

Andrew 0:05

Hello and welcome to the JGUA Financial Commentary Podcast. I'm your host Andrew Baron and in this episode Tom Snow, Karen Meriwether, and I discuss phasing into retirement by working part time. But first a short disclaimer, the contents of this podcast are strictly for informational purposes only and nothing said shall be taken as investment, tax, or legal advice. Any strategies discussed may not be suitable for the listener specifically, and JGUA encourages consulting with your advisor before implementing any strategies to ensure they meet your individual objectives.

And with that welcome to the podcast Tom and Karen!

Tom 0:46

Hey thanks for having us!

Karen 0:47

Yes thanks Andrew!

Andrew 0:49

Yes of course. Tom and Karen are almost like, well, first you always have them together, right? Tom and Karen is very rarely one and not the other. Besides John Ullman himself they really are almost the like living legends of the firm where it's, you know, if you have a really tough question or situation—something you see once in 20 years kind of thing they're the deep bench, I guess, that we have at John Ullman.

Karen 1:18

Thanks Andrew.

Andrew 1:19

Of course power dynamics of course. it's interesting if I had their level of success I think personally, at least at this point my life, I feel like I would just fully retire and be done but they hang on partly because they have such great relationships with their friends who are their clients that it, you know, it transcends work where it doesn't feel like work anymore and if you can get paid to enjoy your life I mean that's peak.

Karen 1:50

That's true

Andrew 1:52

I'll open up with what can you tell us about your experience phasing into retirement, especially after having been an advisor helping other clients make these types of changes?

Tom 2:04

Our experience has been hopefully what we have preached for all of these years, we feel very strongly that the retirement planning process needs to not only include the details of what you're retiring from—in other words pension and health benefits and all of the tangible factors of retirement—but also the fact that you need to retire to something. You need to find a way to stay active both intellectually and hopefully physically and we have done our best to do that.

Andrew 2:40

As advisors we might have our finger on the post a little bit more than average when it comes to planning for retirement since we do spend quite a bit of time planning for others and an entire section of the CFP® is actually dedicated towards retirement planning.

Karen, when you were deciding to take this step into a new role of partial retirement, how did you use what you knew from helping clients to retire and apply that towards evaluating if this was the right option for you?

Karen 3:11

Okay we've always told clients you need to retire to something. What do we want to retire to and kind it kinda of came back to an old saying that is one of my favorites, that you love what you do and do what you love and we both love what we did for decades and couldn't see any reason to actually leave that and be able to enjoy the parts of it that we really do enjoy which we're working with clients and getting to know them and I don't know, it just seemed like it was the right thing to do to stay involved.

Andrew 3:47

I think it's amazing you're able to both be partially retired and still helping clients!

Tom 3:52

Well, and to carry on with that, both of us have been at this for more than 30 years—one of us much more than 30 years—and the clients that we have had we have had very strong retention over the years. We have people that we've working with literally for 30 to 35 years, we've seen their children be born, grow up, get married, have kids of their own and these people have become friends. This is such a relationship business that this has not worked for us keeping active keeping in touch with people we've known for a long, long time and yes helping them solve issues and concerns that they might have in conjunction with their existing Ullman advisor from time to time.

Andrew 4:41

Being part of this industry I'm guessing that you had a plan around this... so my question is how long ago did you first start planning and, because this involves taking on a new mentor role, what steps did you take to ensure it would be a successful transition?

Karen 4:57

Really our retirement transition probably started 20 plus years ago, because as we brought on the next generation of advisors, Tom and I felt very strongly that one of the best ways to make that transition was to have these younger people start to work with the younger generation of our clients. So as our clients' children became adults, and they needed assistance, the younger advisors could work with them, grow up with them, but also at the same time get to know their parents. So it was a very easy transition for them to become the primary advisor, as we phased into the background and became more of the adviser to the advisor.

Tom 5:42

And we view this as sort of a win-win-win as a client wins from the standpoint of having new, fresher, younger advisors handling the day to day functioning work of managing relationships, along with the historical and personal perspective that we can bring to a long term relationship. The win for the younger advisor is support and assistance in managing long term clients and a transition to a new advisory relationship. And for us, it's the opportunity to continue a decade's long relationship with clients who, as I said, have become friends. We're continuing to do what we love doing. But since we're doing it part time, we have a great deal more control over our personal time.

Karen 6:41

That's true.

Andrew 6:43

I think a lot of our audience might want to retire over the next 20 years, but they don't necessarily plan to get there. He started this about 20 years ago. I guess I'm wondering, how did you know to begin your plan that far out away from retirement?

Karen 6:58

I really think that we both knew this transition was going to be sort of a permanent thing, it was not going to be you just don't show up to the office one day. And especially I feel very strongly with some of my older clients. I mean, if you have someone in their 90s, to me, it didn't seem fair to say, "Hi, I'd like to introduce you to your new advisor, and I'm out of the picture". So and that was always a big thing for me, you know, I just felt like I had been there for them and I needed to see them all the way out, even though they might outlive me at this point. So that was a big thing for me.

Tom 7:38

From my perspective, I would say that the primary purpose of bringing a new person on board years before our planned retirement, would be primarily for the client to get to know the person with more than, the "hey, here's two weeks' notice I'm out of here," kind of thing. This way the clients have had years, if not decades, to get to know the new person, and also vice versa. The new advisor has an opportunity to strut their stuff and show the clients that they are not a young assistant, but they are fully capable of advising clients with complex relationships. And our retirement plans were not fully formulated 20 years ago for sure. And they have really evolved over the last several years to the benefit of us, the clients, the younger advisors, and probably the company as well, to the extent it benefits the company having old people hanging around.

Karen 8:50

Well, I would have also been a benefit, I think, to the client because they had double duty and had a couple of different perspectives. So I think that was probably a good thing too.

Andrew 9:05

You've given us a really excellent walkthrough about what you did. What do you think others can take away from your experience and apply to their own lives?

Tom 9:14

Well I think to try and extend our experience into sort of the general public who might be listening to this, trying to plan for their own retirement, this kind of part time work fits for any—certainly for any relationship based business. And that would include obviously financial advisors, would include attorneys, would include a CPAs other professions where a long standing client relationship has developed certainly would allow for the kind of work that we are doing,

Karen 9:56

But even I was talking with a person today who is in the ministry, and he is well into his 80s, and still actively involved doing his thing, but doesn't have the full time responsibility. As I was talking with him today, I thought, this is really interesting because that's, that's a very personal relationship kind of thing as well. And he's been able to maintain that.

Andrew 10:24

What can you say for listeners who maybe want to change but aren't sure what options are available?

Tom 10:30

But you also find professionals who are engaged on an ongoing consulting basis on a project basis. In Corning in particular, there are a number of scientists and researchers who might be working on a particular issue that they've been working night and day on, and almost done, and they want to continue. And that involves part time intellectually challenging work for, you know, some extended period of time certainly fits the equation that we're building here.

Karen 11:04

But even Tom, you did an awful lot of business transition kind of things as well. And that's often a very important part of the sale of a business or transitioning the business to a younger generation or whatever.

Tom 11:19

Exactly. In many situations where an entrepreneur is selling a business, a part of the sale arrangement is consulting transition agreements, it allows the entrepreneur more time certainly, and gives the new owner a chance to pick the brains of the departing founder or existing owner, and also help with transitioning clients. Maybe that's less for relationship business, but no less important to maintain the client relationships, even if it's the sale and purchase of a product. You know, those things are very common, and are a great way for professional to sort of ease into retirement.

Andrew 12:03

Tom, could you talk a little bit more about the industries that that relationship would happened in?

Tom 12:09

Manufacturing, certainly, you're making a technical product, and there's a certain amount of manufacturing expertise involved? Generally, the owner is the one who might possess most of that expertise. If not, then if it's one of the ongoing employees, then it would be important for the new owners to retain that expertise in the way of employment. There are any number of businesses that benefit from a consulting arrangement between seller and buyer, as part of the way to allocate the purchase price for a way to, as I say, allow for a transition of leadership, as well as client relationships and that sort of thing.

Andrew 12:55

Karen, do you have any other examples of businesses holding on to senior employees at a part time or reduced time status?

Karen 13:04

We're also very familiar with retail situations where the prior store owner stayed involved and help the new owner restaurants. We've been patrons at several restaurants where that transition has been made. And it really makes a difference to see the other person is still there, when it's been a place you've enjoyed going for so many years, and to see that they're trying to keep that same experience there for you. But there is one thing about that. It's important for people to realize, when you are no longer the number one person—you are then the background you need to be willing to recognize your place for sure.

Tom 13:45

Cede responsibility and authority and become one who takes instructions rather than gives them

Andrew 13:53

Besides consulting, what other ways can people apply their expertise in retirement?

Tom 13:59

Many people who are planning retirement plan on expanded volunteer involvement with not for profits, and that certainly is a significant benefit to the not for profit, but also provides all of the things that we have previously discussed as benefits for the retiree, except possibly the financial remuneration. But the remuneration of assisting not for profits is the furthering of the cause that obviously the retiree believes strongly in, and whatever it is that the organization, whatever services they provide.

Andrew 14:41

I kind of feel like this is all leading up to one big question, when is the time to fully retire?

Karen 14:47

I'm going to sum that up by simply saying when the stakeholders so in our situation, we have the younger advisor, we have the client and we have ourselves. When those people don't totally agree that you're adding value anymore, it's probably time to fully retire. And I guess from my standpoint, when it's no longer fun, then it's time to time to retire.

Tom 15:13

Also, if one morning, you find that the locks have been changed, that would be another suggestion.

Andrew 15:20

From your personal experiences, it sounds like a lot of the motivation was client oriented, where it was next generation, you're trying to maintain a certain kind of relationship. But for others, maybe in a different business, how would they know when would it be a good time to start this partial transition?

Tom 15:41

Well, the financial planning part of it is going to be important if people are wanting to retire early. And through the, you know, the detailed financial analysis that occurs as part of their retirement plan, it looks like it's tight, or they really can't do what they really would like to do. The idea of retirement part time retirement income, for a number of years, can help bridge that gap. Over the years, Karen and I both have had these uncomfortable discussions with people who know very specifically what it is they want to do: sell a house, relocate to Hilton Head, or Florida or something, do this do that. And the numbers just don't hold together, we tell them there are three options. Either work longer, save more, or reduce your retirement expectations. And those are pretty much the only variables. Sometimes working two or three years longer, full time would make the plan hold together. But maybe there's a way that they can semi retire and work part time for four or five years and have the same effect. And you know, the early years aren't quite the same as playing golf four times a week. But maybe that's the best option under the circumstances.

Andrew 17:10

It seems like there's a lot of benefit in both having a plan and having flexibility in the implementation of the plan.

Karen 17:17

You know, Andrew, though, I think that it's probably a smart thing for anybody, whether you're just even looking to maybe you'd like to be promoted, I think you should always be considering and thinking about who would take my place. And you should be trying to mentor them to take your place because you're never going to move on or move out whatever the case may be if you don't have someone there to take your place.

Tom 17:44

And that's a big part of, you know, going back to your question of why did this transition begin years or decades ago, you know, that's certainly part of it. We knew that we weren't going to leave our clients high and dry, and we weren't going to just retire without a more than satisfactory replacement up to speed and having been involved with the relationship for years gave with the young person having been involved for years, it gave us a chance to critique their performance, if you will, and make suggestions as to how something might have been handled better. Yeah, there's a lot to the retirement planning process and the financial side of it is really important. But the personal side of it is important too. It's a two sided coin, for sure.

Andrew 18:35

We went over quite a bit of information did either of you have some closing thoughts you want to end with?

Tom 18:40

We can tell a few jokes?

I've got one more of my random retirement thoughts that might be appropriate. One of the things that we've told that I've told people over the years, two of the most valuable considerations you have in planning your retirement are health and time. Both of them are totally uncertain. And, you know, it's something that you have to consider both positives and potential negatives in the process. And, and I think it's truly an intangible, and it's difficult, if not impossible to quantify. But it's just something that needs to be considered in the decision making process.

Andrew 19:33

Wise words. Well, I really appreciate both of you being part of this. It's really wonderful to have you on the podcast.

Tom 19:43

Thanks, we've enjoyed it.

Karen 19:45

Thank you

Andrew 19:45

Yes, and thank you to all of our listeners. Please send any questions to [info@jgua.com](mailto:info@jgua.com) and please remember to visit our website or follow us on social media for additional content. Until next time, stay smart.