basically LLC, S Corp and C Corp in the US? Are there any others?

Brad Clark: Well, so it's a good question. So there's partnership and sole proprietorship. And there's kind of the legal side of this and there's a tax side of this. So one thing that's kind of interesting with some of the tax changes is, if you're an LLC, you can decide whether to be taxed as an S Corp or not. And there's pros and cons to doing that. So you may start off as an LLC not taxed as an S Corp and then decide that you wanna be taxed as an S Corp. So you don't have to change your legal entity, but it's changing the nature of the taxation of you entity. So that's just an example of a simple conversion.

Will Bachman: Okay. And, maybe we don't have time to go through every consideration, but what would just an example be of why someone might be going along as, let's say an LLC, not as an S Corp and, what kind of factor would make someone say, "Oh now it makes sense to shift and be taxed as an S Corp" let's say.

Brad Clark: Well, let's say overall income could be a consideration because in an S Corp, if you're making a couple hundred thousand, you get to then say, well let's pay myself a hundred of salary and then show the other hundred as dividends or income from the business and then not have to pay self employment tax on that second hundred. Another trigger could be picking up employees where you're now gonna have payroll and you wanna make sure that you can capture the 20% small business deduction. So that may be a trigger. I just want people to be kind of aware that it's worth asking every few years. This is not a set it and forget it. This is something that you wanna ask every few years.

Will Bachman: Okay cool. So, maybe on that one, if you're working either with a financial advisor or if you have a tax advisor, this sounds like a question you should ask and say, "Here's my current situation. Here's my current legal and tax setup. Does it make sense to think about a conversion?" Ann you don't necessarily have to know all the reasons why you might shift, but at least know to ask that question.

Brad Clark: Yup. Absolutely.

Will Bachman: All right. Let's talk about retirement plans.

Brad Clark: Yeah so, people are probably very familiar with the standard retirement plans. I mean I think one of the interesting, the first ones I want to touch on is the individual 401k. So I have a preference for that over the [inaudible 00:06:42] IRA. I think there's a lot of independent professionals out there with the [inaudible 00:06:46] IRAs and they understand how those work and they're simple. People may think that 401ks are more complicated and expensive and cumbersome and it turns out that they are if you have a bunch of employees. But if it's just you, an individual 401k is actually quite simple to put in place and has a couple of advantages over a [inaudible 00:07:08] IRA.

Brad Clark: I'm happy to mention those or we can just move onto the second retirement plan. Whatever you'd like to do.

Will Bachman: No, yeah let's ... a lot of people I know would have an SEP IRA. Self employed person IRA I guess it is. How is an individual 401k different and why might it have advantages?

Brad Clark: So, one advantage is that it offers a rough option for employee contributions that a SEP IRA does not offer. The second, and this is not that big a deal, but the second is, the money is more protected because it's a federal qualified plan than an IRA but again not a decision driver I would say. The third and maybe most important is that, you can contribute a higher percentage of your income. If your income is less than 250 or 275 or so. I mean let's say that your taxable income is 150. You can contribute, it turns out, you can contribute a larger portion of that 150 to the individual 401k than you could to the SEP IRA. Just based on the way the math works and the fact that you're wearing two hats in the 401k. You're wearing the employee hat and you're wearing the employer hat. And the way that the math works on those two types of contributions means that out of the 150 you can contribute a fair amount more to the individual 401k than you could to the SEP IRA.

Brad Clark: If you're making 250 or 300 or more, then both products max out at 55 thousand so there's no difference above a certain amount. But if your income is less than that, you can defer a higher percentage into the 401k.

Will Bachman: Because the SEP IRA limits you I think to what is it? Like 20 or 25% of you adjusted gross income. So, if you're making ...

Brad Clark: Of your self employment income.

Will Bachman: Of your self employment income. So if you're making less than whatever 55k times four is, I guess 220 thousand, you couldn't contribute that full amount. But I guess there's different capulation than for the ...

Brad Clark: In the 401k, the kicker is, in the 401k you can contribute dollar for dollar up to 18 five as the employee. And then, you can contribute 20% as the employer. So you're just able to contribute a higher percentage of the income. So if your income's below 250 or so and your goal is to defer as much as possible and you're got a SEP IRA, you should really consider toggling that over to a 401k.

Will Bachman: Interesting. And are you allowed to have both or you have to pick one or the other?

Brad Clark: Well you can have both but you can't double dip. The federal maximum is 55 thousand. That's the total amount that can go into one of these plans. And I believe you can have both, but the total would still have to comport with the 55.

Will Bachman: Okay. And the benefit, just to be clear, is that when you're making this contribution, let's say up to 55k, that is actually deducted from your taxable income. So you don't pay taxes on that amount that you put in.

Brad Clark: Yeah you're deferring it. You will pay taxes eventually, but at a presumable lower rate.

Will Bachman: Okay got it. All right that's super valuable. Beyond individual 401k. And just, how do you set one of those up? Would you just go to a Vanguard or Fidelity?

Brad Clark: Yeah so all the main custodians offer them. So TD Ameritrade, Schwab, Fidelity, Vanguard. And yeah, you just set it up as you would set up a normal account but the application is longer. There's a little bit more paperwork. Once your balance is above 250, you need to file a form 5500 each year. So there's a little bit of bureaucracy, but it's real light. And there's no extra expense to doing it.

Will Bachman: Okay well this is news to me. I did not know about that at all. I've never heard of it. Which just betrays my ignorance. Beyond individual 401k, are there any other retirement plans we should be aware of?

Brad Clark: Yeah so the second one is actually not a retirement plan, it's hiding in plain site. I think it's mislabeled and it's my favorite retirement plan.

Will Bachman: Okay what is it? Lay it on me.

Brad Clark: It's a hidden gem if you will. It's the health savings account. So, the only way to get a health savings account is if you have a high deductible health care plan, which I would highly recommend to most people. High deductible health care plan, which makes you eligible to get an HSA. And what I would have you do, and I feel very strongly about this one, is contribute the maximum to the HSA which is 6900 bucks a year. That is tax deductible. It then grows tax deferred and comes out tax free as long as you use it for medical expenses.

Brad Clark: So this is a trifecta of winning tax planning. And what I have my clients do is set these up, max them out, invest them in the market, and not touch them. So you pay all your medical expenses out of pocket. You let these suckers really really, you let it ride and when you're 70 or 80 years old, you've got 100 or 200 thousand in one of these things and that becomes your tax free war chest for paying medical expenses when you're older.

Brad Clark: So even though it's called a health savings account, think of it as the best retirement account out there. And treat it as an IRA. Don't treat it as an HSA.

Will Bachman: Wow. Okay. I mean I know people who have HSAs. I have one. And I bet it's just the obviously, sort of straightforward things is, oh well, health savings account, I'm gonna use it for healthcare expenses and just pay healthcare bills with them. So this is counterintuitive. But I guess it makes a lot of sense what you're suggesting.

Brad Clark: Yeah so people make the mistake of saying that the HSA is like the FSA. The FSA, flexible spending account, has a use it or lose it characteristic. The HSA absolutely does not have that. And because of that difference, that's why we wanna use the HSA as a retirement account and not as a spending account.

Will Bachman: Okay now some people might ask, "Okay, but what happens if I die all of a sudden?" And then, what happens then? Does the money come out tax free or, what happens then because it's not being used for healthcare expenses?

Brad Clark: Yeah I think to your spouse it comes out tax free. And as long as they use it for healthcare expenses I think they're fine. A non spouse beneficiary, that's a good question, may very well be on the hook for taxes out of the account.

Will Bachman: Okay. But that's no worse than ... Basically that'd be effectively like a 401k or SEP IRA.

Brad Clark: Yup.

Will Bachman: When you take the money out, you pay taxes on it. That's pretty cool. So it grows and as long as you use it for healthcare, which when we get older we're probably gonna have some healthcare expenses that you'll have a pot of money for that.

Brad Clark: Yup.

Will Bachman: Okay that's cool. Any other retirement plans? Now some people ...

Brad Clark: Yeah I'll do the third one quickly. Because we have a lot to cover. So the third one is just for your higher income listeners who have a voracious appetite to save beyond the 55 thousand. This is also counterintuitive but it turns out that it's very very easy and cost effective to hire a specialist to put together a pension plan for your business. Especially if you're self employed and making three, four, five hundred thousand and you really wanna sock away a big number, you can blow that 55 thousand that we mentioned earlier out of the water, right?

Brad Clark: So for instance, a 40 year old could defer up to 148 thousand with a combination of the individual 401k plus a pension or defined benefit plan that they just install for themselves in their own business. And by age 50 it's 213 thousand that you could defer. So for folks who are either already high income who wanna save more or folks who's business is on a trajectory to get there, I wanna make you guys aware of the idea of layering a defined benefit or pension plan solo pension plan, layering that on top of the 401k.

Will Bachman: All right. That's awesome. I do know some people who have done that. And I haven't had the problem of having so much money that I need to sock it away somewhere. But I know some people who are really successful who have set those up as independent professionals. And I guess you have to basically hire someone who, like an actuary kind of person who sets it up. So there is a bit of a cost, what a couple thousand dollars or something to get it set up?

Brad Clark: Yeah so there's one I know who will set it up for your for three thousand and then he'll do an annual actuarial valuation which will run you another 750 a year. So, it sounds like a fair amount of money, but in the bigger picture of what you're accomplishing by doing this, it's a pittance.

Will Bachman: Yeah. And then, you would again, that vehicle would be with the Vanguard, Fidelity, major kind of retirement companies that can all do that I assume?

Brad Clark: Yup the major custodians. Yup.

Will Bachman: All right. That's [inaudible 00:17:15]. And then, do you have to have a special legal or tax structure for that? Can an LLC do that or do you have to be an S Corp or some other thing?

Brad Clark: So, that's getting a little bit out of my depth. My understanding is an LLC, I'm almost certain, can pull this off. But the actuaries and attorneys that get involved certainly, the specialists that set these up, certainly will make sure that your entity selection and potentially conversion requirement is taken into consideration if you wanna do one of these.

Will Bachman: All right. So basically, if you're making a lot of money and you don't need it right now and you wanna sock more away, talk to your tax advisor or your investment advisor and ask, "Hey, how do we think about a defined benefit plan? Would that make sense for me?"

Brad Clark: Yeah exactly.

Will Bachman: All right. I think that was number ... wow we're still in number two. This is a ton of great stuff. Okay let's talk about insurance. Number three.

Brad Clark: So I'll skip through a couple of things. So I'm not gonna cover, because you already have the cast on business insurance so I'm not gonna lay out the different types or why to get it. But I will point out that when you do get it, or if you get it, it's also worth checking if there's any gaps or gray areas between your personal coverage and your business coverage. I was on the phone with a guy recently, an expert on the professional liability side and I said, "Look, if I'm driving to an appointment for my business, and I hit somebody with my care, and it turns out I hit the wrong person and I'm gonna be liable for millions of dollars of lost income or something, am I covered by my personal liability insurance? Or because I was traveling to a work event, would I not be covered by my personal umbrella and would I then have to be covered by professional liability?"

Brad Clark: And the answer it turns out is not clear and it depends on the specifics of the policy. So I just wanna make sure that people understand that they're got their personal coverages, they've got their professional coverages. And they may as well make sure that, between the two of them, that there are no important gaps if you will.

Will Bachman: Mm-hmm (affirmative).

Brad Clark: The second thing, and then we can move on, I'm just cognizant of the time, is I would encourage your folks, and a lot of them are consultants who like frameworks, and I'd encourage your folks to think about insurance differently. To think about insurance as a chief risk officer would and to think about insurance as a portfolio of coverages where you're spending a certain amount on premiums every year. And is your insurance budget actually optimized? And most of the people I see, it's not optimized. Their deductibles are too low. And so they're paying too much in premium.

Brad Clark:	Because the role of insurance is to cover catastrophic financial loss. So I would just say, look, folks, max out all your deductibles. Lower your premiums and then use that savings to fill in any insurance gaps that you have. A lot of people with a couple million dollars of assets for instance, don't carry personal umbrella liability coverage. And it's cheap. So again, max out your deductibles, lower your premiums, and use the savings to plus in any gaps that you've got in your coverage.
Will Bachman:	And would you go to an insurance broker or a investment advisor or, who is the person who can look at your whole portfolio of insurance? And let's face it, it's impossible to understand all these policies as a human being. Who would be the person to kind of look at them all and tell you what your gaps are or maybe where you're overpaying?
Brad Clark:	So I don't think there's anybody in the insurance business who could do that. Because the insurance business is so siloed. You have experts who are selling different flavors of insurance. So my answer, possibly biased, would be go to a financial planner, a comprehensive financial planner, or CFP, certified financial planner, somebody who can take a holistic view of your risks and help you think like a chief risk officer of your life and identify the gaps. Talks about your deductibles and then point you on your way and say, if you have two gaps, they may or may not be able to refer you to a product specialist, a broker that specializes in that type of insurance.
Brad Clark:	This is not rocket science. You might be able to figure out your own gaps. But if you want help, I would go to a financial planner.
Will Bachman:	All right. Let's talk about paying for college.
Brad Clark:	Yup. So this one, I guess I wanna encourage people to, the theme here is to pick a lane. So here's what I mean. When your kids are maybe freshman in high school or so, and they get to that age, I think you need to do a sober analysis and you need to pick a lane. And here's what I mean. If you think that you and your kids are gonna qualify for financial aid, pick lane one. If you think you're not gonna be qualifying for financial aid in the coming years, pick lane two.
Brad Clark:	And so, I can share with you a back of the envelope way to figure out if you're gonna qualify for financial aid if you want or we can say, look that's too detailed and let's just move on and define these lanes, what do you think, Will?
Will Bachman:	Let's set that one aside. Maybe people can follow up with you if they want. But let's just say that someone's done the analysis and say, hey my independent professional practice is going gang busters and I'm probably not gonna get financial aid, so what now?
Brad Clark:	Yup. So, in that case, it kind of takes the pressure off trying to shield income or assets or play any of these games you hear about to try to out jockey the

expected family contribution formula for financial aid. So you put your financial aid hat, you take that off and you put your tax planning hat on and you say, "Well how do we make lemonade out of lemons?" Basically. And so ... And the big idea is tax independence. You wanna get your kids to be able to declare their tax independence as early as they can. And tax independence basically means that the kid is considered their own entity with respect to taxes. And that means that they need to provide at least 50% of their own support. And there's a whole definition of support which I don't think we can go into.

Brad Clark: But what I wanna be clear about is if you can get your kids to not only file their own returns but to be considered tax independent based on the IRS rules, there are probably half a dozen cool strategies that then come up in terms of income shifting and HSAs for the kids and extra credits that they'll get that you wouldn't get because you make too much money. And we're talking about thousand and thousands and thousands of dollar per kid per year if you can help your kids declare their tax independence. So what started as a paying for college question then morphs into a very interesting tax planning opportunity for young adults. But you need to get started with it freshman year of high school. You can't wait until they're in college to get the full power of these strategies.

Will Bachman: Okay. And, we probably don't have time to go all the way into the details, but would that involve putting them on payroll or something for your company or?

Brad Clark: So you could do that. I mean, you don't have to put them on payroll but that's an interesting one because you can income shift. Because by paying them, they get to pay the taxes at their marginal tax rate which is gonna be a lot lower than yours then you get the deduction. There's something called a tuition reimbursement plan, IRS section 127. So you can actually write off 5200 dollars a year towards your kid's education. If you install that plan in your business.

Brad Clark: The kid can get his own HSA right? So think about what we said earlier about how powerful these HSAs are. Well if you have three kids, by the time they each declare their tax independence, they may still be dependent on you from a health insurance stand point. But if each kid can then ... You can take 6900 bucks and stick it in an HSA for each of the kids, right? And they get all the tax power of the HSA. So it's like a force multiplier. I mean, there's a lot of details here, but the theme is, if you cannot qualify for financial aid, don't despair because there's this whole interesting list of strategies tucked under the topic of tax independence for your kids.

Will Bachman: Okay wow. So that, tax independence, that's my take away from this. To talk to a tax advisor about, or financial advisor about that piece and kind of dive into it. All right. And then, number five, tax prep versus tax planning.

Brad Clark: Yeah so the one that's right in our face is tax prep. So that's what we do every year or our accountant does every year on our behalf. We're forced to do tax prep because we're forced to file. So tax prep is about, as it sounds, preparing your income taxes and filing them. So that's what's get the attention, 99% of the attention.

Brad Clark: Well there's another thing called tax planning. And it might be obvious, particularly to this audience, what that means. But it means being more strategic, less tactical, more long term, less short term. It's a different discipline. And what I have found is that a lot of accountants, because they have several hundred tax returns to file, and this is nothing against them, but if most of their business is preparing and filing returns, they've built an expertise in tax prep. That does not necessarily mean that they're good at tax planning.

Brad Clark: Some accountants are good at tax planning, some accountants are not good at tax planning. So, I guess my main point here is they are two different things and I'm cautiously optimistic that most of the people listening to this podcast would benefit from tax planning and being strategic about how and when to pay taxes. And these are topics that kind of transcend the specific year that you're trying to optimize when you're filing taxes.

Brad Clark: And so some of the things that I've mentioned in the first four tips have a tax planning characteristic to them. Again, not rocket science, but just recognize the important difference between the two.

Will Bachman: Sure. No I mean, the distinction is clear. It's, tax prep is, given all the decisions that you made and all the results, here's how much tax you owe. And tax planning would be, okay, now let's think about all the universe of possible decisions that you could make and could do and strategically what's gonna make the most sense. So it's a totally different ball game. Understand that. And, so I suppose, the first question to ask is, ask your tax advisor, all right, let's shift forward and think about next year and the following years.

Will Bachman: Which I think that kind of leads us into the second part. So, we wanna talk about the universe of people who can help you on financial planning as well as investing advice. But I don't wanna talk so much now about advice on what stock to buy or what mutual fund to put it into but more on this coming up with this financial plan, what's the different categories, Brad, of people who could do that. I suppose there's some independent people, they charge different fee structures. Some people might work for an institution, what are the different kind of categories of professional that we should be aware of?

Brad Clark: Yup. Great. So I have seven or eight, not necessarily separate categories, but seven or eight dimensions that you should probably be aware of on what types of advisors are out there. So the first one I've got here is, what are the services? And when you cut through all the noise I think there are only two. There's investment management and there's financial planning. Those are the two services. And you may be a candidate for one, you may be a candidate for the other, or you may wanna buy them as a bundle and that bundle is sometimes called wealth management. But really there's two services. Investment management and financial planning. They are sold a la carte. They are sold as a bundle. So that's the first thing I would ask myself.

Brad Clark: The second is, am I looking for a project or am I looking for a relationship? And they're both viable. You may be a soloist, meaning you're a do it yourself-er. But you've got to the point where you think it's gonna be worth dropping a few grand on a one time project like a retirement plan or a comprehensive financial plan. So are you in the market for a project or are you in the market for a relationship? Most advisors, as you can appreciate, want people who are looking for a relationship. So a lot of advisors don't get involved with one off projects. But there are some planners who are happy to do that.

Brad Clark: The third one is if you do ... Any questions so far or do you want me to just keep marching through this?

Will Bachman: No this is great.

Brad Clark: Okay so the third one I have here is investment philosophy. So, if you are gonna form a relationship with an investment manager, I think it's very important that you are simpatico from an investment philosophy standpoint.

Will Bachman: Makes sense yeah.

Brad Clark: Not to simplify it, but I think there's active and passive. And passive is index fund investing. Active is trying to beat the market by picking individual stocks and that seems to be the highest level distinction and advisors comes in one of two flavors. You mentioned, Will, you mentioned independent. I think there's independent versus what I would call captive. That may be a [inaudible 00:32:15] term, but an independent RIA, registered investment advisor, that just owns themselves, they're not owned or affiliated with any other entity so you could go independent. Or if you don't really care about independence as much, you could buy from a big firm, arguable that has some interesting conflicts. If they're in the advice business and the product business at the same time, there are some conflicts which may make you uncomfortable. It may not, as long as you're aware of them.

Brad Clark: Compensation is one that's near and dear to my heart. If you're gonna do a project, you can pay on a project basis. Or you can pay on an hourly basis. That's pretty straight forward. If you're gonna do a relationship, this is where things get thorny and murky pretty quickly. So, traditionally, relationships were monetized through commissions on products and trades. And I think there's enough disdain for that now that the mega trend is towards fees. Where the consumer, the client, is just paying the fees directly to the advisor. And I would say 95% of investment managers charge about 1% of assets under management. So that' show they monetize their investment management and their financial planning. They monetize it through this percentage of assets.

Brad Clark: There's a handful of us out there, this radical fringe, that have rejected the percentage model and offer investment management and financial planning for a fixed flat fee that's independent of portfolio size. And I won't get up on my soap box and explain all the reasons why I personally like that. But that is a model that's out there. It's rare. It's harder to find. The standard model is that 1% of assets model.

Brad Clark: I guess credentials. There's an alphabet soup of credentials. I guess a cynic would say none of them means anything so don't worry about credentials. I'm not quite that cynical. I will say that there's a couple of ones that you may wanna think about. CFP, certified financial planner, CFA, charter financial analyst, and CPA, certified public accountant. Those are all great. The CFP is really the financial planner designation, the type of person who's trained to think wholistically about your financial life. And then the CFA is more of a deep dive into investing. And then obviously we know what a CPA is.

Brad Clark: The last couple that I've got are niche or specialty. This doesn't matter to some people and to other people it matters a great deal. So, do you want to work with ... Who is this advisor's ideal client and do you look like their ideal client? So some people care about that question. Some people don't.

Brad Clark: And then the last one I would say is, is it important that they are local and that you can meet them face to face? Is that important to you? It's certainly understandable if you wanna meet them face to face. But if you're willing to work virtually, it obviously opens up a lot more folks across the country that you can try to consider working with.

Brad Clark: So, that was a lot of info. But those are seven or eight kind of dimensions that you may wanna think about if you're going down the path of thinking that you may need some help. I would encourage you to think about those types of things, come up with your criteria after you've thought about those and done a little bit more reading, and then just apply your criteria. And if you're interested I can give you the names of some places, some search engines to go to to find financial advisors if that would be helpful.

Will Bachman: Yeah that would be great. If, let's say you've kind of gone through this and you've figured out your answers to these different dimensions. And I like the way you laid it out. What would be some ways to then actually identify some people that you wanna talk to?

Brad Clark: Yeah so, I think a common way to ask family and friends and to ask other professionals. You may ask you accountant for a referral to a financial planner or an investment advisor. I think that often times that is how it happens. I don't think there's anything wrong with that, however, I would stick to your guns. I would stick to your criteria. So if you've come up with some criteria that you feel good about, but then you ask for referrals, make sure that you're sharing the criteria so that the referrals you get actually fit with those.

Brad Clark: Because I think all too often, somebody will hire their neighbor's advisor, but it turns out that that advisor is actually not a good fit because the person hasn't thought about their criteria. In terms of search engines, and I will reveal my bias here, these three search engines that I'm about to give are all for fee only advisors. So none of the folks that you're gonna find in these search engines make any of their money by selling product. They don't earn any commissions. They're called fee only advisors. So that means hourly, project, flat fee. But it also means percentage of assets as we've described.

Brad Clark: And they are, in no particular order, NAPFA, that's N-A-P-F as in Frank, A. This is two thousand or 2200 fee only financial advisors across the county. NAPFA. I think it's National Association of Personal Financial Advisors. The second one is the XY Planning Network. And as its name suggests, these are fee only advisors that are specific targeting gen x and gen y. So that's a great resource. I think there's about 800 folks that belong to XYPN. And the last fee only network that I'm aware of is the Garrett Planning Network. And the Garrett Planning Network specialized in hourly financial planning. So if you are a do it yourself-er, and you do just want to validate if you will, your direction with somebody and you're willing to pay a couple hundred bucks an hour for ten hours or six hours, you may find that type of person within the Garrett Planning Network.

Will Bachman: So for someone who just wants the financial planning and says, I'm just gonna put in some passive Vanguard funds or whatever, I don't need so much advice on the investment management, but I really want help on the financial planning. And maybe they want a project and their investment philosophy is passive but they just need help with all the stuff that you mentioned like tax independence, how does that work and how would I set this up and help me evaluate. What's my right legal and tax reporting structure and do I want to convert my entity, so they might get someone hourly through the Garrett Planning Network.

Brad Clark: Yeah. I think that's right. And you may be able to negotiate a project. I think some people are willing to do an annual check in. So, you may pay 3000 or 4000 for an up front plan and then pay a thousand dollars each year for an annual check back to that plan. So, technically I guess, if you set it up that way, it would be a quote unquote relationship but it would just be on the financial planning side. And as you said, you would be managing your own portfolio.

Will Bachman: Got it. And then, if someone listening to this show wanted to contact you, what would be the best way to find you? You can give a website, email, twitter, how would someone reach out?

Brad Clark: Yeah. So I have a very creative website address which is my name. It's BradleyClark.com.

Will Bachman: Okay and Bradley, how do we spell that just to make sure.

Brad Clark: Yeah that's B-R-A-D-L-E-Y and the Clark, C-L-A-R-K.com. And I've got some guides and reports there and some relatively provocative content about things that I wish were different about my industry if you will. But yeah, if you have any interest in tracking me down, that's a good way to do it.

Will Bachman: All right, Brad, well this has been extraordinarily informative for me. A lot of things that I had not thought about. Hugely helpful, Brad, thanks for being on the show. This was really great.

Brad Clark: Oh, it was definitely a pleasure. I was looking forward to it and it was fun. Thanks, Will.