Episode 22 - Do you feel like you're wearing golden handcuffs? With Rick Ferri CFA

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RF: "I think there might be some bad information out there that you need $200,000 or $300,000 to live in retirement. It's just not true."

HF: Welcome to The Doctor's Crossing Carpe Diem podcast. If you're questioning your career in medicine, you've come to the right place. I'm Heather Fork, a former dermatologist and founder of The Doctor's Crossing. As a master certified coach, I've helped hundreds of physicians find greater happiness in their career, whether in medicine, a nonclinical job, or something else. I started this podcast to help you discover the career path that's best for you and give you some resources and encouragement to make it happen. You don't need to get stuck at the white coat crossroads. So pull up a chair, my friend, and let's carpe that diem.

Hello, hello. Welcome back to the Doctor's Crossing Carpe Diem podcast. You're listening to episode number 22. Today we're talking all about money, honey. And this topic is so important to me because I know a good number of you feel trapped in your work situation because of finances. You know, those golden handcuffs.

I speak with many of you who've been suffering for way too long, because you were under the false assumption that you couldn't afford to make changes in your job or career. In most cases, this is just not true. I've seen a lot of examples where your income actually increases when you make changes and that includes quality of life as well.

Yes, right. Before you talk yourself out of the chance to be happier in your career, due to money issues, a great place to start is to ask some basic questions. What is the minimum salary that you need? Do you know at what age you want to retire and how much money you'll need? Do you want to attain financial freedom early? Like those physicians on FIRE. If you're managing your own investments or someone else's, do you know how your money is doing and is it doing as well as it is put?

If you're a little fuzzy on some of these answers, don't feel bad at all, no judgment here. We're not taught about money in our training. And depending on your situation, there can be some challenging emotions around finances.

To begin addressing this topic, I have a financial expert joining us to share his perspective and knowledge. His name is Rick Ferri, and I first heard him being interviewed on the Doctor Money Matters podcast and was intrigued. Rick is a former marine, fighter pilot and Wall Street stockbroker, who is also a published author, podcaster, and fee only financial consultant.

In his role as CFA - Chartered Financial Analyst, he does not sell products to his clients or invest their money, but helps them with a transparent process to reach their financial goals and avoid costly mistakes, which is just what I want for you. To be able to reach your financial goals if you haven't already. Because while money isn't everything, it does give you freedom. Are you ready to dive in? I am I am. It is my absolute delight to welcome Rick Ferri to the podcast. He is joining us from Georgetown, Texas.

RF: Heather, it's wonderful to be here. Thanks for asking me.

HF: Yes. It's such a pleasure. Now, Rick, you have a really fascinating background and I'd love it if you could briefly connect the dots on how your path led to the current work you're doing as a fee only financial consultant.

RF: Back in the 1980s, I did go to college for finance and business, and I graduated with an undergraduate degree in 1980 in business administration, but I ended up going into the Marine Corps and flew fighter aircraft for about eight years and did a couple of deployments overseas. I ultimately left active duty in 1988 and stayed in the reserves and retired around 2000. But I left active duty and did go into finance. And at the time in the late 80s, if you were starting a career, there was only one place to go and that was to Wall Street and to the big brokerage firms for the most part.

So, I went to work for one of those brokerage firms. And while I was there, I got my masters of science and finance and I earned what is called a charter financial analysts charter, which is the designation that all of the portfolio managers and analysts on Wall Street had or were working toward.

And doing all of that, I realized that it's really hard to outperform the market, even though they train you to do that. They try to train you to do that. I mean, that's the whole idea. Outperforming the market was very difficult. I kept very detailed records of all of the recommendations that we were making and all the money managers, how they were performing and very, very few were actually performing well.

I ended up going to a different firm. I went to Smith Barney and it was a bigger firm. They had more analysts and more products and so forth. And it was the same thing. It was extremely difficult to outperform the market. Most people weren't doing it. The recommendations weren't adding any value to the clients, but the clients paid high fees every year. So, I said I'm really beginning to have a moral crisis, if you will, this is the industry I want to be in.

Anyway, I always attended financial analyst meetings and I went to an annual meeting for the CFA society and John Bogle, who was the founder of the Vanguard group of mutual funds, which is very low fee index type funds was speaking. And he basically said exactly what I had been seeing in my own data. And then I picked up his book "Bogle on

Mutual Funds", which he wrote in 1994. I read it in 1996. And I had an epiphany about how we should be investing clients' money, that the idea is not to outperform the market, but simply if you get the same results as the market, you're outperforming 90% of everyone else. And I took this idea to my bosses at Smith Barney who hated it. And I decided in 1999, I was going to leave that industry and I was going to start my own company. So, I did. And there was a low fee portfolio management company that I started. And it was just me working out of my living room with my wife doing the paperwork. And we were managing client's portfolios using these very low fee index funds. And I was only charging one quarter of 1% a year management fee, which was very low back then, even low now. And did that for almost 17 years. Of course, the company grew and we ended up with a staff of people and we ended up with different layers of management and so forth.

I sold the company in 2017 to a private equity investor, a former business partner as well. And I left and I decided though that I wasn't going to retire but that I was just going to help people individually manage their portfolios who wanted to do it themselves. So, I started this low fee as a needed investment advisory firm. And again, it's just me working out of my home office and I'd help people for a very nominal fee to manage their own portfolios as needed. So, there's no contract for ongoing services or AUM fees or commissions or anything. People just pay me a small fee and I help them with their investments. And that's where I am today.

HF: That is a really great summary. What I'd like to do is start where often my clients start and see how you might help us. When a physician is trying to figure out their career path and if they can make changes, how do they even begin to think about their finances in a way that takes in the bigger picture, especially if they maybe don't have a lot of financial knowledge?

RF: Well, that's a good question. I think the physicians that I've worked with who are going through some sort of a career change like that, we need to do a projection of how much they're currently making, how much they've put away, how much they think they're going to make in their new career, how much they think they're going to put away for retirement, when they think they're going to end up retiring. But also, a lot of times when you make a change, the benefits, meaning the job benefits, so the employment benefits of where you're going are better. So, the salary may not be high, but the benefits are better. In other words, they may have a defined benefit plan. Maybe you might get a pension. For example, if you went to work for the VA or something, you might get a pension. But you also might get good health care benefits. There might be other benefits.

And when I look at these packages, it's more than just about the pay. It's also about quality of life in a way. A lot of people are working very hard, working too hard and putting in a lot of hours and they want to cut back. So, they want to make a career change. And it's a question from the financial side of “Are you going to make it?” And I'll have to tell you. I don't think I've ever come across a physician who was doing one of these and looking at doing one of these where the numbers did not work out. I mean, they always work out. They do. It's not a difficult transition once you actually sit down and work the plan out and see the numbers. It does work out. So, I've never had one who said, “No, I better just continue to do what I'm doing under this high-pressure job, because I don't think I can afford to go that direction”. I never had one of those.

HF: So, you're saying that if they figure out what they really need and want, they can figure out an employment situation that will work with their retirement financial goals?

RF: It does. And it doesn't require much of a change either. And like I said, a lot of the changes that they make or where they go, lifestyle change, or let's say I've got people who left the big city and went to work in rural communities. Well, the cost of living is lower there. So, when you look at everything, it just makes it easier to make that transition from what I found.

HF: And how would you help them answer some of these questions about, well, how much money do I actually need to retire? And what age might that be?

RF: With most physicians it's not how much you need to retire. It's how much are you going to leave to your children. And what I mean by that is I run into a situation where a physician, if their standard of living is middle-class and they're not spending over the top, that they make enough money to retire. They make enough money to save enough money, to make enough money to retire very comfortably. So again, and running the numbers shows this, and with the conversation becomes, once you hit a certain point, you're never going to spend any of this money, and you're going to get social security and your spouse is going to get social security. Even if it's a spousal benefit, if you're married. And you're going to go on Medicare and your house is going to be paid off, and your children are done with school.

So, how much do you really need to live? It's not that much. Maybe $85,000, $90,000. I mean, that might not seem like a low number, but in fact, it really is realistic if your house is paid off, the kids are done with school, and there are not siblings and whatnot that need your financial support.

I think there might be some bad information out there that you need $200,000 or $300,000 to live in retirement. It's just not true. So as long as you're going to maintain your standard of living. And it's going to be a reasonable standard of living. It really doesn't take that much money to have a nice, comfortable retirement, where you get to do a lot of travel.

So, we ended up having the conversation about, well, how much money do you want to leave to your children? And most people say, "They'll get what's left". I find that there are actually cultural differences there quite frankly. There is the "You'll get what's left" answer. And then there is, "I want to leave them as much as I possibly can". And a lot of it is cultural. It's kind of funny as I talk with many physicians about this, but if the answer is “They'll get what's left”, or “I want to leave them a little bit”, honestly, you don't need anywhere near as much as I think what people think they need to have a comfortable, nice retirement.

HF: Can you give us an idea? And I know it will be different for different people. Some sort of equation, or how they backtrack and figure out “Well, if it is $90,000, if it is $150,000, how do I know what that retirement nest egg is?”

RF: Well, I don't rely on rules of thumb, but if it's a long way out, if it's 20 years out, if you're in your 40s or so, and you're going to be working for another 20 years, I always tell people to use 3%. You might've heard of the 4% rule. Well, I say that 3% is the new 4% because interest rates are low and stocks are a little bit higher elevation right now.

So, you look at what you are going to need. What do you need right now to live? You take out the payment on the house. You take out the kids' college savings. You take out how much you're saving, because when you're retired, you're not saving anymore. And what do you really need to live on a day-to-day basis. And you just multiply that times 33, basically is 3%.

And so, if it's $80,000 and you multiply that time 33, if you had $2.5 million in total, you'll be fine, but this doesn't even include social security. Social security is something you're going to get. And if you're married, your spouse is going to get it. It almost knocks that number down to below $2 million to live a very nice retirement. Again, if your house was paid off, the children were out of the home, it doesn't take as much as what people need. So, we just run some numbers and look at some future value calculations. It really puts people at ease about the whole transition.

HF: It's interesting you say that because I have a number of friends who have financial advisors and they're often told, and this could even be a single person, “You need $5 million before you can retire”. And for a lot of physicians that's just unattainable.

RF: I don't know where they come up with that number. Honestly, I've been doing this for 30 something years. I can tell you that if you have $5 million, your children are going to inherit probably $6 million or $7 million. So again, it gets down to how much money do you want your children to inherit at that point.

If you had $2 million saved for retirement, you're going to live just fine in retirement. Again, you're going to get social security. Your house is paid off. The children are out of the house. You're going to live just fine, as long as you're not living extravagantly. And I don't find that, most physicians don't live extravagantly. Maybe it's just a biased sample of the physicians who find me and come to me, but they don't.

HF: I think there's definitely a range, divorce, things happen, disability. And a lot of physicians are saddled with often $300,000 of debt from school. I think there's a spectrum. When clients come to me, they can be in their 30s, 40s, 50s. And sometimes I see them in their 50s where they still don't really have quite what they need to retire. And one of the things I want to make sure of is that the money that they have invested is working as hard as it can be for them.

Let's first talk about, if someone has a financial advisor, how do they understand that their money is really doing well for them? And I'll use myself here because I have tried four different investment companies over the time. And one of them was one of the top rated in the United States. Others, well, one was a big brokerage firm. So, these aren't like fly-by-night companies. And my experience can be summed up in one word, which is "underwhelmed". They did not do better than the market. And we ended up doing worse because of the fees. I know there are good advisors out there, and I know I have clients who really love their people and they have good people. So, I'm not trying to say they're all bad, but help us understand how do we know if the person we have is good and what kind of questions to ask?

RF: Well, I've been, again, in this business for more than 30 years. To get into this business requires nothing more than taking one exam. You can be in the business in less than a half a day literally. You take your series 7 exam and then series 65 or a series 63, which is a state exam. And they're not board exams, like taking medical exams. It's not like that at all. These are meant to be passable by most people.

There are over a million people who have actually taken these exams. It's so easy to get into this industry. And there's a lot of money in this industry. So, it attracts a lot of people and a lot of people have no experience at all in investing really. They may have some interest in it. They may have bought a stock or two and it did well so they think that they're going to become a professional money manager like Warren Buffet or whatever. But it's difficult.

You really got to start out with your education. Where did they come from? What is their undergraduate degree? Do they have a graduate degree? Do they have a designation? Like a chartered financial analyst or a certified financial planner designation. How much do they participate? Did you find articles that they wrote?

I find that if an advisor is really into being an advisor and not just the money that they generally are out there publishing, doing podcasts, educating people as you can get a really good idea by listening to them and by reading what they wrote, whether or not they're really any good. If you can't find anything that they've ever written, if you can't find any podcasts they've ever done, if you can't find where they've spoken anywhere, it doesn't necessarily mean that they're not good advisors, but I look at that and say to me as a professional, I should be out researching and writing and doing things like this, that would be helpful to society, that people read what I wrote or listened to my podcasts.

I treat this as a profession. I don't think a lot of advisors treat this and what they do as a profession. I think they treat it as a way of making a lot of money. So, I think the education and the background and finding things that they've done on the internet is important when you're looking around for a quality advisor.

And then of course, there is a fee issue. So that's the qualitative portion. Quantitatively, how long have they been in the business? How much do they charge? You shouldn't be charging a lot of money to do advising. I always look at it as "Well, what would a college professor be paid for being a college professor?" And that's about what a good advisor should make per year. When advisors want to charge a lot of money for what they do, it's not about the client anymore. It's all about them and making a lot of money and selling their practice, selling a business for a lot of money later on down the road walking away from it. So, I have some real feelings about this.

HF: Typically, it's usually a percentage of fees under management. Can you give some guidance about that fee?

RF: Well, I have a different view on that and it's very controversial. So, I get into a lot of Twitter wars with advisors on this. The fee that I used to charge when I was managing investment portfolios, and this is more than 20 years ago, was 0.25%. One quarter of a percent per year to put together and manage a client portfolio. And I did just fine. I mean, my profit margins were fine. I had a good living and so forth of charging one quarter of a percent.

Now, the going rate is 1%. Literally four times what I was charging 20 years ago. And why is that? Well, because the advisors want to make a lot of money. That's the bottom line. There's no reason for. If you have a client who has $2 million and you're charging $20,000 a year to manage a portfolio, and literally it's probably taking you maybe three hours, four hours a year to manage, you're making a nice $5,000 an hour on that client.

HF: I know, it's crazy. It's crazy because that 1%, it sounds to us from the outside, like, "Okay, 1%, well, that's not too bad", but especially as your money grows, it becomes a lot of money. And there's kind of this smoke and mirrors that I've seen where they send you the portfolio reports and they have all these funds they've invested in. And so, they make it look complicated so you think you can't do it on your own. And I know you've written about this on your website, about how in the industry the complexity is favored to increase the profits, but really, you don't have to have a complex portfolio.

But let's go back again to someone who has an advisor, they get these reports, maybe they're paying 1%. Maybe they really like this person and they really rather somebody does it. Is there some way for them to tell if they're actually doing pretty well with how their money is invested?

RF: No, not really. Generally, the advisor who's charging 1% is going to be underperforming the market whatever the portfolio is between stocks and bonds. A lot of the problems in the advisor industry is what's called benchmarking where advisors will show you a report saying, "Hey, look. We did really, really well". But what benchmark are they using? And some people, if they're showing you reports and saying, we're doing really well, and you're charging 1% in fees, they're not using the right benchmark. In other words, your portfolio actually has a lot more risk in it than the benchmark that they use to show you the performance against. So benchmarking is a real problem and having the proper benchmark or the right benchmark in which to measure performance is important.

But you're not going to know that. You're not going to know it. This has to be talked about before the advisor is even hired. What benchmark are you using? Well, that requires some knowledge about the different benchmarks out there. U.S. stock benchmarks, international benchmarks, different bond benchmarks. So that when the advisor puts together this portfolio, they can compare it to a proper mix of benchmarks. And then you're going to really be able to see, like I did back when I was in the brokerage industry, that they're not outperforming. They're drastically underperforming those benchmarks.

And so, the problem is benchmarks in many ways. And the wrong benchmarks will hide a lot of errors and advisers, generally are not benchmarking to the right things. Let me put it this way. If the U.S. stock market goes up, they will change their benchmark to a Global Stock benchmark. And if the U.S. stock market goes down and the international stocks go up, they will change their benchmark to a U.S. benchmark. “So, while the S&P did poorly, but look, your portfolio did well”. Well, I know, but I have a global portfolio. So how did the global equity world do? How did the global index do? In other words, the benchmarks are moving around a lot based on what makes the advisor look good. And it's a little cat and mouse game, if you will.

HF: What should we do? If we're a physician, we don't want to manage our own money, we want someone to do it, but we want to know that it's being managed well, and we're not being taken over a barrel.

RF: Sure. I'd say go to Vanguard and look at Vanguard and do it for 0.3% per year. I mean, that's my bottom-line fee, my bottom-line advice to a lot of people. When you don't know where to go, and you want somebody to manage your portfolio for a low fee and you know you're not going to be taken to the cleaners and you know you're going to get good advice, now it may not be perfect, it's not a perfect solution for everybody, but it's a good solution. Just go to Vanguard, hire the Vanguard personal advisor service program. They charge you 0.3% fee. You get to talk to a CFP. They manage your portfolio in very low-cost Vanguard funds. It's a good solution.

And I tell people that if that's what you want, if you need somebody to manage your portfolio on a day-to-day basis, then you could do that. Or a simple solution, believe it or not, it's just a bias, simple, balanced portfolio. A balanced index fund. In other words, they have index mutual funds that already have a balance between stocks and bonds, U.S. stocks and international stocks. Vanguard has these things. They are called life strategy funds. They're very inexpensive. It's a portfolio within a portfolio, and you could just buy that. And you would do just fine. You would do better than 90% of everyone else just by using those balanced index funds.

HF: Right. And Vanguard is known for having very, very low-cost funds and I'm sure there are physicians out there who have advisors and they're doing really well with them and they believe in them. And so, I don't want to discourage you from using people that you trust and know. It's just, if you're not sure how your money is doing, definitely make sure to try to get some independent advice to understand.

Now, the common question physicians have is "What to do with their debt?" Should they go ahead and try to pay it off right away? Or should they take some of that money and invest it and pay off the debt more slowly over time?

RF: Well, it depends what kind of debt it is. And it depends on whether or not you get to take the tax deduction on the interest. That is kind of a loaded question. It depends on what kind of debt it is, what the interest rate is, whether or not you can take a tax deduction on the interest, whether or not you're above the standard deduction so you go ahead and take the tax deduction. There are a lot of big questions within that debt.

Normally, when it comes to physician debt, it's fairly high. In other words, the interest rate can be fairly high, and you don't get a tax deduction on it. So, if you can pay it off, that's great. If you end up going to a nonprofit hospital or something, and you can get forgiveness, that's even better. I was just talking with a physician, a resident. And he did seven years residency as a surgeon. And so, he's doing it in a nonprofit hospital. And then he's only got three years left after that. If he goes to work for another nonprofit hospital, his $400,000 loans will be forgiven.

HF: That's amazing. I know, if you can find a fit like that, it can be a game changer.

RF: It is. Other than that, you want to try to pay it down. And I know it's a big nut if you will, to have to pay down. Now, if you go to work for a private practice, sometimes you can negotiate your salary to get some extra money to help pay down the debt. But yeah, you would want to get that paid off.

And then of course, you're going to go out and buy a house and you're going to have a mortgage. But mortgage interest can be a tax deduction. All depends on whether or not you're doing a standard deduction. These are a lot of tax questions, but you're going to prioritize how much debt you have. Obviously, you're going to pay off the more expensive debt first, and then you work your way down and try to get all your debt paid off. Certainly, I tell people, by the time you are retiring in your 60s, you don't want to have any debt. None. You want to have your house paid off. Everything else is paid off. You don't want to retire with debt. It makes it so much easier if you don't have any debt by the time you retire.

HF: It's also a psychological weight that sometimes that has its own cost to it that can be factored in. I know for me it was the first thing I wanted to do. And right after residency, I rented this little apartment in this old couple's house. It was in the attic and I couldn't even stand up completely in the shower because it was over the eaves. And I just said I'm just going to, like the White Coat Investor says "Live like a resident" until I got rid of that debt. I didn't buy furniture. I had this used car. Psychologically, that was the equation that worked for me. I could have crunched numbers and maybe said, "Well, it'd be better if I took some of that money and invest it". I didn't really care. I just wanted that debt gone.

RF: Yeah. I think that Jim [Dr. Jim Dahle] has got a great website. I've known him for many years and he's a Boglehead. I met him, I don't know what it was, 12 years ago when he was in the Air Force. He's got a lot of great information. Get the debt paid off as soon as you can, I agree.

HF: Absolutely, absolutely. Now, you have a really nice philosophy about how to think about your financial goals with these different pillars. Could you just talk a little bit about that? Because I like the framework of it.

RF: Okay. I'm actually writing a book about this over the summer. It's called "A Few Good Funds", sort of a blow back to my Marine Corps days, "A Few Good Men", which I don't use anymore because it's integrated right now. "A Few Good Funds: The Genius of Simple Investing". It's based on three factors that get you to a successful portfolio. And the first factor is having the right philosophy about investing. And what is the philosophy? Well, there's two types of beliefs out there. The first belief is that you can go out and find investments that are going to outperform the market and that you can do this or that you can hire people who can consistently do this. Now, granted, it can be done, but the question is, can it be done consistently? And in the end, are you going to actually outperform the markets or not?

What I've found in my first 10 years was it's extremely difficult to do that. And I didn't notice that anybody was doing it to the people that I was analyzing their investments and so forth. It was really hard to outperform the markets. Or you could be a passive investor. You could just say, "I'm just going to accept the market returns". Whatever the stock market does, the international stock market, the bond market does.

I know that if I created asset allocation between stocks and bonds, based on my long-term needs and my need for return in the long-term, that they'll let the markets just do what they do. And that's a higher profitability path to getting me to where I need to go. And it's certainly lower costs and certainly more tax efficient than the active way. So, once you make this philosophical decision that you are going to go into passive indexing, low-fee indexing.

And part of my use of words, you go into the church, it's like a change of religion. To come out of darkness, you have enlightenment and you go into the church. Once you go in there, now you need a strategy. What is a strategy? A strategy is how are you going to do this based on how much money do you make? What type of 401(k) do you have? What investment choices do you have in your 401(k)? Do you have HSA accounts? Can you put the money over there? What funds are you going to buy? Where are you going to buy them? How are you going to be tax efficient? Do you need municipal bonds? Do you need taxable bonds? So, you are going to develop a strategy, using the markets and using the tax code and so forth. It is your strategy for getting you to where you need to go.

This is different than philosophy. When I do a conference and I'm talking about this, I'll ask people in the room, "How many of you believe in the passive form of investing?" And almost everybody raises their hand, because those are the only conferences that I get invited to.

HF: The church of converts.

RF: Everybody raises their hand. Yes, we're all about passive and we're in the church. And I said, okay, how many of you in this room have the exact same portfolio as somebody else in the room? And nobody raises their hand because it can't be that way. You have a different 401(k) than I have. You're maybe saving in Roth IRAs and I can't save into Roth IRAs because I have IRAs that I've rolled over. So, it is different. It is different for you, different from me. You may have children that you're saving for college.

So, in other words, your strategy is going to be different than my strategy. And this is what I do for a living. I don't try to convert anybody. I don't try to pull anybody into the church. I let my books and other sources do that. But once they come into the church, now I'm the strategy person. I help them with strategy. How are you going to do this? And then we work on their portfolios and their situation and so forth. And that's why understanding everything about their financial wellbeing is important.

But then there's a third leg of this. And I call it discipline. And what discipline is, is the implementation and maintenance of that strategy. So, you could have the best plan, but if it never gets implemented and it doesn't get maintained, then it doesn't work. So, discipline is actually taking the strategy, implementing it and maintaining it.

I try to get it down to just a few hours a year where you could do this. I'll tell you I was an investment advisor for 30 years. When I was managing portfolios, it didn't take me more than a couple of hours a year to manage a client's portfolio. Now, I might've made it sound like, "Oh, we do this rebalancing and yada, yada, all this other stuff". But in fact, maybe two hours a year, maybe. And so, you can get it down to that level with an individual investor where they can manage the whole entire portfolio, maybe two hours a year but they have to do it. They have to have the discipline to actually sit down and actually do it. And that's the third leg of the stool, if you will. So, you have to have the philosophy, then you develop a strategy and then you have to have the discipline to implement it and maintain it.

HF: I love that approach. And I'm so glad I asked you about it. I have to admit that I have entered that church after trying four different advising companies and even trying to do my own money management, read the Investor's Business Daily and try to read stock charts. Do all this stuff with William O'Neill. I'm just like a passive, minimal, not changing it all up, have discipline in it. And that may not be for everybody. I'm not trying to sell that at all. I'm just telling you that is where I'm at, at this point. So, I know we're getting close to time here. This has been so, so helpful. Where can folks find out about you? I know you have two different websites, Rick.

RF: Thank you. My website is rickferri.com. That's my name. They tried to make it simple. And there you can read about what I do as an advisor. And if you want it to contact me, you could through that website. I will say I'm heavily booked. So, there is a wait, quite a long wait. I apologize for that, but that's just the way things are.

HF: You're in demand. Your church is full. Standing room only in the back.

RF: But I also have a website if you want to start looking at what a simple portfolio would look like. I put together a free website, it's called core-4.com. And that's just an example of what simple portfolios should look like. And portfolio management is not complicated. It doesn't have to be complicated. You don't need 15 different funds to do something. Whatever it is that you want to do in your portfolio, you can do it in four funds and that's all you need. And that's why I put the Core-4 concept together. It doesn't necessarily mean you should have that portfolio, but the whole idea is you can develop something really simple that only uses four funds at the most, maybe even three funds. Back, you can do it with two funds. In fact, you can do with one fund, which is one of those balanced index funds that I got.

But that's the whole idea is if you keep it simple, it's a lot easier to manage and the fees are a lot less and is usually more tax efficient. But to my peers out there in the advisor world, they're going to be losing revenue if you go there and you start learning about this stuff. Because you're going to come to the realization that you really don't need them. I mean, they might be good friends and that's all good, but paying 1% per year over your lifetime, just add it up. It's hundreds of thousands of dollars in fees and you don't need to pay it. So, I guess that's my final message.

HF: I think it's good for you to put it in perspective because 1% it doesn't sound like much at all, but we can all identify with hundreds of thousands of dollars being significant. If we don't need to, we don't want to lose that money. So, thank you. Thank you for coming and spending this time with us, Rick and I hope to keep in touch and maybe even get to meet you since you're only an hour away from me.

RF: Yes. Someday we'll be able to travel again. Hopefully, that day is coming pretty soon.

HF: Okay. Sounds great, Rick. Take care and see you next time.

RF: Thank you for having me, Heather.

HF: All right, guys. So that was a lot of fun. I know that there might be even more questions than answers at this point because in finances, there's a lot to unpack here but on the website, in the show notes for this episode, I'm going to link to what Rick mentioned, the website, as well as some other resources for you if you want to start learning more about finances and managing your money. All right. Don't forget to carpe that diem and I'll see you in the next episode. Bye for now.

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Podcast details

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