# THE PER$ONAL CFO

THE SECRET TO GETTING MORE OUT OF YOUR MONEY AND YOUR LIFE

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# Introduction

*When I have enough money, I want to learn the intricacies of estate, tax, investment, and insurance planning.*

—Said nobody, ever

After fifteen years and thousands of meetings, I owe my clients an apology.

Throughout my career, I've tried to spread my passion for finance to my clients, often overexplaining, pontificating, and "educating" extremely successful individuals on the nuances and complexities of how the endless web of finance works.

Everyone is wired a certain way; we all have a predisposition to different things. I was born with a predisposition to numbers. The topic of finance first drew me in as a six-year-old boy when I read *The Berenstain Bears' Trouble with Money*. I read it over, and over, and over again. I was fascinated, even at such a young age. When I was working with numbers, I was in my territory—a natural state, so to speak.

In fact, anything outside of finance felt unnatural, and even after all these years, I'm still easily excitable about it.

Even now, as an adult, when I go on vacation, I'll take financial literature to read as opposed to a best-selling novel. I simply don't enjoy reading for what other people call "pleasure." It's torture to me—I've tried. I take financial literature because it's much more interesting, and because there's no bottom to the rabbit hole when it comes to the financial world; there's always more to learn.

My obsession with finance would swell during my meetings with clients, and I would talk about all sorts of financial concepts and how exciting I thought it was. Even on the phone with clients, I would keep them on the line for an hour. It wasn't until a few years ago that I realized my clients were only humoring me. The reality was they had little to zero interested in the topic, and I'd even go so far as to say some *hated it*. They sat there because they liked me, not because they wanted to know about anything I had to say.

It's like taking your car to the mechanic and letting him spend hours explaining the intricate details of what's wrong with your crankshaft or carburetor system. Unless you're really into cars, you probably don't care.

For years, I was that overly excited and passionate mechanic. My wife would hear me on a call and say: "You shouldn't talk so much; they don't care as much as you think they do."

It took me years to realize that not everyone is wired the way I am. The clients I met with over those meetings weren't there for more information; information is infinite. They weren't there to share my passion for finances, either; they were there for advice. They were in my office to find a partner they trusted. They were looking for someone to help get them where they wanted to go financially so they could spend valuable time where *their* passion lies. I feel as though I've done a disservice to my clients because of this, so I'd like to apologize.

*I'm sorry.*

The reason I've written this book is because I've been doing it wrong over the last fifteen years. It has taken me a long time because, frankly, I am in an industry among others who are equally passionate about what we do, so we're all making the same mistakes, which is to overeducate and "empower" our clients and teach them what we've spent years studying, understanding, and implementing.

This idea for advisors to impose all of their knowledge and passion onto their clients needs to change, and I hope this book starts that conversation. I wrote this book to shift the dynamic between the financial services industry and the clients we serve. What we need to do as an industry instead is focus on helping clients clearly identify where they are now, where they want to go, and how they get there.

The reality is that most people aren't obsessed with finance; most aren't even mildly interested. In fact, looking back at my meetings, everyone was looking for permission to say, "I don't care. Please just look at what I'm doing financially and tell me what I need to do to reach my goals."

*And that's okay. There's absolutely nothing wrong with that.*

## Unrealistic Expectations

Our modern culture has created an unrealistic expectation that we as individuals are supposed to know everything, especially about our finances. This proliferation of information that grants us access to everything has been misconstrued into a belief that we are "empowered" to make every important decision in our lives. The problem, however, is that we don't know how to interpret all the accessible information.

If I were diagnosed with a tumor in my leg, for example, and wanted to perform surgery on myself, I could technically find all the necessary information on the internet and do it myself. I can find all that information right now, on my phone. I can read every piece of data, watch videos, memorize the instructions, purchase the instruments needed—everything. But to actually attempt the surgery without formal training or experience would be insane. Just because I have the information from the internet and can buy the tools from Amazon doesn't mean I am capable of performing surgery.

The challenge with applying the same concept to personal finance is *you won't know if you're killing yourself.*

Our society has changed dramatically since the dawn of the internet. Thirty years ago, when people didn't have access to every bit of available information, they talked to somebody they trusted. They sought answers from experts. They found professionals who provided services for their needs.

The information age has off-loaded a great deal of work on the individual—work previously done by others with expertise or specialists. We feel as though we have to do the job of ten different people while trying to keep up with our lives, our family, our friends, our careers, our hobbies, and our interests.

Because we have access to everything, we feel as though we should be doing things that don't fall under our interests or our expertise. This is why everybody is busier than ever—they have adopted additional roles they feel pressured to take on.

# Understanding Motivation and the DIYF

A major reason we feel the need to become experts in everything, especially personal finance, is due to nonstop badgering from the media. The financial journalists you see on television and read in print do not publish material to help you; their goal is for you, the consumer, to keep coming back for more.

Magazines like *Money Magazine* and news channels like CNBC are two of many media outlets I like to tag under the DIYF (do it yourself finance) culture.

These DIYF magazines put out, effectively, twenty articles every month with hooks like, "Make the most of your money," "Optimize your retirement," and "Take control of your personal finances."

Here's the deal: having twenty new strategies or ideas for you to act on every month is unrealistic. Think about it. That would be 240 new options, strategies, and concepts for you to read about and implement to your portfolio—every year. Financial decisions, like the majority of significant decisions, should be principle driven. Principle-driven decisions are based on things we know are true, and they don't change day to day or year to year. Financial DIYF news channels have to come up with flashy headlines to grab your attention regarding your finances because they want you to keep coming back for more.

Think about the motivation behind these DIYF magazines. The publication's job is to sell magazines, not provide you with good advice. They are not compensated by how successful you are financially. They are compensated by how many ads they sell, so their motivation is to garner as many eyeballs on each issue as possible, which means they have to come up with content and reasons for you to pick up and pay for the magazine. In essence, it's a financial tabloid, like the *National Enquirer*. Thankfully, most people know that the contents of the *National Enquirer* are not true; most people know it's an entertainment publication.

When financial news mediums publish headlines like, "Secure Your Retirement with These Top Four Funds," I can't help but laugh. How many people are reading this article? These are the four funds that will help every single reader across all generations and risk tolerances to achieve their individual goals? Who's writing these stories? These articles are not written by financial experts; they're written by journalists. You're taking advice from a writer, *not a financial expert*.

My favorite headlines are the ones where some sort of "secret" is exposed.

"The Secret to Real Estate Investing Success."

"The Secret to Tax-Free Giving."

"The Secret to Retiring Rich without Stocks."

In the investment world, the only way a secret works is if no one knows about it. If someone has a secret to their success, the reason why they've found success is because they've kept it a secret. If a secret is divulged, not only is it not a secret anymore, but it probably won't work anymore. These articles are headlined by design to grab your attention so you continue reading the article.

Another favorite is when an article draws you in with a big name.

"Ten Best Money Tips of All Time from Warren Buffett."

"Michael Bloomberg's Top Five Rules for Success."

Warren Buffet or Michael Bloomberg didn't write those articles. Somebody wrote an article about them, which is not the same thing. A journalist is writing about somebody who's wealthy, and pulling you in with the message, "This is probably what they did."

Unfortunately, people read these articles and then make decisions based on what they read. This is problematic because these articles are too broad, and they don't take into consideration the specific goals and needs of the individual reader. Doctors don't go around giving specific medical advice in medical journals, because every patient is different, and it's risky to do so. What doctors can (and do) write about, however, are general principles for good health, which include getting enough sleep, drinking lots of water, eating a balanced diet, and exercising.

The media doesn't work like that.

Now, I'm not claiming that everything ever published in financial magazines is wrong; you just have to understand the motivation behind the method. They are designed as entertainment to get you to read them. You should not, however, make any major decisions based on what you read.

Everything in our lives today is competing for our attention. Everything is published or programmed with blinking lights and "like buttons" to satisfy the immediate gratification that our goldfish attention spans crave. Let's look at DIYF news stations on television. These news stations are designed to grab your attention, and they do so by inducing fear. I could turn on any DIYF channel at any time during the day and see the words “Breaking News” on the screen, followed by a headline. How is that possible?

“Breaking News! GM’s Earnings Are in Line with Estimate.”

How does that qualify as breaking news? *There is no breaking news that will impact your long-term goals.*

In our office, we do not play DIYF channels on the television in our lobby, because it’s panic inducing by design. Instead, we play travel videos of the Galapagos (my personal favorite travel destination)—because who doesn’t like turtles? I often tell clients that nothing on DIYF shows will ever have an impact on their long-term goals. These stations are designed to sell advertisements and are programmed with content to keep viewers watching. That’s why you’ll see two individuals with opposing views talk about a topic—to entertain the viewers. These individuals are equally passionate about the topic, and it’s likely that neither is right or wrong. These programs are streamed for fun, to entertain the public, and they usually do not even offer any real-life solutions. Another example is when these DIYF shows find people who claim they are “experts” and have them share their opinions about how the market will perform in the future. One person thinks it will go up; the other thinks it will go down. This, to me, is entertainment, but these DIYF news stations present it as fact—information you should use to make financial decisions. It’s not. They just want viewers to tune in and watch.

Unfortunately, the financial industry is drowning in this type of news media that constantly tells people what to do financially without understanding the bigger picture. They don’t care about you; they care about selling advertisements (which doesn’t make them bad, either; you just have to understand their motivation).

I'm here to tell you that you don't have to subscribe to these DIYF platforms. I opened this chapter with a quote no one I know has ever said: "When I have enough money, I want to learn the intricacies of estate, tax, investment, and insurance planning."

Again, that's *okay*.

## Shifting Empowerment

There are two types of empowerment: one is to be empowered to do it yourself; the other is to empower someone else to do it.

A recent poll asked the general public, "If you were diagnosed with cancer, would you want to choose your treatment?" Sixty-seven percent said yes. When they asked the same question to people who were actually diagnosed with cancer, however, only 12 percent wanted to choose their treatment.

People like the concept of having more choices, because they think more choice is better. When reality sets in and the rubber meets the road, however, more choices—past a certain point—do not help. A doctor doesn't approach someone with cancer and say, "Here's a list of fifty cancer treatment options. Look it over and let me know which one you'd like me to administer." That would never happen. Even if the doctor showed the patient only three options, the patient would still ask, "What would you do? Which one of the three do you recommend?"

When it comes down to it, people like the idea of choice, because it gives them a sense of do-it-yourself empowerment. This empowerment surrounds us through the DIYF channels with the constant messages, "You can do everything yourself," and "Take control of your life." The empowerment to do it yourself is propaganda that has been pushed onto us for the better part of the last decade, and I want to change that. I'd like to *shift* the empowerment to the second kind—empowering someone else to do it for you.

Both options are available to you. You can choose either, and neither one is wrong. You can be empowered to do things yourself, but you are trading your time and energy by doing so. What else could you be doing? It all boils down to the question of time. With everything happening in your life, what do you want to spend your time on? There's nothing wrong with empowering somebody else to handle the things you don't want to handle. That way, you can do the things you want to do.

Growing up in the industry, I felt the need to teach my clients everything I knew because I thought I was empowering them. I was sharing my knowledge because I thought it would make them feel better if they understood all the moving parts. Not only did I realize that it's not possible for me to do so within the time I spend with each client, but I realized that I wasn't empowering them at all. I was only overwhelming them.

Nowadays, I ask clients, "How much do you want to know?" They usually answer by saying something along the lines of, "I just want to know as much as I need to know to make the best decision possible." *That's it.*

People who are selling you on the first empowerment are not your advisors. They do not know you. They're selling you the idea that you should do this yourself when you know you shouldn't. It's infuriating as an advisor, because this isn't fair to people. They don't know they're being duped.

Advisors who are overeducating clients by saying, "Here are your options; please let me know which one you want," are just lazy. What are they really doing? They're passing the buck for responsibility and accountability. If the choice you make ends up being detrimental, they say, "Well, you chose to do that."

That is not an advisor. An advisor is accountable for helping you get where you need to go—and not by giving you options. An advisor is a partner.

If you decide to DIYF, ask yourself these three questions: Do I understand it? Do I like learning about it? Do I want to trade my time on it?

**Do I understand it?** Is this something that I feel is one of my core competencies (as in, do you understand it more than other people)?

**Do I like learning it?** Is this something I would do in my free time? If I didn't have to do this, would I do it? Do I like doing it? Would it be considered a hobby that I enjoy doing?

**Do I want to trade my time on it?** Where do I put my most precious resources? Am I willing to trade those to do this?

If you answer yes to these three, then great! But everyone has a limited capacity for time and attention. I don't want to trade my life for things I don't care about, especially if somebody else can do them for me. And that's what time is: **trading life**. I'm trading a part of my life to help others with their finances because I get it and because I love it. I don't replace my own roof, because I don't have the skills or wherewithal to do so. I delegate as much as possible so I can spend my time on what's more important to me.

This empowerment myth has made people devalue their time. They don't account for the fact that they're spending X amount of time on something they're not an expert in, in an industry that is constantly changing.

I want to shift this sense of empowerment. I want to empower you to find the solution so you can go do what you actually enjoy. I want people to feel empowered to say, "I don't care about this stuff, but I know it all needs to be done. It needs to be done with excellence and accountability, but I don't need to know the nitty-gritty details."

Some advisors may argue that their clients want to know all the details. Maybe they do, but I've never met someone who does. And I think if I met with them, they would eventually admit that they don't care, either. They're only saying they care because the advisors make it seem like they're supposed to care.

During introductory meetings when I first sit down with a client, 90 percent of them make comments like, "I know I should be better educated on this," or "I know I should learn more about this." They come in and they're ashamed and embarrassed for not being an expert. They often start the meeting by apologizing. Not only is it a reflection of the empowerment myth, it's a mindset that has been imposed on them by the industry and the media. It's the reason they feel confused and overwhelmed, because they feel as if they're supposed to want to understand these foreign concepts.

In general, these are accomplished and successful people, yet they say, "I should know more about this." No, you don't have to. You don't need to know all the intricacies of this.

If you're doing your own financial planning in the beginning, it's not a big deal. You're learning, and even if you make mistakes (and you probably will), they're unlikely to leave a large impact. Eventually, you'll get to a point where you will say, "I can't keep practicing on myself. I need a professional." Compare this to falling and scraping your knee. It might hurt a little, but it's not a big deal. Clean it up, put a Band-Aid on it, and you're good. You're not going to lose the leg. If you break your leg, however, you're going to need a doctor.

When the stakes are low, it's okay to make mistakes. Scrape your knee, and put a Band-Aid on. But once complexity rises, your issues change, the stakes become much higher, and the decisions you make become more important.

## The Most Valuable Resource

*The cost of a thing is the amount of what I call life, which is required to be exchanged for it immediately or in the long run.*

—David Henry Thoreau

When you're committing your time to something, you're spending life. Time is our ultimate nonrenewable resource. When it all comes down to it, when D-Day hits us all, what's the only thing people wish they had more of? Time. Right now, we squander it because we don't view it as a finite resource.

Where do you want to spend this valuable resource? Is it on the intricacies of estate, tax, investment, and insurance planning? I doubt it. Instead, people say, "I want to spend the *right amount of time* to get comfortable with the decision-making process, and then I want to spend *as little time as possible* afterward." Spending as little time as possible in one area means they can spend as much time as possible in the areas they care about.

What is the price you're paying? What is the price of empowerment? What are other things you would be doing with that time? Is it volunteering? Is it traveling the world? Is it working on your business? Is it spending time with your grandkids?

# The Personal CFO

Most companies have a CEO, a leader who controls the vision of the company (where are we going?) and the values (why are we going there?). They allocate resources and identify areas that are important and need the most attention, all while making sure the company is profitable.

Most companies also have a CFO working alongside the CEO to move the company toward its goals. The CFO understands the CEO's vision and values; takes the strategic direction of the company, where they want to go; and supports it by offering insight and context to help make better financial decisions. The CFO and CEO make a great team and, working together, they can accomplish great things.

After many, many years in the industry, and through the mistakes I've made, I've realized that the same roles can—and should—be applied to our personal lives. Once we get to a certain stage in our careers, complexity can rise to the point where family units are effectively personal corporations, so they need the same roles that companies have.

I wanted to write this book to introduce the benefits you can get out of a relationship with a personal CFO and what that looks like.

*You are the CEO of your life*. You decide what you want to do in the future, and how to get there. You have assets, liabilities, income, and expenses. Unfortunately, most personal CEOs don't have a personal CFO. Most personal CEOs don't have someone who can say, "Here's what these financial decisions mean to you, your family, your company." Without a CFO, more often than not, your personal financial landscape isn't working as well as it could.

Both of these roles are necessary; but they are vastly different. *You are the CEO; you cannot delegate that. Only you know what you want in life.*

Unfortunately, most personal CEOs are also the CFO—which can be overwhelming. Based on everything that we're going to talk about in this book, if you don't know immediately who that person is, you do not have one, which means you are doing both roles.

The good news is that you can delegate the role of the CFO. By doing so, not only does a personal CFO help you make better financial decisions, but more importantly, you get your life back.

# Who Is This Book For?

This book is for those who have found success and are busy with their careers and families. This book is for those who have, throughout their lives, experienced failures, learned from them, dusted off their shoulders, and moved on. This book is also for those who are financially independent and who want to spend their time pursuing their purpose instead of managing the financial minutiae their success has created.

*This book is about a relationship*. It's about shifting the empowerment from doing everything yourself to finding a trusted partner. It's about setting proper expectations for the people we work with because successful people expect a certain level of accountability.

This book is about saving you time and giving you the ability to become the CEO of your own life. This book is for the person who is hanging their head right now saying, "I know I need to learn more about this." You really don't. It's okay if you don't care, because with a proper partner, you don't need to care.

We used to be in the place where we needed more information. As times change and as our world evolves, we don't need that anymore. Now we need an integrator, a catalyst, and an advocate. The DIYF likes to throw everything back on the client, as if they're supposed to know how to put it all together.

This book is about raising the level of expectations that people should have of the advisors whom they work with.

This book *is not* a "how-to" book. This book won't provide you any to-do lists, nor will you find any financial strategies within these pages. At the end of this book, you should understand what to look for in a trusted advisor, a partner, a personal CFO.

This book won't teach you how to grow your portfolio to some arbitrary amount. Wealth is the ability to fully experience life. What does experiencing life mean to you? *That* is the question that should be addressed. How much more fulfilled would you be if you could spend your time on that question, rather than on all the minutiae of properly managed personal finances? That is the conversation you should have with your advisor.

In the following chapters, I will introduce the concept of the personal CFO and explain the benefits it can bring to your life.

Let's get started.

LET ME KNOW
WHEN I CAN
PURCHASE THE BOOK

# Author Bio

Kyle Walters, CFP®, CPWA®, CIMA®, is the founder of Atlas Wealth Advisors and L&H CPAs and Advisors, which specialize in helping entrepreneurs, physicians, executives, and retirees simplify their financial lives. He's been featured in *The Wall Street Journal* and on Fox TV, NBC, *The Dallas Morning News*, WealthManagement.com, and in Accounting Today. He lives in Dallas with his wife and two daughters.