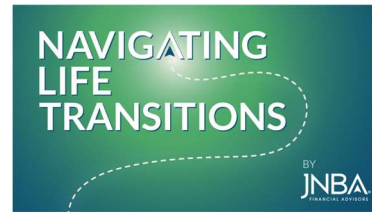


Podcast Transcript: Navigating a Financial Advisor Retiring



Kim Insley:

I'm Kim Insley. Thanks for joining us for Navigating Life Transitions, a podcast where we bring together advisors who are experienced in financial life planning to talk about ways to navigate life's biggest changes, challenges, opportunities and decisions. From growing a family to empty nesting, from earning job promotions to planning for retirement, we discuss these pivotal moments that could benefit from the guidance a financial advisory team can provide.

Today, we're talking about what you need to consider when your financial advisor retires. A 2024 article in *Investment News* stated that over a third of United States financial advisors plan to retire within the next 10 years. So how do you make a succession plan to help keep momentum not only in your portfolio, but also with your financial life goals? Joining me is Cärin Viertel, Director of Client Services of JNBA Financial Advisors, and Elise Huston, an Advisor at the firm which serves clients in Minnesota, Florida, and throughout the United States.

So Cärin, let's start with you. Demographically, a lot of people are retiring, so it's not unusual we would find a lot of financial advisors retiring. Not the news you want to hear though, when you've entrusted someone with your life goals and everything. So, let's start with when you hear that conversation, what should you be doing?

Cärin Viertel:

Well, first of all, I'm glad we're talking about it to the statistic you shared. I don't think there is a lot of conversation happening about this, yet it is something where when people are going through it, it is a transition that observation and talking with people is that there's a lot of emotion behind it. If they've been with an advisor for five, 10, 15, 20 years, they're kind of surprised about this feeling of like, "Oh my gosh, I've established this trust with someone and now there's a change that I have to embark on, find a new relationship that there's apprehension with, which is understood given maybe the emotion with the situation."

Kim Insley:

I think a lot of people, certainly in my age group, reaching the age where all of these professional, whether it's your hairdresser, your doctor, whatever.

Elise Huston:

Your OB/GYN.

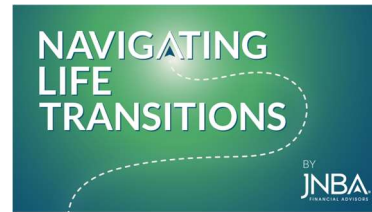
Kim Insley:

They're all... Oh my gosh, yeah. They're all retiring. So, you're getting used to this whole thing now. I know if you're with a firm, there are options within the firm being with someone who's a solo practitioner, a little bit different. So, what are your options, Elise, when this is going on?

Elise Huston:

Yeah. So, it really depends on the makeup of the... I guess where the advisor is that you have been working with. Are they working with an RIA like JNBA where we are multi-generational.

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We have 10 plus advisors on staff. Likely you have two advisory team members already part of your team, so there's continuity in that transition. Or are you with an advisor who they are on their own? Maybe it's them and a couple of team members. So, it's not as obvious what that succession plan might be. And frankly, they talk a lot in our industry when we go to conferences about just the lack of succession planning that often has occurred for these individuals who are going to be retiring.

Or if they're maybe at a larger institution or broker, there's similar options, I guess, where there's other advisors within their network. So maybe you're just getting rehomed to another advisor that still works under the umbrella of that firm. They likely did not engage with you prior, but then that way you don't have to transfer your accounts. They're staying there, but it's a new person that's getting introduced to the relationship.

Kim Insley:

Well, and it brings up... I mean maybe your person is retiring or maybe you're just looking for the first time. It's the same questions that come up in terms of what are you looking for. What are the roles? Can you explain that a little bit, Cärin?

Cärin Viertel:

If you're going through this transition or looking, I think the first step is really important to assess what you need today. If you have been working with an advisor before, maybe you started working with them early in your career and maybe it was at that point in your life, it's like save, save, save and get help with managing the assets. And it's more of an investment management type of relationship where maybe you're farther along in your life and you really are looking for ongoing counsel. Things are happening in your life. You're looking towards retirement or you're stepping into retirement, and you want more of a holistic approach.

You want someone to consult with on everything that has a financial tether. So, whether you're just starting out or again, your advisor is retiring, what do you really need today? I think that's a really good place to start and self-reflect.

Kim Insley:

People are often confused about what the financial structure is paying your advisor. There's different ways to do that.

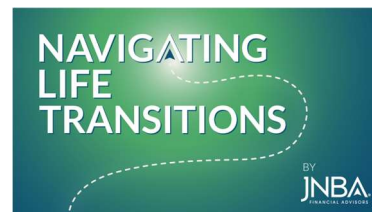
Cärin Viertel:

There are. If you're going out and searching for an advisor a pain, we always encourage people, ask someone, how will you make money if I work with you?

Kim Insley:

The bottom line.

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Cärin Viertel:

That's a very fair question to ask. And in our industry, there's two main buckets, if you will. There is a fee-only advisor where the client is only paying the advisor. So, it's transparent fees. You know how you're being compensated. Again, it's only coming from you, the client. And then something that's called fee-based which there could be other fees that are shared with the advisor based off of fees you are paying.

Maybe it's a product or a commission. So, from a payment perspective, there's those two buckets. And then of course, advisors have different business models. That could be paying based off of an annual minimum, assets under management, hourly fee, project, etc.

Elise Huston:

The other thing I'd say too that's important when you're looking, one of the unique things about a financial advisory relationship is it is really at the core a relationship and a lot of trust that you are establishing. It's not like when you're engaging with even an insurance professional where you can look at the policy you're buying, and you know, "If I pay this premium, this is what I'm getting."

When you're engaging with an advisor, they are advising on a lot of areas of your life, but life is fluid. Tax laws, estate laws, your goals, transitions that you're going through, it's all fluid. So, the relationship is going to ebb and flow over time, but finding someone that you feel comfortable with that you can trust, that ideally all members of your family and relationship the couple connect with and feel like they can trust becomes really important.

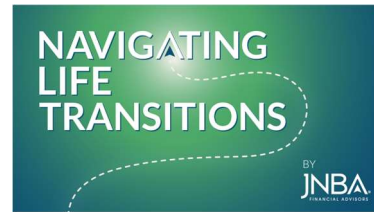
So, one of the things I often encouraged too is really considering when you engaged with that potential advisor, what were the types of questions they asked you? Do you feel like they were presenting to you a lot? And do they know you? Do you feel like they know you now enough? Were they curious about you enough that you feel confident that the experience you're going to have is about you, helping you live out your goals? It aligns with your values that there is a foundation of trust that can be built there. And I do think that's something that I know we work really hard to develop early in new relationships with families, couples, individuals is really starting with, us gathering as much information as we can to not only understand that potential new client themselves, but to also help them think about, "Gosh, what is it that I really need at this point in time?"

As Cärin mentioned, maybe things have changed. Maybe the reason why you sought out an advisor the first time is completely different than what you feel like you need now. So really reflecting onto the type of engagement that you want to embark on. And then also thinking through going forward, what's going to provide me the most peace of mind, my family, the most peace of mind? And is this a relationship that I can lean on and trust?

Kim Insley:

Well, you bring up many good points there. One is that as your life situation changes, someone's style may not fit that anymore because some people... You can get set in your ways of how you like to do things with people. And so maybe your advisor is no longer aligned with you, or maybe they're retiring and you get assigned a new... Because I imagine that happens a lot, right?

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Cärin Viertel:

Yeah.

Elise Huston:

Yeah.

Kim Insley:

Someone is retiring in a firm and here's your new person. And perhaps you don't click. So, what are your options there to change or say, "I need somebody new"?

Cärin Viertel:

Yeah. I think first and foremost, Elise's point, an advisor, really trust is so important. And if you're with that or talking to that retired or retiring advisor, hopefully you have that trust where you can say, "Hey, I'm not clicking with this person. Can you help me find another resource?" And all advisors would want that opportunity, I think, to have that dialogue with you.

And if there isn't an option there, then it is going out to the market, I guess, and look for what your options are. And back to, besides how is an advisor being paid? Going off of what Elise said too, the kinds of service that you're looking for, ask yourself if you want a fiduciary as an advisor or understand what the difference is with a suitability standard.

Kim Insley:

So, when you say a fiduciary, what does that mean?

Cärin Viertel:

A fiduciary is someone that is looking out for your best interest, and they must act in your best interest under the law. Suitability is when they're making recommendations. It's suitable or acceptable to your life situation. So, it's not necessarily just in your best interest.

Kim Insley:

Oh, that's confusing because I want everyone to operate in my best interest.

Cärin Viertel:

Fair enough, yeah.

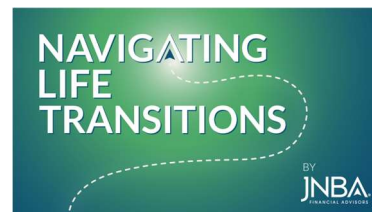
Kim Insley:

Okay. And then it also brings up, there's an inertia where you're like, "Well, it's too hard to change. There's too much work involved."

Cärin Viertel:

Sure.

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Kim Insley:

So, what is the work involved when you are changing advisors? What are the mechanics of that?

Elise Huston:

Yeah. I would say obviously there's a little bit of the administrative component first and foremost. So, if you decide to change advisors to a different firm, maybe they're working with a different custodian, there will likely need to be some new paperwork signed, accounts transferred. Luckily, in the technology world that we're in these days, that can be much less painful than it maybe once was.

Likely, the biggest ask in that experience is just gathering current statements for your new advisor and getting those statements to them either electronically or printing them so they can scan. But having a good understanding of what accounts do you have right now? How are they titled? What are the holdings so that we can set up like-titled accounts to receive those assets in.

But really that's where the rediscovery process for you occurs. I think sometimes that's maybe where that inertia becomes an issue, because again, if your advisor is retiring, likely it's not your choice that you're leaving that relationship with them. Hopefully you've really enjoyed that relationship. You've already established goals with them. You have a relationship. So there's a little bit of that reluctance of just, "Gosh, we have to do this again with someone else."

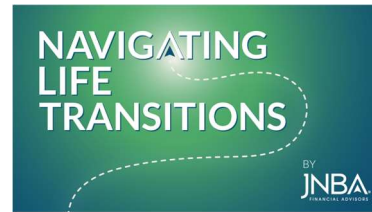
The thing that I'll say though is it is... Even with the clients we've worked with for years, JNBA has been around for over 45 years now, clients who've been with us for decades, there is still a rediscovery of goals every couple of years because we as individuals change. Things that maybe I told my financial advisor five, 10, 15 years ago about what I wanted, it's likely very different now.

And so, it is a chance to almost reset again with your advisor, with this new professional to say, "Okay, what has changed? And do we want to do things differently?" And you almost get this opportunity for just a fresh restart or even ask yourself, "What about that relationship did I value so much? And how do I replicate it in the next one? And what maybe did myself or my spouse or my kids maybe feel like they weren't going to be able to get from this last advisory relationship that we can seek out in a new relationship?"

So it does come with a lot of opportunity. Of course, there's going to be a component of getting familiar with someone and data gathering and all those things, but I do believe we, at least at JNBA, work hard to make it as painless as possible. We hope to prioritize items, gather things over the course of the year based on need of conversation, goals, those sorts of things so that way you don't feel like, "Gosh, it's like you're going to a mortgage signing and you feel you had to bring your whole life and sit there for three hours signing things." That's not the goal.

And so, I would say, again, just really thinking about how this does create a unique opportunity for you and your family to reflect on, "Yeah, what really do you want at this next professional engagement?"

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Kim Insley:

And I'm the world's biggest weenie, right? I don't put myself first a lot, and I often don't get this specific with you guys, but I presume that you will do conversations with people who are not part of your firm at this point. They're coming to you and they're like, "We're looking for a financial advisor. Just want to sit and talk with you."

Cärin Viertel:

Absolutely.

Kim Insley:

That should be expected. Everybody should do that, right?

Cärin Viertel:

Yes. I mean, go and explore. I mean, and part of this world if you're going through this transition, go do your research. And what I mentioned earlier about how the financial services has changed and go talk to people. Ask your trusted professionals in your life too, maybe about for some referrals of who they would suggest you talk to and trusted colleagues, friends or family, and talk to people that you have found maybe doing your own research.

So if you've self-reflected on what's important to you at this point in your life and you've done that research when you go and talk to people, you'll be on a much more solid footing to have a good conversation to understand what could be best for you today.

Elise Huston:

Yeah. And there's a lot of professional resources out there too. If you're trying to search through in my area, what's, again, another list of advisors maybe I could consider engaging with? I know we often hear from people, they look on publications like *Barron's*, or maybe they do a fee only advisor search to see, again, if they're wanting to have that fiduciary component. They're worried about commissions and want to search for a fee only advisor.

Even searching for fiduciary can be a great option if we all tend to turn to Google. But to Cärin's point, because this is such a trusted relationship, relationship based, asking the people that you do trust in your life right now, who do you work with, should also give you a lot of great options to explore.

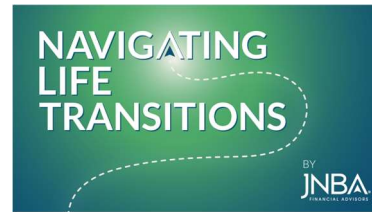
Kim Insley:

I have to think that some people too, if their person is retiring and they're just, "You know what? I'm just going to do it on my own because I know everything now." Everyone thinks they know more than they do. If you're thinking of a DIY situation, what questions should you ask yourself about whether that's really the way you want to go?

Cärin Viertel:

That's a good question. Elise, do you want-

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Elise Huston:

Yeah, I...

Kim Insley:

A nice deflection there, Cärin.

Elise Huston:

Yeah. I would say, I mean, honestly, first and foremost, what I was alluding to earlier, life is a series of transitions. The goals that you have today are very likely going to change, but whether you want them to or not, life happens. And so even things that you don't think necessarily will impact you, be it policy changes, tax law changes, those things inevitably do happen and have an impact on your financial plan. So, I guess asking yourself the question at this stage of life with how you want to be living your life.

Let's say you yourself were approaching retirement or that third act of your career and stage of life, is this how you want to spend your time? Is monitoring your assets, rebalancing your investment accounts, thinking through tax opportunities and insurance, really trying to think through, is that how you want to spend your time at this stage?

Another thing I would say is just piggybacking on that thinking about, do you find benefit in being able to consult with a trusted partner? That is what oftentimes a financial professional can provide you. They're a sounding board. They're a trusted partner to help stimulate ideas. Hopefully, they're helping you proactively plan for all the potential changes that might be coming your way, and how valuable is that not only for you, but your family members.

And then lastly, I'd just say too, who is there for your family if something was to happen to you? You may personally feel like, "I could do this now. I've learned a lot." Maybe you enjoy reading about finance now. Maybe it's actually a hobby, and now you're retired and you're excited about managing money on your own, but thinking about maybe a spouse or family members or other loved ones, do they have resources themselves that they could turn to if something happened to you and is having an advisor engaged in some way that relationship beneficial to the entire family unit and having that continuity should something happen.

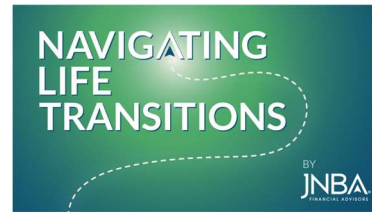
Cärin Viertel:

And I'd also add or emphasize to what you said, "Do you really want to do this?" I mean, is this something, like you said, at this point in your life, do you get joy out of doing it? So, I think that's an important thing to assess.

Kim Insley:

I'm going to make you all recap here. So, as we conclude, what would be your top things, each of you that people should be thinking about?

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Cärin Viertel:

Sure. I would emphasize that use this transition as an opportunity to self-assess and reevaluate what you need in your life to all the things we talked about. What do you value most? What kind of relationship do you want? I would also encourage people to take a little bit of control and spend some time researching on today, what are those kinds of options available to you in a financial advisory relationship? And then talk to people and find... I know we want a long-term relationship, and we want a good fit.

People, our team, all advisors, I would say, go into this business to help people and to build relationships with people, and they want that mutual fit. So, the only way that you can really find that is if you talk to some professionals.

Elise Huston:

Yeah, I agree. I think the one point that sticks out the most to me too is to find the opportunity in this. I think that the fear is that you've worked so hard to build this plan, and now nobody is there. The person who helped you build is not there to help you execute it. But there are a lot of wonderful professionals in the industry, likely ones that you'll click with as well. And while you kind of mourn maybe the relationship that you've built with this advisor a little bit, there is a lot of opportunity in it too, to almost do some self-reflection, even some rediscovery, and build another trusted relationship that maybe fits your stage of life right now and will serve you and your family going forward. So opportunity is what sticks out to me as well.

Kim Insley:

Always look at the bright side, right?

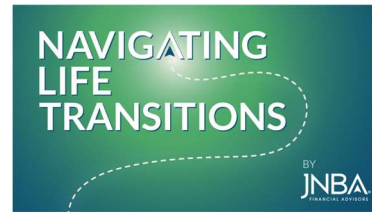
Elise Huston:

Yeah.

Kim Insley:

Thank you, Cärin and Elise for the great discussion. And thank you all for listening. We do hope that you will listen to our other Navigating Life Transitions podcasts. You can get the full list available, all the episodes online at jnba.com. Just click on the insights tab and you'll find the podcast page there. If you would like to learn more about how JNBA can help you with your financial life goals, just give them a call. The number is 952-844-0995, or you can use the contact form on jnba.com to schedule a complimentary, no obligation call with their experienced multi-generational team. Thanks again for listening. I'm Kim Insley and I look forward to navigating more life transitions with you on our next podcast.

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