028 Sought After Wealth Management and Investment Advice with Gregory Ricks

Speaker 1: Welcome back, America, to Sound Retirement Radio where we bring you concepts, ideas and strategies designed to help you achieve clarity, confidence and freedom as you prepare for and transition through retirement. Now here is your host, Jason Parker.

Jason: Seattle, Tacoma, Olympia, Gig Harbor, all the good people right here in Kitsap County and for those of you tuning in from around the country via iTunes or listening online, thank you so much. Thank you for making Sound Retirement Radio one of the top places on iTunes to get retirement expert advice. I am very pleased to say today we have an expert that we're going to be bringing on the program to give you some tips and pointers, things to think about as you're preparing to make this very important transition into retirement, and so it should be a great program.

You're listening to episode number 028. We're trying to keep these things straight by cataloging them and you'll be able to find it online under episode 028.

Before we get started, I know how much all of you enjoy our jokes every Saturday morning. I've got one for you here. Why are frogs so happy? Because they eat whatever bugs them. Man, my jokes are bad, but the great thing about it is my daughter, every night at the dinner table she can't wait to hear the next joke. I hope you can share them with somebody that enjoys them as much as she enjoys them.

Today I have Gregory Ricks on the program. I met Gregory … In my industry, in my profession, I try to travel once to twice per year to surround myself with some of the top advisors in the country to learn new concepts, ideas and strategies that are going to help our community have an incredible retirement experience. I believe that one of the ways that you do that is through continually educating yourself and introducing yourself to new people and meeting new people.

The gentleman I'm bringing on the program is Gregory Ricks. He's a registered investment advisor. He is the founder and CEO of Gregory Ricks and Associates and is the talk show host of Winning at Life with Gregory Ricks on 99.5 WRNO. He is Louisiana's 401K and retirement authority and author of the upcoming book Winning at Life in Retirement. He is a nationally sought after wealth manager, tax reduction strategist. He is an Ed Slott Master Elite IRA Advisor. Greg has been educating and advising and guiding clients in the Greater New Orleans Metro Area for thirty plus years. Gregory Ricks, welcome to Sound Retirement Radio.

Gregory: I'm really glad to be here. Thanks for having me on the show.

Jason: Absolutely. I'm excited to have you here and I know that our listeners are going to get just a ton of valuable information from our program and hopefully, as always, we will add significant meaningful value to their financial lives as they prepare for retirement.

You are a retirement expert. One of the things I've learned, Gregory, is that regardless of where people are in the country, so many people share a lot of the same concerns. When you're meeting with people in Louisiana, what are some of the top concerns people address or bring to your attention?

Gregory: One of the things we do when I have a public event or speak, we kind of do a survey in advance and that's where I do find a lot of consistencies out there in some of those requests. One of the main ones is they don't want to run out of income and they're fearful of losing money. To me, those two really stick out the most.

Jason: I want to dive into some of these concerns a little bit deeper. All through the news right now one of the hot topics is the cyclically adjusted price to earnings ratio, the CAPE ratio that Robert Shiller is famous for. Basically what he said in a recent interview is that when you look at this price to earnings ratio it is incredibly high, the stock market and the bond market both seem expensive; in fact, in a recent interview I heard him say that even housing is starting to look relatively expensive using the CAPE ratio.

When you think about this fear of losing money, what should be people be doing? How should they be thinking about this money that they've set aside for retirement?

Gregory: I think they should always have a thinking process that is loss adverse. One way I'll define it is if I'm thinking about everything is going to heck in a hand-basket things aren't going to end well. If I am thinking that, then I start thinking how can I make sure I have my money or keep my money because also I'm positioning for hopefully a future opportunity there. You just can't have much tolerance for downside.

When you mentioned real estate being at high ratios again as well, that's scary because I do think we have a stock bubble, a bond bubble, a debt bubble, and now you're bring up a real estate bubble. Those are all concerns and we have to be mindful as we're trying to gain more and make more money; is we have to be mindful once again how to keep it.

Jason: What's the number one tip that you give people? How do you do this? What kind of strategy can you put to place? Where do you put your money today to try to achieve this objective of not losing too much? How do you do it?

Gregory: When it really comes down to it, there's three worlds of money. You've got the banking world, Wall Street world, and the insured money world is how I define the third one. We know about banks. You can keep it safe there up to a point where FDIC is backing it up, but there's no yield there.

Then if we go to Wall Street, there is opportunity but you know your correlated risk. For example on the Wall Street money that we manage, for example, our hedged equity gross portfolio, we put stop losses on every trade. So you have low tolerance for the downside and if we don't like how it's behaving, we just go ahead and sell it. We don't really depend on the stop losses. That's just if something gets away from us quickly we're protected, so that keeps downside to the minimum. I also think you should have a balance of safety in the portfolio. Let's look at it different; another way you'd call it certainty. I want to know where this money is going. I want to know what the return is and I know if things go bad I'm not exposed to losses. There's financial tools in the insurance world that helps you to do that and still achieve a reasonable return.

Jason: One of the things I like about that approach is that it's balanced. You're not telling somebody to go stick all of their money in Wall Street. You're not saying go stick all of your money in insurance. Take all of your money and put it in the banking world, but really use all of these different tools that are available to you to help create a diversified portfolio. Is that pretty much right?

Gregory: Yes. Now clients could have preferences such as they really don't want any correlation to risk. I had one in a few weeks ago and we kind of created that balance to make sure they their down the street money. I am a big fan of emergency money and I like you to have quick access to it. He was really leaning towards 100% principle protection. He had some fixed annuities and we recommended a few others to him and we did do some managed money in the mix, but that was because we need to go get yield and there just isn't yield out there.

The next day he called up; he said I'm concerned about that managed money so we sat back down, had a discussion, I explained to him why even though he's risk adverse, I explained to him why we needed a little bit of manage and how we were looking out for it so we didn't tolerate much negative movement. Once we went and reviewed that with him again, he said okay, now I'm comfortable with what you're going. I think communication like that is so important and we're attuned to the same page.

Jason: That's great. So many people don't get that kind of communication from advisors. You touched on a number of things I want to come back to. Number one is you talked about having this emergency fund, money available in case something goes really bad. How much generally do you recommend people have just in a liquid emergency kind of fund once they're in retirement?

Gregory: I think it's really important at the time of retirement and when we have a second or third meeting beyond the first we've created what I call an asset inventory. One of the sections up top is how much they have in checking and savings and liquidity. I just think at the core, basically if you just had to put a bottom line it would have to be at least $50,000 as a thought process. If somebody has overall a net worth much larger, I think it should be a larger number.

But if somebody came in and said … Let's say they have a $1,000,000 of investible assets and they have $300,000 in savings, you might could justify that maybe they're over-weighted in short term money, but if that's their comfort level or their sleep well at night money, then you know what? It's not too much and I'm not going to try to talk them out of it. They're actually the ones that have to bring that conversation up first.

If that same client had, for example, $5,000 in emergency savings, we're going to have to go about fixing that and getting it to a much larger number so that I'm comfortable. Obviously he's comfortable with $5,000, but I'm not. So we'll have a conversation that goes in that direction, but it needs to have liquidity. Emergency money is not going to draw much yield. That's the way the system works. I get clients to become comfortable with emergency money not having to yield much because it allows the rest of your money to work.

Jason: That is such a great point. As I read between the lines, everything you say is so client centered. This is what Mr. and Mrs. Jones want. This is how they want their portfolio structured, and then you come along and maybe give them suggestions and recommendations on how to optimize that, but ultimately it's what they want; how much money they want to risk, how much money they want safe, how much money do they want in the emergency fund.

I have to tell you, it's refreshing because so many people, nobody even ever asks them those questions. So many people that I meet out here in Washington, in this area, they're never even asked the question how much money do you want safe versus that risk. It's just people assume they want everything in an at-risk position.

Folks, if you're just tuning in, this is Jason Parker, your host of Sound Retirement Radio. I've got Gregory Ricks on the program and we're talking about retirement planning. Right after this break we're going to be back with Mr. Ricks and I want to ask him the most important thing people can do as they're preparing for retirement. We'll be right back after this.

All right, folks, welcome back to another round of Sound Retirement Radio. I'm your host, Jason Parker. As always, I appreciate you tuning in. I've got Gregory Ricks on the program and we're talking about retirement planning. Before I ask him my next question though, I just want to say a quick shout out to all of our listeners out there. It was so incredible. You really took Sound Retirement Planning, my new book that came out, and just a ton of people obviously telling other folks about it.

I have to say two of my favorite authors in the world of personal finance are Robert Kiyosaki's book Rich Dad Poor Dad and Dave Ramsey's Total Money Makeover. Last week when we logged into Amazon and saw that Sound Retirement Planning was in the number one position, Robert Kiyosaki's Rich Dad Poor Dad was number two and Dave Ramsey was number three; I mean for my book to be sitting on the same row as two of my favorite authors was just an awesome experience and I want to thank all of you out there that helped support; make the book launch a number one best seller in personal finance on Amazon. That's awesome. Thank you.

Gregory Ricks, I wanted to ask you about the most important thing; as people prepare for retirement, what's the most important thing they need to be considering or thinking about?

Gregory: Something you were talking about when you went to break and this is about the client. What we have to find what is their purpose for their money and their goals. I believe you've got to really listen to clients and if anything you might also try to sway towards looking out for the female side of the couple because they're typically going to live longer and probably have some gaps in income and probably needing to save more money. One of the things I look for is how much more are they saving or need to save as they're continuing to work towards that goal of retirement and what money gives you options. Then you've got to look at where that money takes you and how then can we fix the gaps.

Jason: You and I have a unique perspective. First of all, most people don't sit down and talk to their friends in depth about their financial situation. They may come up with kind of big picture investment ideas or this, that or the other thing; talk Geo-political events and how it's impacting their portfolio, but nobody actually sits down and opens up their entire financial life and says here's what I have. You and I have this unique opportunity to hear really what's important to people and I'm curious to know when you ask people that question that you said is so important, what's the purpose of the money, what kind of response do you typically hear there?

Gregory: You get more of a background I believe where they come from and that helps to where they're headed. They'll talk about the focus that it may be retirement income. Most often that is what it is about. I've started using this phrase; there is no retirement without income, so we have to account for that.

Then it could be the next level would be when does it need to be turned on? Are you looking to retire in a year or two or five or retiring but I don't need the assets? Then we have to account for down the road as what is the income capability, because at some point inflation, pricing, lifestyle is going to take us to a point where we're going to have to turn on some income.

You can't assign the money to right jobs because they'll look at money doing the right job for the right period of time. Without that data and information from the clients and their thoughts on how things are going to play out, you can't assign the money the right financial tools until you get that information.

Jason: What you just said there, there's no retirement without income, that is so true. We say it a little bit different. We say retirement is all about cash flow. It's your income that will determine your lifestyle in retirement, not your net worth, but it's absolutely the truth. You can have a real estate portfolio worth a couple million dollars and if it's not providing cash flow for you, you're really in trouble.

Understanding the right tool to use depending on the job you have to do; I mean some of these concepts, they're very simple but they're very profound because so many people never get asked the question in the first place what's the purpose of the money. How do you help people come to that realization? How do you help them understand how much money to have in these different financial vehicles, these different tools, as they're trying to make preparations?

Gregory: One of the things I kind of define it as a GPS for your money. What we've created is a financial GPS. I do not know how you can retire without knowing where you're going financial. Just like when we used to travel we'd get out the road map; no, you wouldn't even get the road map. You'd just head out and eventually after you and the wife have a couple verbal divorces you'd stop and say okay, I'll get the road map. Then you realized yeah, we should have turned an hour back there.

We don't travel that way anymore. We use the GPS or smart phones have it, and it's now you see the exit right as you missed it; darn, that little [inaudible 18:02] didn't tell me in time. But you know where you're going and when you're going to get there and if you missed a turn you know it immediately.

The way I work at money is I am going to have problems down the road, I need to know it now. If I see something trending the wrong way, I need to make adjustments. I don't want to wind up ten years from now headed to brokeville. I need to kind of know it soon. That way, I can make adjustments. If brokeville winds up being age 110 I'd probably say you know what? I'm in pretty good shape if that's when I'm going to wind up broke. I just want to make sure I know what's coming and can make adjustments for it.

So if the clients want to make a big purchase all of a sudden, at least they know how that's going to affect them short range and how is it going to affect their retirement ten and fifteen years out. I think that's the kind of planning that should be done for people so they know what's coming.

Jason: I couldn't agree more. It's something we see very little of because it seems to me most people do not start with a financial plan. It seems like they walk in, somebody hands them a prospectus and says here's a bunch of mutual funds and this is how you should invest your money now that you're retired, and it has nothing to do with starting from a financial plan. Has that been your experience?

Gregory: It seems like everybody shuffles statements and the professional or advisor that they're working with kind of makes recommendations to changes right now and adjustments and says this should improve for next year and maybe you should be here, but all you're doing is one year look at a time, about the way Congress does things. They figure out okay, let's spend more than we make again and this is where we'll be next year.

That is not good enough. You need to see where everything is trending and going and also have a reasonable expectation of where you're going to be, not some outlandish returns based on historicals; reasonable numbers that can be hit. If you're going to miss those and continue to miss them then you need to change and it might be to fire who you're working with because it's your money, not theirs.

Jason: Such great advice, folks. If somebody is making recommendations to you about how your money should be invested in retirement; because remember, once you've retired there are no do-overs. This is it. Unless you plan on going back to work, and most of the people that we talk to don't seem to like that idea; so you don't want to put together an investment strategy, a diversification strategy, an income strategy until at least you have a financial plan built.

Gregory Ricks calls it the GPS. You can see why when I met him at this conference why I wanted to bring him onto the program. He has the ability to just share with people what's important and where they need to start. Mr. Ricks, you mentioned a moment ago about income. There is no retirement without income. One of the best income sources for many people retiring today is Social Security. What should people be planning for when it comes to Social Security? What are some of your thoughts about that type of an income source?

Gregory: If it's a couple, they have to think about longevity. Absolutely longevity, because somebody is going to outlive the other. We know the average couple call on Social Security an average of twenty years. The wife; the female typically outlives the husband by five years. So when you're thinking about turning on Social Security you've got to think about how can I create the longest running check that is larger in value. How can I create that scenario?

You can't just say well, I'm sixty-two. I'm going to turn it on. Or I'm sixty-five. There are calculators. There are strategies to give you the opportunity to create that larger pension check, because it is going to stay. It's going to be there for us, maybe not as much based on inflation in the future, but still that check is going to be there just like a pension from the company, so how can we make that check larger? I think that's the thinking that needs to be adjusted too.

Jason: I agree. For our listeners, again this is such a critical component to a good retirement income plan. Like Gregory Ricks says, without income there is no retirement. Remember, Social Security is tax advantaged income, it is inflation adjusted income, and it has a survivor benefit. When it comes to retirement income, the government has made it a very, very lucrative proposition.

I will tell you that the more educated you are, probably the higher chances you are of getting more money back out of that system. I met with a woman recently who is widowed and there's a lot of nuances and little things that people don't teach you. You have to understand how the rules work.

I just want to remind our listeners at soundretirementplanning.com we've created a special video for you. If you would like to learn more of the intricacies and just really understand some of the different Social Security claiming strategies that are available, visit soundretirementplanning.com, watch our free video, and learn some of these techniques before you make the decision, because if you've already made the decision it might be too late. It might be too late to go back and change it and you want to try to make these decisions ahead of time.

Gregory Ricks is a registered investment advisor. He's the founder and CEO of Gregory Ricks and Associates. He hosts a radio show called Winning at Life with Gregory Ricks. He has a new book coming out that is also titled Winning at Life in Retirement by Gregory Ricks. He is a retirement expert. He's been featured on Fox News, all over the media. When you visit his website you can learn more about some of the work that he's doing.

We're talking about retirement planning today. We're talking about the fact that cash flow is king. You've got to have good, dependable, reliable, inflation adjusted income when it comes to your retirement. When we come back from this break, I want to ask you, Gregory Ricks, about inflation, because this is a concern that a lot of people have today with all of the quantitative ease in the printing of money. We'll be back in just a minute to talk about inflation, income, and what you can do about it in retirement. We'll be right back.

Speaker 2: *Are you 50 years or older and have at least $500,000 of investible assets? If so, this message may be beneficial for you. Are you confident that you will be able to retire and not run out of money? Are you concerned about higher inflation, higher taxes and what market volatility will do to your portfolio? If you answered yes to any of these questions, then I encourage you to take advantage of this offer. Jason Parker, the author of Sound Retirement Planning and president of Parker Financial is offering a free report titled 10 Things to Know about Planning Your Retirement Income that may provide you answers to the above questions and much more.*

Call his office at 1-800-514-5046 to receive your report free of charge. Again, call now at 1-800-514-5046.

Jason: And we are coming back. This is Jason Parker with Sound Retirement Radio. Folks, thank you so much for tuning in, for making Sound Retirement Radio and awesome podcast available on iTunes. If you're listening right here in the Seattle area, thank you for tuning in to the radio program. Of course you get to hear all of the commercials. For those of you listening from the podcast, you get to listen to it commercial-free.

I also want to thank those of you that have given me the opportunity to come speak to your groups recently. I've had the great opportunity to speak at Kitsap Computing Seniors, local Rotary Clubs, even my kids' school, and that is always a great, great privilege. I enjoy so much this opportunity to help teach our community concepts, ideas and strategies that can really make your financial life better, so thank you for those speaking invitations.

Today I have Gregory Ricks on the program. Just before the break I started bringing up this topic of inflation. Look, let's face it, we are printing money like crazy in this country. The Fed has started to reduce the quantitative easing. They've started to take their foot off of this gas pedal of printing money. Gregory Ricks, when you think about inflation, what should our listeners be planning for and what can they do to help try to protect their money from that risk?

Gregory: I think inflation is going to be a problem for us down the road. Right now it's not, but we should have money working so we can get ahead of the curve. I have three rules; avoid losing money, have your money working at a reasonable return, and then third, remember the return of your money is more important than return on your money. With that said, we need to get it working because we can expect higher inflation.

When you talk about quantitative easing and what the Federal Reserve has acquired in assets because of this, they hold $2.5 trillion in treasuries; unbelievable amount of money. I don't know what problems this is going cause when they try to take that back out of the system and they vet themselves with all of the treasuries as well as those mortgages that they bought.

Jason: It sure looks ugly, doesn't it?

Gregory: Yeah. It probably is going to get ugly. Then another problem when you start thinking about it is the debt. No only do we have the Federal Reserve doing this quantitative easing; going to turn it off and probably turn it on again later, but we keep spending more and more money. At some point this has got to be resolved and how are we going to solve this debt? Are we every going to pay off this $17 trillion that's going to be $26 trillion in 10 years? I doubt it.

They've got two choices ultimately, Jason. We could default and just settle up with everybody for cents on the dollar. I don't think they're going to go that direction, so what's the other? Hyper-inflation. That's going to be scary too.

Jason: So default or hyper-inflation as you look out into this world and the $17.5 trillion. You know, I don't think most people even understand; the word trillion is thrown around so much, Greg, do you think people really have a solid handle on what a trillion dollars is?

Gregory: It's a thousand billion dollars. Seventeen thousand billion dollars. We trivialize it by saying trillion. It's thrown around there so much. Maybe we should just start using thousand billion.

Jason: That's insane. I heard somebody describe to create a visual they said if you had a million dollars and you started giving away a million dollars every day, that it would take you 2,700 years just to give away one trillion dollars if you were giving away a million dollars a day. A million dollars a day, it would take 2,700 years. That's before Jesus was even on the planet. That's incredible to think about how much one trillion dollars is; a thousand billion dollars. It's such a big number, it's ridiculous.

Gregory: Yeah. And we spend more than that than we take in almost every year. It's unbelievable.

Jason: When you think about places to put your money, one of the traditional ways of retirement planning; it used to be when you retired not too long ago people could just load up on bonds and live off the interest income from those bonds. In a zero interest rate environment, what are your thoughts about loading up on a bunch of bonds or bond mutual funds as a retirement strategy?

Gregory: That was mutual funds you were asking about or both?

Jason: Well, both; bonds or bond mutual funds.

Gregory: I'm not a big fan of mutual funds in general, especially bond mutual funds, because if you have a 1% increase in the marketplace in your treasuries, you're probably looking at your bond mutual fund lose 14% in value, so I'm not really a big fan of that or bonds going forward for that matter because it's completely opposite of the past 20 years where interest rates have gone down, your bond values have gone up. You ask anybody what you think interest rates will do over the next 10 years, everybody is telling you we expect it to go up, which means your bonds aren't going to do good.

Actually, I like to utilize some bond-like tools. We do have financial tools out there that can eliminate the interest risk, the credit risk, and the default risk. People don't think about them this way, but we're basically talking about fixed annuities can be utilized as bond-like tools when you think about it.

Jason: When you think about a bond though, my experience has been people buy bonds for either one of two reasons. Number one, they're either looking for income from their portfolio; or number two, somebody has told them that bonds were less risky than stocks and they're looking for more security in their portfolio so they're loading up on bonds. Have you found any reason people buy bonds other than those two reasons; either income or safety?

Gregory: That's pretty much the two main reasons they're buying them for, but once they understand a little more of how bonds work … And they're buying them because they think they are safe; completely safe tools is the feedback that I get most of the time. They're going to their Wall Street person and saying I need a safe money alternative and they're put in bonds and when they find out the risk that's actually correlated to it, they get a little bit uneasy there and actually wanting to change that risk. That's not quite what I'm looking for is what I hear on that.

Most people don't know how a bond is actually sold. How I explain it is if you hold an individual bond and you want to go sell it, I have to call up my guy in the fixed income department, he's going to list it, and then he's going to say I'll call you when I get some bids. People think you just push a button and you sell the bond, and it doesn't work that way. It's much like selling your house. You have to go list it and get bidders. And what do they usually bid? Below the value.

Jason: I saw the 10 year Treasury yield as 2.4%. Think about that. You're going to tie up your money because you want the safest kind of bond you can get, a 10 year Treasury. Obviously you could still lose money if you had to sell it before maturity, but you're going to tie up your money for 10 years for 2.4%? That is just crazy in an inflationary environment. It seems a little bit radical.

You mentioned using a fixed annuity as an alternative as something that people could think of in lieu of a bond. Why would a fixed annuity be a replacement for a bond?

Gregory: One example typically quoted out there on 5 year interest or fixed interest annuities, typically I'm seeing rates that range from 2.9 to 3.3% as the companies are quoting them. When you compare that to a bond, there's no interest rate risk so the money is not going to reduce because of interest. There's no credit risk and there's no default risk. Most states have a Guarantee Act that protects up to certain values at above what you're probably putting into the fixed annuity but it completely gives you certainty and it is backed up by the actual reserves of the insurance company.

When you're buying a bond, what's it backed up by? The full faith and credit of that municipality or that company, and you're hoping that it all goes well. If it's a 5 year fixed annuity or 10 year, it's a walk-away afterwards just like the bond is that you're hoping they will pay. I have a lot more confidence in the fixed side versus the bond side.

Jason: That's interesting. As you think about this; for our listeners especially, I want you to think about this for a minute. You could go out and buy a 10 year Treasury bond today and you're compensated at 2.4%. Now Gregory Ricks, our guest, he's hearing quotes on fixed annuity contracts right now that you can get anywhere from 2.9 to 3.3% on a 5 year term. You've got a higher yield than you have on a Treasury and then you don't have the interest rate sensitivity, so if you buy the fixed annuity and interest rates go up you don't lose anything if you have to sell before maturity, whereas if you hold the individual bond and you have to sell it before the 10 years; it seems like people would have a really hard time making a strong argument, Greg, when you compare those two side-by-side. What is the argument? Why would somebody want the Treasury over the fixed annuity in that kind of situation?

Gregory: When I kind of describe the two without telling which they are to somebody, I'll describe out the bonds and then I'll describe out the fixed tool, and then I ask them which would you prefer, they're going to choose the fixed annuity. When they make that choice, I tell them that was 10 year Treasuries or high quality corporate bonds and this was a fixed annuity. There's some version of the fixed index that correlates to really be bond-like as well and some of them have walk-away provisions at any time.

Jason: We've got to take our next break and we'll come back and we'll continue this conversation on insurance. I think this is fascinating and an important part of a retirement plan. Folks, this is Jason Parker. We'll be right back.

All right, folks, welcome back. This is Jason Parker, host of Sound Retirement Radio. You are listening to episode number 28. I have Gregory Ricks on the program. Gregory Ricks is a registered investment advisor, the founder and CEO of Gregory Ricks and Associates based out of Louisiana, of all places. He's a sought after wealth manager, tax reduction strategist, and Ed Slott Master Elite IRA Advisor. He's been educating folks down there in the Greater New Orleans Metro Area for 30 plus years when it comes to financial issues.

We're talking today about retirement planning strategies. We're talking today about what you need to be thinking about as you prepare for and transition into retirement. We've talked about stock market volatility so far. We've talked about inflation. I like Gregory Ricks' statement. He says there is no retirement without income. We've talked about Social Security and why that's important.

The next thing I want to talk about though, because we started down this path just before the break, Gregory Ricks, about insurance. I think that holistically if people are going to be looking at their financial lives insurance is an important part of that. Obviously a fixed annuity is a contract issued by an insurance company. What are some of the other insurance decisions people need to be thinking about as they're making this transition?

Gregory: One that comes up a good bit is long-term care coverage. What we found is that that's expensive and likely to go up higher in cost. When we look at portfolio building, planning for retirement, creating income that increases over time, our purposes in those three points that I just mentioned is cost of health insurance and the need to hire people to maybe help us at the end term, so we've got to have a portfolio in place where the income can increase or the assets have increased so that the end term can increase. Some of these tools we're talking about that have that bond-like structure have the ability to double income or increase it at a rate to help keep up with those costs and some of that stuff should be considered.

There's life insurance tools, and I hate saying life insurance, but what we're looking is the purpose of the tool or what it can do with the block of money to cover those needs and then you're not having a high monthly premium as you go. It a matter of not the title of the financial tool, but what does it do for you that solves that need that you have down the road and help solve that purpose you have for the money.

Jason: You are the founder and CEO of an independent advisory firm. How important is it for our listeners to have somebody that has that independence to look at all three of these different financial worlds you're talking about and give them guidance?

Gregory: I do talk about this often. What's unique about being a registered investment advisor in our firm is we have the ability to work in the banking world, we have the ability to work in the Wall Street world and the insured money world. We don't have a bias with each, but so many times somebody sitting down with a Wall Street only firm, they're not getting this full take on both worlds and they're probably not getting full, proper analysis.

Also on the other hand, you could talk with an annuity only salesman and he can talk to you about annuities but he can't discuss your portfolio with you and give you guidance, let alone help you move some of those assets. So you're probably getting something that's biased in that presentation, where when we sit down with somebody we want to know everything that's going on. We don't have to work with all of your assets, but we have to oversight all of your assets. It's just like going to the doctor. I have to find out about your health history. We've got to run some tests and do some analysis, then make recommendations of how to improve your health. It's the same with your money.

We have to have the capability of doing a full analysis and you should work with somebody that works in all three financial worlds.

Jason: It seems so simple that that's the type of advice people would want. They don't want somebody that's only going to look at the risk world or somebody that's only going to look at the safe world. They want somebody that's going to be able to look at all of these different pieces.

You know the other thing that I think people want? They just want somebody to give them a straight answer about what they should be doing without trying to be sold. I've heard that some financial advisors have a reputation of being somewhat like a used care salesman. How in the world, Gregory Ricks, did we ever get to this place where people in our industry that have such an important job to do where people's livelihood is on the line; why in the world is that a sales oriented type of situation? You wouldn't think that it should be. You would think that people would be held to that high fiduciary standard; that they would be held to a high legal standard to give the best advice in somebody's best interest. Doesn't that seem like common sense to you?

Gregory: It absolutely does. Too much of it is sales oriented and that's why they need to be selective in who they work with and make sure they have somebody that can work in all three of the financial words and that they do not have a bias. The last thing I need to do is go in some place and talk to somebody about my money and be sold something.

If anything, I want the math to rule, not somebody's tagline or their favorite product of the week, but where are we going mathematically? I don't want Wall Street theories. I want to know the math. That helps dictate that. If somebody smells like a salesman, I want to head the other way.

Jason: Yeah. I think that's great. Folks, if you're just joining us, I've got Gregory Ricks on the program with us today. Gregory Ricks is the founder and CEO of Gregory Ricks and Associates, a registered investment advisory firm serving the Greater New Orleans Area. He has a new book that's going to be coming out called Winning at Life in Retirement. He's a nationally sought after wealth manager tax reduction strategist and Ed Slott Master Elite IRA Advisor.

I want to ask you some more questions about taxes and retirement, Gregory Ricks, but the thing I want our listeners to know, you can connect with us on line if you go to Facebook.com/soundretirementplanning. I'd love for you to join our community, join our tribe. I want to be bringing experts onto this program that can add real value to your life. When we have somebody on the program that you like, I want to hear about it. When you have a topic or a subject that you'd like to learn more about, we have access to some of the best professionals, some of the best experts in the entire country that we can bring onto this program, so instead of just educating one person we can educate a bunch.

Please connect with us on Facebook and let's help make sure you have a sound retirement, your friends have a sound retirement, your neighbors have a sound retirement, your community has a sound retirement. I'd love to connect with you there.

Gregory Ricks, when it comes to taxes, what should people be thinking about from a tax planning standpoint?

Gregory: They should not have all their money in qualified accounts. That's the first and foremost thing. I see too much overweighting there. Think about it; if all you ever saved was in your 401K and then you retire, all of that money, Jason, is taxed as ordinary income.

Jason: When you say qualified accounts, make sure; sometimes we talk in this lingo and other people out there are what's he talking about?

Gregory: I'm going to let you clean that up.

Jason: Okay. For our listeners, qualified accounts are your retirement accounts; usually traditional IRAs, 401Ks, 403Bs, TSAs, TSPs. This is money where you're contributing to the account and you're not paying taxes now and the deal you're making with Uncle Sam is you're going to let that money grow to this great big mountain nest egg for you at some point in the future and then take all of the money out taxable as ordinary income at some point in the future.

You have to wonder in the world that we live in today where marginal income tax rates are at an all time low, Gregory Ricks, should we; and you talked about the $17 trillion debt. Should we be expecting our income tax rates to stay at these all time historical lows as we look out into the future?

Gregory: They have to go up. Because of the debt and the continuing increase of the debt we have to expect tax rates to become higher. I know we are avoiding taxes by using that qualified money, that 401K or IRA and it's either pre-tax or deductible, but at some point we should think about Rothing some money. Another qualified account is the Roth IRA. You can contribute after tax dollars and they can grow tax-free.

The other part is saving after tax dollars and accumulating them. We're paying the taxes as we go so we're creating a continuous step up basis. Or you could use some financial tools that create tax deferred growth. What I like to do is to see balance between those three worlds; the pre-tax dollars, the tax-free dollars, and then after tax dollars.

Think about it this way. If you're taking some income from all three sources you're not being taxed on every dollar that you're taking out, so overall you're at a much lower tax situation by creating that balance.

Jason: It makes sense. You should diversify your tax liabilities just like you diversify your investments, folks. I've got Gregory Ricks on the program to share that with you. Mr. Ricks, there's going to be some people listening to this program; we have people tuning in from all over the country thanks to the internet. When they do, if they want to learn more about the work you're doing, what's the best place for them to find you?

Gregory: Go to gregoryricks.com. It's easy to get to. We have a live chat box. They could interact with a staff member, or email me at Gregoryricks@gregoryricks.com.

Jason: Gregory, we've got about one minute left. In one minute, what's the most important thing you want people to take away from this program today?

Gregory: Save more money and start today. I think that's just a good basis to go by.

Jason: Save more money and start today. Folks, if you're just tuning in, you're catching the tail end of our program. Again, this will be archived for you. You will be able to listen to it online at soundretirementplanning.com. This is episode number 28. The transcript will be available for you to download. We'll have links available for you there. As always, I appreciate you tuning in. I appreciate all the support. It's hard to believe that this radio program is going five years strong and it's really been a wonderful ride, a wonder experience.

Gregory Ricks, I just wanted to say thank you for taking time out of your busy schedule to come onto this program and share with our listeners your years of expertise.

Gregory: Thank you for having me on the show and congratulation on the success of your book and your show. You're making a difference and that's a great cause.

Jason: Very good. Thank you. Appreciate all the work you're doing. Take care, Gregory.

Gregory: Okay.

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