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ACCELERATING ENTREPRENEURIAL SUCCESS PODCAST

EPISODE
158

Lori Sackler

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Episode #158

John Bowen and Lori Sackler

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Best of success,



John Bowen
Co-founder, AES Nation

John Bowen: As entrepreneurs, we want to make a difference. We want to build tremendous wealth by serving our customers, our clients, well. We do that not for greed, but to deliver value to our customers and our clients to make a huge difference with our families and our communities. I've got to tell you, there's one challenge that most of us as entrepreneurs are not doing. It's having one of the most powerful conversations out there. I have a remarkable financial advisor that's joining me today who's an extremely successful financial advisor, author, but most importantly she's going to share with you how you can have the right conversation with your family so that it all comes together.

We're in business not for more business, not for more money, but for a great quality of life. We want it for ourselves, for our families, all stakeholders. This conversation's going to help you accelerate your success even more. I'm John Bowen. Stay tuned, you do not want to miss this.

Lori Sackler, I am so excited to have you here. You're doing such amazing work. We have the privilege of working together in our round table Mastermind group. One of the things that became very clear to me is that you're a little different. You're starting a lot of conversations that most people don't, and there's certainly no shortage of financial advisors, there's no shortage of wealth out there, and certainly among the successful entrepreneurs that we have the privilege having part of AES Nation.

They aren't having this conversations, and as a senior vice president of Morgan Stanley, Wealth Management, and all of the exposure, you've not only have served your clients well but you went ahead and wrote a book on how they could have these great conversations about the "M" word, money. Most of us would be happy or talking about sex and money which is kind of that's an amazing thing.

Let's go Lori, give me why you're so passionate about this first? Little bit of the background about how you got to there, because I want to make sure our fellow entrepreneurs really understand how they can have this great conversation because it's so empowering not only for them but for their self-interest, for their whole family?

Lori Sackler: Yeah. It was a journey because I started to experience both in my personal life within families I'm related to and in my business. Families start having the conversation and what I was witnessing first hand was that not only the family relationships and conflict were being torn apart because they weren't having support and conversations but the finances. I started to think through this and I was trying to explore why, what's going on, why is this happening?

It turned out that I was fortunate to start reading some books and figuring out that there was a huge transition of wealth taking place. There's a 70% failure rate. The main reason is

breakdown in communication and trust. A light bulb went on, I did my further research. Found nowhere in literature on examining why is this the topic that nobody wants to go to? What is going on? I found there was really nothing out there.

My passion beyond my client was to put the word and the message out there and help people get around this subject, so that they can take the right course of action to help them preserve their family and their finance.

John: Lori, this is so important people that have a business too. Because what happens is disruptive families, I mean what? Three generations, I forgot all of this short sleeves or whatever but ...

Lori: It's a long sleeves.

John: Yeah, long sleeves. That's what it is, yeah. The whole concept is that when we don't have conversations things can blow up. They can blow up on our families, on our business. We can have divorces, we can have kids, be a strange. We can have certainly business partnerships blow up, not having this money conversation.

One of the things, before we turn on the camera, you and I we're talking about some real world examples and using names. I don't want to do that, but Lori when are you seeing kind of broad base when people aren't having this conversation. What happens?

Lori: I have examples. I interviewed people all over the country. I actually interviewed advisers because I wanted to hear their like experiences. Just to give you one example and this is a really great example because it involves not even having the conversation but not having professional advisers. I referred to a character on my book, I protect the innocent by changing the names and circumstances.

Sam Szymanski, he was a doctor, a very successful doctor who have immigrated from Poland. He was very quiet nature, didn't like to discuss personal issues, and certainly didn't have conversations with his kids around money. He and his wife were about to retire to Florida when she had a terrible car accident, was killed instantly. After her death, he decided to retire, moved to Florida. Never employed financial advice, never had professional advice at all because he didn't want to pay a fee which we hear a lot in our industry.

Fast forward, he ends up connecting with a young woman, courageous and cute, and adorable, and she sort of enters his life. Before you know it, there's a million dollars that's left his IRA account with her signatures. The kids intercede and they decide, it's time for us to figure out what's going on. Of course, they realized and even the adviser told me if we had, had the money talk up front and we had gotten the professional advice on top of it to get all

the right vehicles in place, we could have protected the assets and at the same time protected their dad.

He felt enormously uncomfortable that he knew that the family didn't want to talk about, he knew that his dad didn't want to talk about it. He didn't have the courage or the skills, the process to be able to follow or to do it. I hear these stories from all around the country.

John: My guess is Lori, there isn't a family that doesn't have this. I have in my own personal situation as a kid growing up, my father and uncle had a pretty successful [co-star 00:07:04] and founder business. I just thought I was a really comfortable kid, and then ...

Lori: You were.

John: I was and I never had any conversation on this and unfortunately my dad didn't either. He never had financial advisers over my uncle and something happened then I can remember in my junior year getting a call saying the founder is going bankrupt, my parents are getting a divorce, and by the way good luck at college. You don't have a job and you don't have any money.

It was right at that moment I decided to be a financial adviser and it's really the passion that you and I have is that there's no reason not to have this conversation. Let's talk about how do we really kick this off. How do we get people to even want to start doing this?

Lori: Let me just tell you what the M word is about. It's really an interactive guide and a detailed road map for having the conversation. The M Word Journal is the first book is a five step process. The second the M Word Journal is really an interactive guide and a focus on the how to which includes collecting the financial information data. I break it down into five steps. You've really first have to identify what's the issue here, what's the transition point?

I identified several that's going on. What do we need to talk about? What are the financial issues at stake? The second point in the process is to identify what are the obstacles they are interfering with your family having the conversation. It could be trust, there could be issues around trust and control, we all see that. I see four other primary issues that are going on which is we see gender differences, the differences between the way the male and female genders communicate, create investment strategies, and deal with risk tolerance.

We see family history differences. We see some family history where there are members of the family that have a culture around having these conversations and planning, where as others don't. We also see what I would call "evolutionary instinctual" which is really for me that money is a real threat. Money is seen for many people an object of threat and control.

There are certainly evolutionary DNA things going on that from which we can see that conflict. The fourth one which is the obvious one is what I would call cultural, social mores.

We see that going back to our history connected with our founding fathers, it's embedded in the language around money. There are many reasons why we just don't feel comfortable on that level as well. The second step is to identify it and I give some solutions on how to overcome them.

John: Let me stop. I want to make sure everybody is along with us here. Usually what happens as Lori sharing with us is there's something going on in our life, some type of transition whether it's retirement, whether it's buying something new, business, but something is going on that's causing us to go over and be willing to have this conversation. What I like about the strategic way that you address it and I'm big on systems and framing this. This is where why I wanted to have you on is you do such a good job about with your books and we'll come back to the books to make sure everybody knows how they can get them.

Because it's having the tools to do this, just as so empowering. Instead of so often, particularly a lot of financial advisers just want to shoot solutions out. You got to identify the obstacles first and we're going to name them. What are the things as business people we're all good at is identifying obstacles. They jumped out all over the place. We can take a lot of the power away from them by putting them down in writing, capturing them, and understanding what they are.

We're going to identify what's causing us. Okay, this is great time to have a conversation something is going on, some kind of life transition. We're going to identify the obstacles. What's Lori, number three?

Lori: Okay, number three is what call prepare physically, psychologically, and logistically. It really means figuring out what I called answers to what, who, when, where, why, and how. What do you need to talk about? Who needs to be a party to the conversation? When is the best time to have a conversation and where? Why is it so important? This goes back to the first step is identifying what's going on in family. Isn't an aging parent that's healing? Is it transitioning to retirement and changes in cash flow, or even preparing for a state.

It's understanding what are those, identifying what you need to talk about, and why, when, where, and ultimately how. It's how do we actually conduct this. I'm going to take you through some very basic communication techniques about how to manage the conversation, resolve conflict around emotional psychological issues so they can actually get through the talk and ultimately protect you and the family.

The fourth step is what I called pick an adviser. Pick the right professionals. This is a very daunting task. It's difficult to do on your own. Communication is a skill set. Communicating about emotional, psychological issues for many is a daunting task. I would always recommend find some help, figure out who were the people that need to be a party to this conversation and what professionals make the most sense for you.

The fifth step is create a process. You're not going to have success around the first meeting. I mean everyone I've experienced personally in my work as we walk people through these money talks, you're setting the ground rules, and you're setting the stage in the first to go around. You'll set the agenda but before that money talk is over, you're going to set another agenda, and you're going to set another date so that you can have a process and then you need to follow through and repeat that process. It's not an easy thing to do but I really, I'm passionate about, I think people need to understand the importance of doing.

John: I want to dive deeper Lori into the process and how our fellow entrepreneurs can actually go ahead and make this happen in reality. I want to give them a feel of, "Okay, I've gone through all this." What are the results driven? What are the results? When I have this conversation and then I have it so that I've got an on-going process that we're going to revisit this and we're going to stay on track. Really everyone is up to speed, what's the benefit of that?

Lori: I think you're resolving whatever problem and issue you've identified in the first step. For example, maybe you have a health issue and you're changing your state plan. You need to get your children on board and the ultimate benefit is you're going to have a peaceful and successful transition of your assets along the way. If it's at your depth, you'll have all the instruments and place people what their roles are, what the responsibilities are.

If it's during your life, they will understand what assets are coming to them, what the benefit, how are there to be used. I think it's very interesting that Warren Buffet, I've heard him speak on the subject and he says, he modifies his will and the state plan every three to four years. He doesn't sign until the people who have rules and responsibilities understand what they are and okay with them. I mean we aren't Warren Buffet's right, I mean he's in that 100, or 1 million to 1%.

At the end of the day, he's a wise person. He understands finances. He understands the importance of getting the players on board and making sure they understand what their roles are.

John: Particularly as entrepreneurs we are business and our lives are so mix together that this is critical. I want to go, let's go each to these steps. As an example, we talked about in the beginning, I might just bring it up. I won't go to the who the individual is, we'll just call him

Sam again. I'll use another Sam here. One of the largest public companies in the US, the larger shareholder, the father died unexpectedly.

One of the things we're sure of is there's two, taxes and debt and probably regulations, so three things anymore than as entrepreneurs we're all sure off died unexpectedly, had, had three families, seven kids. Youngest one was the only one involved in the business and he named that individual executor without ever telling anyone else. At the reading of the will, that individual found out about it. To say that family was ill-prepared for that, and the turmoil it caused, and that they no longer even have Thanksgiving dinner together.

I'm sure that individual would not want that. We owe it to our families, to ourselves because it's not only a death that's important, this is life that's important too. Lori, let's go through a process again. I'm going to start on transitions. What are some of the transitions that are good that's sparking the M word conversation?

Lori: I identified five major. One is changes in financial circumstances. It could be that you change jobs, maybe you've got promoted and so your changes are positive on the uptick. The second one would be the big retirement. People are retiring and things change, your financial picture changes. I was speaking at the SIFMA Conference yesterday, Securities Financial Management Conference. That was a big topic at how people are worried about retirement that interest rates are low, they weren't having enough.

That changes a lot of people's picture in terms of how they're going to allocate their income and their assets. The family members many of them are going to be impacted by it, so that's the reason to have a conversation. Long-term care issues, aging parents. That's the big problem, the baby boomers I call them the sandwich generation. I didn't coin the term but I use it all the time because we're dealing with millennials who were trying to help launch, many of us are part of that process.

We have parents who are living longer and so we're having to deal with their physical and financial help, and how to manage that. That's a major piece. A lot of people don't want to go to mom or dad and say, "Hey, you need my help." How tough is that for a parent to admit that they're going to let their kids, they're going to become the child, that is so not easy. Another big issue is transitioning wealth. Transferring wealth across generations.

That's where I originally got passion about the concept because I witnessed in my family the absence of the money talk and how it broken up ... It was not my immediate family but cousins. There are generations that will never talk to one another because the way the parents actually handled the estate. That's a very important time to have the money talk. I also talk about marriage and what I call merging families. The divorce rate is 50% or greater.

Every time someone finds a new partner and wants to enter that new period of life, there are so many conversations. Making sure that only the finances emerged but the family members are handled properly and the desperate values and goals, and finances, it's very complicated. I talk about disclosure and conversation in advance. People understand what to expect. It's very important but it's hard. It's a very difficult process for most people.

John: It really is and I think I'm going to skip obstacles because we covered that pretty well. I want to go into the prepare who, what, where. I'm thinking, "Okay, we could have any have of these transitions." Let's make a little challenging which most of it is, is an elderly parent who's starting to maybe show dementia and a blended family. How do you get that started because that's a pretty regular one? I'm thinking one of my neighbors here that's going through that right now and it's challenging.

Lori: Yeah. That's a tough and of course you have to deal with the personalities of someone who's been in control of their life all the time. I'm assuming that this person has more than one marriage right?

John: Yeah. I don't want to sound the problem but bringing them, who should be at this meeting? Who should have the conversation because traditionally what it is whoever probably the richest who seems the smartest, they go, "Okay, you take care of it or they take care of it" and start and it gets pass from family member to family member along the way. Everybody doesn't like each other by the end.

Lori: Yeah, I know. I think it's difficult. Typically, there's one person to family that's identified as sort of managing the process. It's usually one of the females in the family unit. I mean there could be a man that steps up to the plate but women tend to be more nurturing around these kinds of issues. I'll give you an example. I had a guy contact me from Oregon and his mom was in her 70's, had, had cancer and was resisting leaving her apartment.

They needed to get her to a facility where she could get proper attention and care. He actually went out and bought my M Word book. Came to my office, had me sign all the copies, send them to all of his siblings so they can prepare for the meeting that he was conducting as part of a family reunion. He was the eldest and he took over the responsibility and he's a great guy. You got to be willing to deal with all the family conflict too.

They had their first of many meetings of how to deal with mom. Now, this was a situation where they're not multiple members, different marriages. That makes it even more complicated because now you got to bridge all those different, desperate family units. At the end of the day, he had success and he did get his siblings on board to do different things. You manage the process; you distribute responsibilities so someone's got to be in-charge of

finances. Someone else could be in-charge of the physical care. Someone has got to oversee how she's doing and be able to be there physically.

The sister who lived in Oregon nearby took that responsibility. It's a matter of someone in the family taking a leadership role and then bringing in the right professionals. He got in touch with her lawyer, her accountant. They had all the financial instruments in place ultimately. Now, everyone just breaths better. They know mom is going to be okay, and they know how they're going to manage her physically and financially.

John: Yeah. It's important to do and having gone through it personally with a stepfather and in my case we ended, because of my background I helped. My stepsister was successful entrepreneur and the two of us we continue to manage this. It's actually one of the things that I want to bring up Lori, it brought the family much closer together because that transparency, the quality of conversation.

Lori: You're so right. If you can come to agreement on how to manage mom, and if you have these conversations where people actually believe it or not trust develops. We could put people together. You find solutions around sensitive topics. I do think it brings people closer. I have actually seen that repeatedly. Great comment, it's really true.

John: I'm not going to say it's fun, but once you get passed that heavy lifting stage it does become. Definitely, it's made a big difference in our lives and I've seen it so many others and that's why I wanted to have you here. Let's go to step four though, the adviser. How do you find the right adviser to help on this because as you and I know so many of the financial advisers, I mean there's over 400,000 financial advisers?

Many of are good at investments but when we talk about relationships and everything, that's not what they signed up for. They're going to be more uncomfortable than the family.

Lori: Yeah. Here's where I'm going to give you a plug, CEG. That's the solution for advisers. If they can get their arms around the comprehensive consultative approach where you're doing your discovery process, you know what the issues are, what are the health issues, what the state looks like. You understand wealth transfer, protection, et cetera. I mean this is not much being an advertisement for you but I think that it is because at the end of the day, advisers who adapt a process where it's very, very comprehensive will be able to be the quarter back.

I advocate for that. Someone has to be the quarter back because you need to bring the accountant in, you need to bring the attorney in. If it's an aging parent, you may need a case manager. I recently had a client scenario where we found the case manager to help her resolve some issues. A mental health professional, we may need coaching and some

counseling, how about a geriatric doctor or a medical internist. There are all kinds of professionals.

At the end of the day, you need to identify who were the players, who were the advisers who need to be a part of this. You figure out what is the best time to bring them in, what are the issues, et cetera? You can't do this alone, you just can't.

John: This is so complicated and I'm reasonably intelligent guy on financial matters. I found out how hard it was to deal with some of the challenges of dementia and I will go in to the personal complexities that came up on of it. Wow, this is something that's so important. Step five, this is why I wanted to have you on Lori. It's creating a process and let me go, I'm going to go to the next segment which is the book of the day.

Your book and let me put on, I'm going to put your website up which for those of you who are not watching but listening. It's at the mword.com. Lori, you have two books up there, the M Word and the M Word Journal. Tell us about both of these because when we're talking about process to me, when you try to ... If you don't have framing, this is where people make mistakes. This is a tough conversation by having the framing, whoa, it becomes that much more easy.

Lori: The first book is the "M Word," the money talk every family needs to have about wealth and their financial future. That book basically focuses on why it's such a daunting task but yet, why it's so important to have these conversations. It makes the compelling arguments for having the conversation. It outlines the five step process. The "M Word Journal" is a more of an interactive guide workbook. I even actually added coloring, a coloring workbook component to it.

That adds a little balance to the levity of the situation. It focuses on getting you through each step. Identifying the financial information that needs to be a part of the conversation. Being very aware and really through the interactive guide, identifying the obstacles that are in your particular situation that you need to overcome. How to manage the psychological, emotional, and resolve conflict. I talk about that. Steps for resolving conflict.

Ultimately, making sure that you have the right advisers, and you repeat your process until you have that success you need. It really allows the client to focus on the how to and actually interactively share with their families the Q&A that I created in a very kind of decision.

John: I really love it Lori. I think the book was phenomenal but the journal is even better. The reason why the journal is better is as you and I know, taking action. It's all about taking action to get the results. We all want to have successful families. We want to have successful

businesses. We want to make our den in the universe out there. This allows us to do it because we know we should have a conversation.

We recently did a survey of successful business owners and I don't have the numbers right in front of me, but the percentage that a state plans are real old. They're a lot wealthier, and their family situation has changed. These are things we put off. If we take action and start making this happen, you're going to be so happy because from most of us, this is one of those things in the back of the mind that we know we should do but we just never get around to doing it.

Lori: After I wrote the first one, the comments I got from people around the country and even the New York Times review mentioned we need more focus on the how to, we need more help. I spent over a year trying to figure out all these steps because there's so many steps, there's so many details to getting you successful. I'm hoping, look, I'm sure I didn't think of everything.

I'm hoping that at least engage people in the process. They have to get started somewhere and I don't think there's anything like this out there. I'm just hoping that through your podcast more people will know that.

John: Not only know about it but to actually execute on it. Let me go and share my key takeaways here. Key takeaways, they are just so important for all of us. I mean if we're going to take, give value out of spending the time together, it's taking action. This is one that it's so easy to put to the side is to have that money conversation. What we want to do is we want to recognize, some kind of transition going on in our life. Let's go ahead and take that whether it's a business situation, or personal, whatever it is.

More likely than not, if you're an entrepreneur there's something going on that you should have it. We're going to first identify that transition. Second, we're going to acknowledge the obstacles. I always like to write them down even better, use the "M Word Journal." It's got all the tools, everything to do that identify, put a name on it. When you do that, it takes the obstacles and take some away rather than having them in our mind fighting with them, and then prepare. Who, what, where, we've got all the tools in your journal. Who should be there?

Who in the family? Where should you do it? What? Have that framing usage or the adviser. I got to tell you, I look at all my notes, the adviser. This is so important to have someone who is looking at the big picture versus just investments whose thereof kind of a term we use is a personal to financial officer. Much like we as an entrepreneurs have CFOs for our businesses. We're going to have somebody who's kind of helping to facilitate the other experts that are needed that Lori shared with us.

Create a process. I'm going to encourage you to ... Actually, I'm going to change it. Don't create a process, just get the journal, the "M Word Journal" and do it. Because you're too busy and this is the stuff we'll put off if we have to create the process. Use the process that Lori has. Lori, I want to thank you for taking the time and energy to not only join us but to put all this work in that's going to make a difference in so many people's life.

Lori: Thank you very much. I appreciate the time. I appreciate you helping get the word out. It's not an easy conversation to have, and not everybody is receptive to it. We need to push it out there a little bit.

John: The thing that I want to keep on coming back to is the end result. The result of having the conversation is so freeing, and so good, and it brings families together. That's the most powerful. Right above me, you see aesnation.com. You can go there, we'll have full transcript to show notes, the links to Lori's books, and your family, they're really counting on you. Don't let them down. Go make it happen. Have the M word conversation. Wish you the best of success.

A Second Opinion on Your Finances

A Complimentary Service from Financial Advisor Select for the Members of AES Nation

Dear Fellow Entrepreneur,

Like many members of AESNation, I'm a serial entrepreneur. In addition to co-founding AESNation, I'm the founder and CEO of Financial Advisor Select, a firm dedicated to helping successful people make informed financial decisions by introducing them to top financial advisors.

If you're like many successful entrepreneurs, you and your family already have a relationship with a financial advisor. You may even work with several financial advisors. If you are completely satisfied with these relationships and confident that your finances are on track toward helping you achieve all that is most important to you, we congratulate you.

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Best of success,



John Bowen
Founder and CEO
Financial Advisor Select