

Sound Retirement Radio.COM
KKOL 1300am, Saturdays 8AM
HOSTED BY JASON PARKER



041 Preparing for Financial Emergencies with Jason Parker & Erik Ramsey

Announcer: 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 and all the good people here in Kitsap County, Jason Parker and I've got Erik Ramsey in the studio. Erik?

Erik: Good morning. How's it going?

Jason: Good morning. What a beautiful day!

Erik: It is.

Jason: Gosh! Life is good. Here in Sunny Washington State, I know people around the country aren't enjoying this moderate, beautiful winter that we're having, so I feel very blessed to live here. It's an incredible place.

Erik: It's pretty awesome.

Jason: It is awesome. Erik, we're going to get started. This is Episode 041 and the title of the episode is Preparing for Financial Emergencies.

Erik: That's good stuff. They're going to happen eventually and it just makes sense to be prepared for them and we can do that. You just need to plan.

Jason: Preparing for Financial Emergencies. For our listeners, those of you listening right here in Kitsap County, maybe you're driving down the road listening on the radio, thank you for being here this morning. I want to remind everybody that if you'd like to be able to listen to the program online, you can do that at soundretirementradio.com or soundretirementplanning.com where all of these programs are archived and transcribed.

Before we get in today's message, 041, Planning for Financial Emergencies, we have a joke and it's our good fortune to have our

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friend, Astri here to share the joke with us this morning. Let me hand a mic over to her. Astri, take it away.

Astri: Good morning.

Erik: Good morning.

Astri: [Joke in Norwegian]

Jason: What?

Astri: [Joke in Norwegian]

Erik: Norwegian jokes. That was good.

Jason: Now, here's the deal for our listeners. Thank you, Astri. For our listeners, if you can guess what Astri's joke just now was, if you know what she just said, call it in or e-mail us or go to the website and post it as a comment underneath the show notes. We will send you a free copy of my book, Sound Retirement Planning.

Erik: That was a good joke. That joke is just so good on so many levels. Oh, man! Brilliant.

Jason: That was awesome.

Erik: Actually, everything is funnier in Norwegian. I don't know why.

Jason: It's actually great. All right, Erik, take it away. Where are we going this morning?

Erik: We want to talk about emergencies and being prepared for emergencies today. Then I want to do a quick devotional thought beforehand. What does the bible say about emergencies? As I thought about it and prayed about it and read the bible, I was surprised. The bible seemed to take me on a direction I did not expect. Before we go there, let me lay a foundation and we'll start with corn.

Suppose Jason, you wanted some corn in your life and you wanted fresh corn. You might go into your garden and plow up a chunk of it and plant corn and then fertilize it and then water. Then you'd go inside and then you wake up the next morning and what would you expect?

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Jason: Not a whole lot.

Erik: Because the seed is just starting. What you would really not expect is for somebody to come to your door and go, "Knock, knock, knock," and be like, "Hi, Jason. I saw you planted corn. Here's some corn." Then they would hand you a box of corn.

Jason: That's not going to happen.

Erik: It's probably not going to happen because that's not how you get corn organically. You get ...

Jason: What if after this radio show somebody comes knocking on our door and they've got a whole basket full of this stuff, wouldn't that be great?

Erik: That would be very, very weird. They found your home.

Jason: That would be ... Oh, goodness!

Erik: You translate that joke now, Jason. It's probably not going to happen. Corn comes organically from corn seed. You plant the seed and then that seed will itself turn into more corn. That's how it happens. We don't plant the corn hoping that somebody will come by with a box of corn later and say, "Here it is. Here's corn." It comes organically.

Now, as you pointed out, there's nothing to say that somebody couldn't stop by your house with corn but you're not expecting that. That's not on the hole where corn comes from. It comes from the seed that you plant and it grows organically from the seed. That's where it comes from.

Now, if we were to look at the blessings of God, I've always wondered, "Where do the blessings come from?" If we say, "I'm going to live God's way," the bible says it's going to work out well. So many times you said, "Do this and you will be blessed," like, "Here's your enemy. If your enemy is hungry, feed him. If your enemy is thirsty, give him something to drink and then you will be blessed."

If we do this, if we live with forgiveness and then we find ourselves with blessings afterwards and I've experienced this and I think you have too. We live God's way and then there's blessings. Did those



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blessings come organically from the good we planted, sort of the virtue that we planted? Did the blessings that we came across, did they grow directly from what we planted or did God come in with a box of blessings and be like, "I saw you planted virtue. Here's some blessings."?

Which one was it? Does it grow organically or does God come in actively from outside of that system and say, "Here, reward," like maybe a parent giving allowance to a kid, "Here you go. Have some money. Thanks for being part of the family." I think the answer is both. Certainly ...

Jason: I mean, there's a potential here to go down a slippery slope I think for some people because the thought is that you have to earn ... I mean, I guess that people might say, "Erik, are you saying that you have to earn God's blessings? Do you have to earn God's grace?"

Erik: That's a very good point. I don't want to in any way say you have to earn God's grace. There are times in the bible where people have done good things. Let's say, the Shunamite widow in 2 Kings, taking care of Elisha, just being a good, righteous woman taking care of his needs. Then when she has a need, we see God stepping in with a box of blessings from out of nowhere. Far more, it seems to me that the scriptures are indicating that as we live a virtuous life, as we do things the way God says, the blessings come organically.

It's just cause and effect. You will reap what you sow. I think it's a bit of both but it's certainly at least the organic way. When you do something good, when you live God's way in God's universe, good things come about organically. It's just the seed that's planted, it grows. If you don't do it God's way in God's universe, it doesn't work out well.

Jason: One of the things I think I have to realize there is you're talking about this is when you are a believer, when you believe in God, I think you become more aware of when these good things are happenings and these blessings are happening in your life, you're like, "It's obvious." It's like, "This is incredible," when it's just plain as day but you know that the blessing is a gift from God and it's not just happens and it's not just circumstance.

Erik: Right. Certainly in my life, I can look at things and say, "That was not me. That is not a thing I grew organically. That was God actively being

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involved." I think as I look at my family and especially what my parents have done, I can see the organic growth of just obeying and how that by itself brings in good things.

It's like as somebody lives righteously, it's like their positioning themselves for almost two revenue streams. God's active like, "Here you go. Here's a box of blessings and the stuff that grows." That's pretty awesome. Now, as we get into emergencies, the thing that I see all through the scriptures just a constant theme is the idea that the righteous, they get wiped out very easily or sorry, the wicked. The wicked, it's like they have this huge, strong tower and they look so great but it's very brittle. When bad times come, they do not weather it over and over in Ecclesiastes, in Psalm, in Proverbs.

We see the opposite that says, "The righteous person stands firm during the emergencies," like the bad times come, there's no doubt and all through the Psalms that is the theme. Bad times come. Pain comes, hurt, loneliness, sadness but the righteous person is able to weather it. Is this because of God's active, "Here's a box of blessing."?

Jason: Not that it feels any better or but it sure is nice to be able to have that perspective to be able to stand back and say, "I don't get this and it may hurt right now but I know ultimately there's a reason behind it."

Erik: There's still a reason to hope.

Jason: Yes.

Erik: That can carry you so far.

Jason: I'll tell you, when you've lost hope, that is a sad, hard place to be.

Erik: Yes.

Jason: I heard stories recently about lost hope. That's pretty awesome to be able to have that when you're going through those difficult times.

Erik: Yeah. This hope and all this gives a resilience I think to righteous living so that when the hard times hit, they don't wipe you out. I'm thinking that a huge part of this resilience that comes from the righteous living is really being a part of a community. I'm thinking of a local church where maybe a retired person is giving into the community. They're saying, "All right. Here are these loud, crazy youth. They're making a

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mess and they're just being frustrating with their music but I'm going to give them cookies and I'm going to keep praying for them and I'm going to help them."

When a tough time hits and the retired person needs help, now, there's these young whippersnappers that are so grateful for the cookies and the love, they can come in and had resilience to the life that would otherwise be brittle. This would not happen in the less righteous life that isn't giving in love.

Jason: One of the perks, one of the bonuses of being involved and part of a community is that support. You had a great verse that you wanted to share along those lines.

Erik: Ecclesiastes 4:9 and Ecclesiastes is sometimes a depressing book but it says this, "Two are better than one because they have a good return for their labor." If either of them falls down, one can help the other up but pity anyone who falls and has no one to help them up. We hear stories of somebody, "I fell, I can't get up, I just need a little bit of help. I just need a little help and then I'll be okay," like that little thing. When you're alone, those little shocks can be devastating. In a community that you've loved into, it's less likely.

Jason: Erik, I think this is really going to be a good topic and it's an important one and it's a great foundation to build from as we get into episode 041 Planning for Financial Emergencies. I'm Jason Parker and I have Erik Ramsey in the studio with us. Erik, thank you for preparing those thoughts for us this morning. We'll be right back after this.

Seattle, Tacoma, Olympia, Gig Harbor and all of my favorite wonderful people right here in Kitsap County, welcome back to another round of Sound Retirement Radio. I'm your host, Jason Parker and I've got ...

Erik: Erik Ramsey.

Jason: ... in the studio with me this morning. We are talking, this is Episode 041, Preparing for Financial Emergencies. Just want to remind our listeners, you can listen to this online at soundretirementradio.com. You can read the transcript and we love it when you support us and give us ratings through iTunes. If you subscribe to this as a podcast, we'd love to see your comments there if you'd be so kind.

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Erik, we're going to transition now from this idea of ... Go ahead and give us that verse one more time because that's really a good one.

Erik: Ecclesiastes 4:9, it says, "Two is better than one because there's a good return for the work." Basically it's saying, when two people work together, you get more than double the outcome. The whole is greater than the sum of the parts. Then it goes the next time, if one falls down, the other can help him up but I pity the person who falls alone.

Jason: Gosh! I love how God is always pointing to community. He's always pointing to community. It's when two or more are gathered in my name, I am there.

Erik: I'll be honest. I'm kind of personally a loner. I was telling you about this. I could spend a weekend with a book and I could be very happy. I don't naturally gravitate towards crowds. I need people to pull me out of my shell. I need my wife who is just fantastic and loving and I need my other friends that say, "Erik, it's time to get out of the house. Come on. We're going to go ..." I need that community even for the purpose of community.

Jason: That's a great point. As we were talking about that, I do want to get into this Episode 041 but one of the things that was fascinating as we were preparing for the show this morning, we're talking about connectors, people in our lives that do establish and create those relationships for us and how there's that old 80/20 rule, that 80% of the relationships we have in our lives are a result of 20% of the people that we know.

Kind of a fun exercise for me I was sharing with you and for our listeners, this is a fun thing to do some time. If you ever take a relationship, somebody that you have, maybe it's your spouse, maybe it's a good friend and just walk backwards through the steps, through the relationships of how that came about. It's really fascinating.

For me, there are three primary connectors in my life. I mean, most of my relationships come back to three people, my dad, my wife and my good friend, Dean, who hired me and got me into this industry almost 15 years ago. That's amazing to me that most of the relationships that I have in my life today are direct result of those three people, so fun exercise.

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Let's get into Episode 041. This is not everybody's ... This is important. Erik, you said something really insightful when we're planning for this regarding financial emergencies.

Erik: I was thinking, if we're looking at financial emergencies, there's different classes of it like health emergencies and maybe maintenance emergencies around the house or for the car or stuff like this. No one knows if tomorrow your heater is going to blow out and it could but no one knows. Here's what I can pretty much guarantee. If you're just started retirement and you're looking at a 30-year horizon, you are going to need to replace that heater. They have a 15-year life span.

Maybe you can stretch that to 25 but guess what? At some point, you will need to replace it. We don't know what maintenance is needed tomorrow but over the long term, we can guess with great accuracy what maintenance will be needed.

Jason: That is so insightful just to say there's going to be an emergency at some point over a 30-year period of time. You're not getting through 30 years without something coming up. I mean, somebody's going to pass away and I think it's good to identify what an emergency is too. Car breaking down and you need to get to work, car breaking down and you need to go to the grocery store, somebody's health changing. Some people might consider a wedding an emergency.

Erik: Maybe. Ours was pretty quick.

Jason: I mean, really, if all of a sudden somebody's getting married and they live across the country and you want to be able to get to that wedding. I think as married couples especially, you got to have to make a decision about some life events. My wife and I have talked about this. When people are getting married and their family members is far, that's a really important experience and event and we want to be there for those weddings.

It's great because all the family is together and it's just a wonderful opportunity to ... Same thing with funerals. We have to make a decision as, "Are we going to make it to every funeral when somebody passes away or are we going to pick and choose on the funerals?" People are going to die, I can guarantee that.

Erik: It's not always planned. It's very rarely planned. When it is ...

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Jason: Always plan. I guess we're getting more of that with some of these laws that are passing but ...

Erik: If going to a funeral is important to you and it can't be planned then you need to have some emergency mechanism in place to make it possible.

Jason: I just want to share with our listeners and I don't know if you've ever heard this story but about 18 years ago, I was living up in Alaska and I was working for the Alaska Commission on Post Secondary Education. I really enjoyed my work but I was thinking about this. I didn't have a cellphone back then.

Erik: That's crazy.

Jason: I mean, that's only 18 years, no cellphone. I mean, this thing lives with me now. It's become a part of my body almost. Just 18 years ago, I felt so much freer. I wasn't tethered. Golly! Anyways, I was up in Alaska. I was working at the Alaska Commission on Post Secondary Education and my phone rings and it's my wife. My wife never called me at work. That was back in those days 18 years ago, when you're on a clock, you aren't talking to your spouse on the telephone. You're working for your employer.

So I'm working and it's really unusual that she called but she says, "Jason, my mom just fell. She hit her head when she fell and an ambulance just picked her up and they're taking her to the hospital." Now, my mother-in-law is 54 years old. By the way, this was also our one year wedding anniversary, so I was thinking maybe she was calling to wish me a happy anniversary or something but no.

Mother-in-law's in the back of the ambulance on the way to the hospital. Becky says, "When she fell, she hit her head and so she's bleeding out of the side of her head a little bit." She said, "Can you meet me at the hospital?" I said, "Yeah, absolutely." Get to the hospital.

Erik: So far, this doesn't sound too bad. It's, "Oh, no. Slip fall." Not an emergency, really. Not huge.

Jason: Get to the hospital and my mother-in-law is saying that she just has this really bad headache. I'm thinking, "Well, you just fell and hit your



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head." Now, she's 54 years old and she has been ... This woman never was ill. She never get sick. She would always say it's because of all the spicy food that she eats. She eats all this Mexican food and so she said that's the reason for her good health but she all of a sudden is not very healthy.

She's in this hospital and she's like, "Oh, my head just hurts so bad," and she got this crusted blood on the side of her face. After about an hour or two, we were like, "You know, we need to figure out what's going on because the headache's not getting better." So they did a scan of her brain and come to find out she has a brain aneurysm. She has a vessel in her brain that's bleeding. It didn't burst but it's bleeding.

Erik: Suddenly become an emergency.

Jason: All of a sudden, now we're in an emergency situation. Of course, my father-in-law, Becky's dad, he's not in the area. He's out of town. The doctor comes in and he says, "Hey, your mother-in-law is going to need brain surgery." We don't do brain surgery in Juneau, Alaska. This was back then and maybe they do now. He said, "You guys got to make a decision. You got to decide are you going to send her to Anchorage or are you going to send her to Seattle?"

I'll never forget this because Erik, I was a young man, I think I was 22, 23 years old but this was the first time in my life where I was having to make a life or death decision for somebody else because this is very serious. This is brain surgery. I remember I looked in that doctor's eyes and I said, "Who has the best brain surgeon in the world?" because if I'm going to be responsible for it, we're going to find the best and I don't care if we have to fly to New York. We're going to go find the best brain surgeon.

It turned out that Seattle at the time did have the best surgeon in the world and we ended up having to life flight her to Seattle which was a little bit longer flight than going to Anchorage but it turned out to be the right decision. I'll never forget, this gets to this financial emergency. My father-in-law was actually in Seattle on a business trip so we called him. He makes his way over to the hospital and we're sitting and we realized that we need to make telephone calls to important people in our life and we didn't have anybody's contact information.

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We were not at home, there's nobody at home that could get the information for us. We're at a hospital. We don't have cellphones. We're actually are on payphones in the hospital. Pretty intense. I remember my father-in-law, he happen to know one relative's phone number and I remember him standing at that payphone making the phone call and trying to get them to start spreading the word.

Anyhow, one of the lessons we learned going through that experience is one of the things you need to have quick access to are phone numbers of important people so when everything is falling apart, you don't just need access to the phone numbers but you want to have them readily available so that when you're walking out the door, you've got maybe a container you can grab and it's got all these important documents. We're going to go over a lot of these important documents here today.

Erik: That's such a simple thing. I mean, it would take five minutes of planning to have that in an emergency. It's very simple but if you find yourself without it in those five minutes, that can be tough.

Jason: When there's adrenalin flowing and you haven't slept and you've just been on a long plane ride and you're concerned and you're worried and people are crying, your brain is not firing and it's not easy to make logical decisions. The more prepared you are, there's that old saying, "An ounce of prevention is worth a pound of cure." Just a few little steps early on in the planning for a financial emergency or planning for an emergency of any sort is a little bit of thought beforehand can really go a long way.

Erik: That's not when you want to be putting the pieces together if it takes six hours of preparation. A lot of these stuff does. You're so much better off. You're so much better off.

Jason: I think one of the things that gives us unique perspective because we're working with folks that are retired all the time or people that are getting ready to retire, we see circumstances that aren't often talked about and thought about in the general financial planning sense. That's what we're going to be covering today.

Again, this is Episode 041, Preparing for Financial Emergencies. We're going to help our listeners as they're preparing for retirement think about circumstances and situations that could come up, that could

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require them to need some assistance. One of the things that I want to emphasize here is having a little bit of cash-on-hand. I'm talking about not even at the bank but just cash-on-hand that if you ...

A good friend of mine, he always keeps a \$100 bill folded up in his wallet in a place that he doesn't have readily access to. The thought is if he's over in Seattle and all of a sudden something bad goes down, he thinks he should be able to give somebody 100 bucks to either catch a ride or catch a boat across the water. He just always keeps a \$100 cash in his wallet so he's ready at all times. That's a good, small, little tip for people to be financially prepared.

Erik, we're at that point where we need to take our first break. We'll be right back after this.

Male: Fifty 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 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: All righty, folks. Jason Parker here. This is Episode 041, Preparing for Financial Emergencies. Erik Ramsey?

Erik: Hello.

Jason: Where are we going to next with this whole topic?

Erik: We're talking about emergencies and what does it take to really be prepared for an emergency. We used to play with liquid nitrogen because liquid nitrogen is awesome and my wife has a background in bio-chem. We made ice cream out of liquid nitrogen.

Jason: When you said, "We used to play," I thought that you meant that you're eight years old.

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Erik: As a kid, you're like, "Oh, mom and dad left some liquid nitrogen around." My wife is awesome and we made ice cream with liquid nitrogen. It's easier to get hold of than you might think. It's great ice cream. You can put things into it and it becomes very brittle like a tennis ball or a racket ball works really well. Racket balls bounce but you freeze them in liquid nitrogen and you drop them and they shatter.

I think this is some people situations in emergency. They don't have the flexibility, they don't have something to absorb that shock. What they might have hopefully just bounced off of and been fine with, they shatter. It just comes down to having a planning and being a bit prepared. You came up with some data.

Jason: When you say being able to absorb that shock, I thought this is really insightful. There was a study done by the National Bureau of Economic Research that was really pretty sobering. Essentially, what they said was that roughly 44% of Americans are not prepared for emergency expenses. The study goes on to say that those 44% of people only 19% would not be able to come up with \$2,000 within 30 days if a financial catastrophe hit. They were absolutely certain that they would not be able to come up with \$2,000 for a financial emergency.

We tend to see a different side of the world than maybe a lot of people out there because we tend to work with higher net worth folks but the reality is there's some people out there that are really struggling. Just the baby boomers, there's a lot of folks in that demographic that don't have more than \$50,000 saved for retirement. Coming up with \$2,000 for some people is ... They don't have family support, maybe their folks aren't around, maybe their folks can't help them. That's a pretty scary place to be.

Erik: Right. It's at these moments when there's an emergency and you can say, "All right. Here's a little bit of money to cushion the blow of whatever it is," be it accident with the weather, a fall, a trip, the list of what you might need money for right away to cushion the blow or to keep damage from spreading is quite long. I'm thinking mostly with houses but we'll get to that later. Over the long term, accidents are going to happen and that needs to be a part of our plan. The unexpected is expected and can be expected over a long term.

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Jason: For retirees, this isn't just always about having resources available, having cash-on-hand, having money available. It's about, "Okay. My husband just had a stroke and we had these estate documents drawn up 10 years ago. Where is that durable power-of-attorney so that I can go down to the bank and access the checking account?"

I'll share with you an actual real life story. This happened to some folks that we know. They are wonderful people but husband, he did and he did have a stroke. They had all these, directives had been drawn up and they went to ... The wife needed to use the power-of-attorney that was drawn up. When she went to use the power-of-attorney, the power-of-attorney stated that the husband needed to be deemed incompetent before the power-of-attorney went into effect.

She was looking at them and she said, "Well, he had a stroke and he's not in a position right now where he can work on this stuff," but she said, "I don't want to have him deemed incompetent by a doctor." The lesson learned with that power-of-attorney and I have since talked to other attorneys that have mentioned this and there's risks with going this way but for married couples, it's usually a safe bet.

One of the attorneys that we do a lot of work with, he says most of the time now, he usually recommends people when they have that power-of-attorney drawn up that they have it made effective immediately instead of there having to be some medical condition. Now, you and I aren't attorneys and we're not giving legal advice here. We're just sharing stories from people that we have learned from in the past. That was a big stumbling block for these folks. They needed to be able to use the power-of-attorney and then the power-of-attorney did not work the way that they thought it was going to.

Erik: We have a great webinar online that people can access, written up, presented by an attorney because we're not attorneys.

Jason: Yeah, that's a great point.

Erik: That can be such a good resource in preparing for it because these emergencies, we don't see them coming in the short term but we know they will come in the long term. Man, just knowing the plan and

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having that in everybody's mind beforehand makes everything so much better.

Jason: Right after we conducted that webinar with Richard Tizzano, an Elder Law Estate Planning attorney, we just did that recently, I got an e-mail from some folks and they said, "Jason, you know, it's not just about having the right documents in place or having the documents in place in the first place but it's also do we know where they're at when we need them. Does the person that needs access to them know how to get to them if it's your children, your adult children that are named?"

I remember this happened one time. A woman passed away. She was a single woman. Her children knew that she had done a trust and a will and a power-of-attorney but towards the end of this woman's life, her house was in disarray and she had papers everywhere. It took the kids weeks, literally. They didn't know who the attorney was that had drawn up the documents and they could not find those documents and they needed that stuff.

It's not just having them done but making sure that the right people where those documents are. Very, very important component here when we're talking about emergency planning.

Erik: Again, this is just another thing that with five, 10 minutes worth of preparation, just like that list of contact, the whole thing, instead of being three weeks of huge frustration is now just sorted out as a matter of course.

Jason: Great idea to get the family involved in the planning process. I think depending on which generation we're talking about. If it's the what we call the baby boomer generation, they tend to be more open and willing to discuss things but the generation before them were very private about their financial situation. It's not uncommon or unusual that their adult children really don't know anything about their financial lives until something happens and they're scrambling to figure it out.

Financial planning really should be a family affair. What kind of care do you want? Where do you want the care to take place? Where are the important documents we need to access? If we need cash in a hurry, where is it going to be? That brings me to another one that we ran into recently that I want to share with our listeners. These are just little tidbits that we pick up along the way from working with real people.



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Again, this was advice that we received from an attorney friend. This particular gentleman, his mom is in her 90s and she decided to place her adult son on the checking account named as a co-owner of the checking account.

Erik: It doesn't sound too bad.

Jason: No, it seems like a ... You hear about people doing this all the time. Let's just name somebody as a co-owner on the checking account and then if the kids need access, they can write checks. This attorney said to me, he said, "Jason, you know, when you do that, now, if the adult child were to get into a car accident and be sued by somebody, now all of a sudden, that checking account potentially could ..." This is something an asset possibly from what I've been told that people filing the lawsuit could go after.

Erik: Through no fault of his own, he's a trustworthy person.

Jason: They're trying to set things up ahead of time so they put him on the checking account. Of course, the better solution there I think if you're worried about those types of things happening is you just have the power-of-attorney that gives you the access to be able to act on somebody's behalf but not necessarily actually be an owner of the account.

The other thing you go to watch out there for too is potential gifting issues. If you have a lot of money in a checking savings account and you named somebody as a co-owner, did you just make a gift to them from a tax standpoint? I mean, there's all these little nuances that you need to be thinking about as you're preparing for and planning to transition through retirement.

Erik: Right. Getting a lawyer involved at some point is a really good idea.

Jason: It is and these people ... There's that old saying, "Penny wise, pound foolish." One of the things I was taught a long time ago is that there are certain people that it's worth paying them a premium for. Now, you can take the cheapest route possible and go down to the office supply store and buy these templated estate documents. They may be generic, they may not be specific for your state and it may make you feel good saying, "Okay. I've done something," but the whole reason

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that we go through the process of doing the planning in the first place is to make people's lives easier, not more difficult.

If you're using one of these cookie cutter templates and not working with somebody that actually is giving you specific advice and recommendations for your situation, if what you end up doing is making the situation worse or it doesn't end up playing out the way that you wanted it to, was it really worth saving a little bit of money upfront to create a bunch more expense and cost down the road?

Now, I'll tell you. My grandmother, she was one of these people. She didn't like to think about death and dying. I just love thinking about subject and topic. It's one of my favorite things. Steve Jobs actually gave a whole speech about how he ... He talked about getting sick gave him the perspective to think about life and live more fully when he knew that it was so fragile and that it could ...

My grandmother refused to do a will, a last will and testament. Her thought was that if she did her will that she was going to die and so she didn't want to do it. It turns out, my uncle's a lawyer and as she had about a week left to live, she's in the hospital, he helps her do her will and shortly after she did her will, she died.

Erik: She was kind of right.

Jason: So she was kind of right. Grandma, I don't know that you want ...

Erik: It's straining the logic here.

Jason: I don't know that you want to follow her advice but I know it's not easy to talk about. It usually brings up a lot of emotion like who's going to get what and what percentage is going to go to this person. Planning for it upfront is going to make everybody's life easier in the long run. That's ultimately what we're trying to do.

Folks, if you're just tuning in, this is Episode 041. We are talking about Preparing for Financial Emergencies. My name is Jason Parker and ...

Erik: I'm Erik Ramsey.

Jason: If you don't know this, you can listen to these shows online at soundretirementradio.com. We would love to have you engage there, maybe join us on Facebook or listen to the podcast, leave a comment

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underneath these different shows. Let us know what you appreciate, let us know what you don't like and by all means, let us know if you know what Astri's joke was this morning. We'll be right back after this.

All righty, folks. Seattle, Tacoma, Olympia, Gig Harbor, all the good people here in Kitsap County and for our loyal listeners, those folks tuning in from around the country, thank you for making Sound Retirement Radio your place for expert retirement advice. You're listening to Episode 041, Preparing for Financial Emergencies. Erik Ramsey, you had a couple of things on your list there that you wanted to get into.

Erik: You are handling a lot more of the legal things surrounding a health emergency or the most inevitable emergency of all which is death. I mean, that can be planned for. It's going to happen. We don't know when but it will. As I was looking at some of the emergencies that our clients face that really everybody faces, a lot of it is much more mundane like maintenance around the house or the vehicles and stuff like that.

People will have an emergency and they don't have a plan for it. A small leak in the roof, that can be fixed relatively easily if it's done right away. If the leak starts to come through on the house, that happened with us, a shingle blew off in a bad storm and then we are renting out the house at the time and we came in and look and there's this huge sagging spot on the ceiling. I just realized, "Oh, my goodness! If we had caught this, if the renters had told us a month before, this wouldn't have been a problem. We could have fixed this right away and it wouldn't have been bad but now the cost of fixing this has climbed significantly."

So many of these maintenance costs happen like that. We have a heater and if you don't have the heater serviced then the whole heater breaks down. Then the cost of making the thing work just climbs significantly. Then of course, if your heater doesn't work then you have huge mold problems throughout the entire house. Now, the cost climbs. What we hear a lot is, "I don't have the money to fix or maintain X. I don't have the money to change the oil in the car or change the filter on my furnace."

That doesn't actually make much sense because what happens, what you're saying there is, "I don't have money to change the filter

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therefore, I'm just going to wait until the huge expense of changing a filter or replacing an entire car." Financially, this just makes no sense. We need to find some solution to keep the house running, to keep the car running. That just comes back again, as you keep saying to having a plan.

Go ahead.

Jason: One of the resources you turned to oftentimes because you're a pretty handy guy is ... How do you ...?

Erik: YouTube.

Jason: YouTube?

Erik: YouTube has become the repository of human wisdom and kittens. If you want a video of cat that there's nothing like YouTube. I like to work on my house, I like to do things with my hands but the fact is, I get terrified when I need to do something around the house, when I need to fix the roof. I redid the roof on our house and I had no idea how to do it. You know where I learned? YouTube.

Jason: Some of us are just visual learners.

Erik: That's me. If I can watch a person do it on YouTube for free, I'm so much better off.

Jason: That gets us to the Sound Retirement Planning Blueprint I want to remind people. I mean, that's a great resource that you actually created. You took all of this information, you created several videos, four step-by-step videos. For people that are getting ready to retire and they're looking to create a retirement plan that's designed around cash flow, they can go and they can go through four-step video process. You just go to soundretirementplanning.com.

On the right hand side, there's a great big blue square, they can click on it and just watch each of the videos as you take them step-by-step what a good retirement plan should look like. Talk about creating clarity in people's lives to show them, "Hey, you don't even have to hire us to help you but at least know what a good plan should look like so as you're getting ready to do this."

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Erik: These videos, they just arm us with a higher degree of knowledge. We can say, "Ah! I now know what a tiled roof should look like. I now know what a flush water system looks like. I know what a retirement plan looks like because I've seen it for free on YouTube." YouTube has become such a powerful element of our lives today that anytime you don't know something, you can probably go there and find it out.

Just basically in that search thing say, "How to" and write out whatever you don't know what to do. The other day I was looking, "Is there anything I can't find a video on?" I was thinking, "Can I find a video on how to change the filter on my furnace?" The answer is yes. They're actually very good videos because I'd panic if I don't know, if I say, "Man, I need to change that filter but I don't know how." I get paralyzed with fear and then I'm faced with the question, "Do I pay somebody \$200 to come do it?" Maybe that \$200 is really inaccessible in retirement. Maybe that's just not doable.

Jason: Here's a lesson I learned the hard way speaking of YouTube videos. When you have a loved one, a family member that is beginning to exhibit signs of dementia or Alzheimer's and they're going down, you know that they've got the disease, it's been diagnosed and it's not getting any better. They call you over to the house to tell you that something is broken or not working right. Really make sure that that thing is not working right or broken because this happened to me where a family member says, "Oh, the sprinkler is not working." So we'd go over and I said, "Well, I can help you." He had already started digging the thing up. I just assumed, "Well, we need to dig this thing up."

I don't know what I'm doing fixing a sprinkler but first thing I did was I went in to YouTube and I said, "How do I replace a sprinkler?" Four and a half hours later, probably would have taken an expert 20 minutes to do this but a couple of trips to the hardware store and getting all the stuff that we need and we replaced, dig out all the dirt and got water and mud all over the place and finally get the sprinkler had replaced and it's still not working.

The hose or the water wasn't turned on to the sprinkler system so there's just a little valve, little switch that needed to be turned. Anyways, be careful when ... I found the YouTube video that showed me how to replace the sprinkler head but unfortunately, it just didn't

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need to be replaced. So be careful when those folks with dementia start telling you that things need to be fixed and really make sure you double check it first. Again, learning some of these lessons the hard way.

Erik, I have a bullet point of items that I want to make sure we get to our listeners before we talk on the next subject here. A couple of things that I want you thinking about and we'll list these online for you too in case you can't write them all down right now. Number one, the location of important papers. We talked a little bit about that.

Number two, important contacts. We've talked a little bit about making sure that people know who to contact, any family records or information, wills and safe deposit boxes and passwords. I mean, today, this world we live in is password-driven and you've got a password for just about everything. Just to get into your car, you have to have a password anymore. Make sure that the people you care about know where all the passwords are.

If you have padlocks that have keys associated with them or that are code, pass code oriented, make sure you have one place where all of this information is written down so that people know how to access them. Safety deposit box is another big one. I ran into this with some folks. After their dad passed away, they knew their dad had a safety deposit box but they had no idea how to get into that thing. It created just a lot of frustration for everybody.

Of course, financial assets. Any benefits that are available upon your death. Sometimes people if they served in the military or they have some unique benefits available, maybe the prepaid for some burial resources or maybe they're members of People's Memorial. We've talked about that before as a low nonprofit way to plan for final expenses. Make sure that they know where that information is.

Your trusts, your wills, your power-of-attorney, make sure they know where that's at. Real estate, this is a big one. We meet a lot of people that have a lot of rental properties, a lot of real estate information. People need to know how to access that. Where are the deeds? Where is all the information? Who are the renters? How do we get a hold of these people? I mean, what's going to happen if something takes place?

Erik: Where are the properties?

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Jason: Just like forget a house. If you own a business, we ran across people that have family farms, farms that have been in the family for years and are out-of-state. How are those things going to be managed? Who's paying the rent? How is that all going to work?

Having a personal letter of direction possibly you already have in your obituary made up, having funeral and burial preferences. You know how frustrating it is for adult children when there's three kids? One brother says, "Mom wanted to be cremated." The other brother says, "No, she wanted to be buried." The other one says, "Well, no. She does want to be cremated. She wanted to be in an urn and I get to keep her on my fireplace mantel."

Then they say, "No, no, no. She wanted to be dumped out in the Puget Sound." It's incredibly frustrating if the family members, it's a hard time, they need to make decisions and if you could just let them know ahead of time how that's supposed to work, very viable. Those were most of my bullet points, people to notify and then any additional instructions.

Sometimes like in our family, I know that my sister-in-law, there are certain things that she and my mother-in-law have talked about it. My mother-in-law wants to make sure go directly to my sister-in-law. It's important to make sure that's written out as well.

Erik: Just writing it out, just making it clear to everybody can solve so much time and frustration and arguments. It doesn't take much but ...

Jason: I read there was a headline in Yahoo News or something the other day. It was somebody's obituary and it said that the gentleman had died as a result of being punched by Batman. Now, I guess this guy had this sense of humor.

Erik: Batman's getting dark. Oh, my goodness!

Jason: This guy had a sense of humor and he wrote his own obituary and he just wanted to have a little bit of fun with it but it's kind of ...

Erik: There we go.

Jason: Have a little bit of fun with it.

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- Erik: One last laugh. You can be really offensive in your last obituary and you won't be around for the aftershocks, I guess. Wow! I'm going to get to work on this thing.
- Jason: I was over at my friend, Dean's house the other day and his wife handed me something and I thought this is pretty cute. It says, "The older I get, the more I realize how hard it is to make everybody happy. I've also realized how easy it is to make everybody really mad." You might as well focus your efforts on the path of least resistance instead of trying to make everybody happy.
- Erik: Just be happy with making them mad.
- Jason: Easy to do.
- Erik: Somebody told me, "Don't make an old man angry or don't get into a fight with an old man. If he can't beat you, he'll just kill you."
- Jason: If he can't beat you, he'll just kill you.
- Erik: Let me just throw this out. I was going to get to it earlier but it's fairly simple. We know maintenance is going to be needed around the house. We just know this over the long term. You should probably budget 1% to 2% of the value of your house for ongoing maintenance. If your house costs 300,000 ...
- Jason: \$3,000 a year or ...
- Erik: Yeah, and just say, "I'm going to set this aside." That will give such a better bump for when ... a cushion for when bad things happen. I forgot that. I want to throw that in.
- Jason: Thanks. Erik, we're out of time. This is Episode 041, Planning for Financial Emergencies. Thanks for being here with us again.
- Erik: It's such a pleasure.
- Jason: Thank you for listening. Until next week, this is Jason Parker and ...
- Erik: Erik Ramsey.
- Jason: ... signing out.

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