

Ep100: Financial Decision-Making During Times of Crisis

June 17, 2022

JULIE GENJAC: John, today we had the pleasure of speaking with Patti Brennan about the importance or the power in connecting and educating with clients' adult children.

Maybe they're in high school or in college and facing some life decisions as it pertains to things like leasing or buying a car, or paying off a student loan, or maybe even engaging in their first 401(k) for their first job.

I know that I remember that day fondly. I brought home the new hire paperwork for my first job and sat down with my parents and stared at the blank page and said, "What should I fill in here?" I know I certainly would have valued having a financial professional that was willing to educate me at that point and helped me understand the power of planning even at a very young age.

JOHN DIEHL: It's funny, Julie, my eldest daughter just acquired her first car payment. The car came along with it, but it took me back. It took me back in my life, to that first new car that I bought.

I remember having to have my mom co-sign for it, walking out the door, driving home thinking I just made the biggest mistake in my life, because I'm spending 25 percent of my take-home pay on a monthly basis.

I think these conversations are important. But it's an interesting conversation for financial professionals to have about how they handle these situations.

JULIE: I couldn't agree more. John, let's go talk to Patti.

JOHN: Hi, I'm John.

JULIE: I'm Julie.

JOHN: We're the hosts of the "Hartford Funds Human-Centric Investing Podcast."



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JULIE: Every other week, we're talking with inspiring thought leaders to hear their best ideas for how you can transform your relationships with your clients.

JOHN: Let's go.

Today we're pleased to welcome Patti Brennan to the podcast.

Patti is a graduate of Georgetown University. She's a certified financial planner, and she's CEO of Key Financial Inc. Patti not only provides comprehensive wealth management, she and her team create integrated strategies that are unique for each client.

Patti is not just a number cruncher. She has the ability to see the impact of small details in the big picture. She's known for communicating complex financial concepts in simple meaningful terms. Patti is consistently ranked year after year as one of America's top financial advisors.

As a wife, a mother of four children, Patti has learned to balance the most important job in the world with the needs of a growing company. Her husband Ed also owns a business so their children have a real understanding what it's to be entrepreneurs. Patti is a believer in giving back and currently resides on the boards of the YMCA of Greater Brandywine and Penn Medicine/Chester County Hospital.

Patti has served her community over the years in a variety of ways including the Chester County Economic Development Council, South Eastern Pennsylvania's Development Council, and the Royal Alliance Advisory board, as a former chairwoman.

Her favorite positions included her work at St. Agnes, as a kindergarten CCD teacher and field hockey, and lacrosse coach. Patti, what did you ever do in your spare time?

PATTI BRENNAN: No such thing when you're in this business, right?

JOHN: That's right.

JULIE: Thank you, Patti, so much for being here with us today. We're excited to dive into the multi-generational family topic.

What I mean by that is, I know Patti, you've shared with us that many of your clients have said through the years, "Gosh, Patti, I wish I had met you when I was younger. I wish I had sat down with you 20 years ago."

I think oftentimes, we can all agree that our clients are looking for someone to counsel their children that maybe are still in high school or in college. They're making some major life decisions. Are trying to determine things like, "Do I buy or lease a car?" Or, "Do I pay



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off that student loan?”

Patti, I know you've done such an incredible job of when you take on a client, you take on their entire family as a client. We're excited to learn from you today, some techniques and ideas of how our financial professionals that are listening can engage with the entire family and truly be that valued resource to especially the young adults.

Thank you again for being here. To start, can we ask you, how do you engage in this conversation with your clients in terms of bringing the whole family into the financial discussion?

PATTI: It's a great question. Typically in these meetings, one of the most important things that I want to learn about, are the finance family dynamics, and I usually bring up my own family. I'm a mother of four, each one of my children is unique in their own way.

Then I go into I've had a lot of many other families, parents, things of that nature, who have basically said and I'll always paraphrase it. I think this is so important. I wish we had met and started this when we were younger.

I think about my own children, but they don't want to listen to me. They don't want to listen to us. At that point, and I continue to tell this story, I just want you to know that if the kids ever have a question, whether it be they're starting their first job, and they've got these benefits, these 401(k)s, feel free to have them give us a call.

I will sit down with them. A member of my team will sit down with them. We'll go over all of their benefits their 401(k)s and teach them some of the fundamentals that none of us got when we were in high school or college. We have an internship program I think I've told you guys about.

It's an 11-week internship program for juniors in college. We only have four kids. I call it the missing semester because this is the stuff that the kids aren't learning in college, and it's basic stuff. What is a 401(k)? What's a 403(b)? What's a mutual fund? What's this ETF thing? Talking about the fundamentals.

Now, some of the kids know it, and some of them don't. Honestly, we like to have a diverse pool of interns, just so that they can get an understanding that this is not common knowledge.

I talk about those things, we bring up the subject, and a lot of times the parents will say, "Wow, will you really do that?" Of course, we will. It doesn't take long. It's an hour of our time. We've even met with those same college graduates and worked on their resumes with them, taught them interviewing skills. We do mock interviews.



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Anybody listening to this podcast today, you can do that too. There is one thing when we help our clients, it is quite another when we help their children.

JOHN: Patti, I have one major concern and that is if I sent my kids to your internship, I wouldn't get that joy that every parent gets to see, which is when your child gets their first real paycheck, and they go, "Where did all the money go?" Taxes. [laughs]

PATTI: You are so right. You know what John, I can totally relate. In fact, my son is moving out of the house. He just literally yesterday had to put his deposit down for his new apartment. He came home. He's moaning and groaning. It's like, "Oh, my gosh, that they took a third of my savings. It's taken me a year to get that money saved and a third of it just evaporated into thin air."

I didn't say a word I said, "Yeah, that's the pits." Of course, the mom and me is thinking, "Yeah, welcome to the real world."

They don't want to hear about the real world. Sometimes they have to experience it. I think what we can probably do is just make it so it's not such a hard landing.

JOHN: Patti, from an advisor standpoint, I'll be the skeptic on the podcast today, which what would you say to the advisor that says, "Hey, look from time to time I help kids if the clients say, 'Hey, can you talk to him?'" But really I don't get paid. They don't have any assets. They don't eat. Do I really have the time to spend with them?"

When you look at your practice, and this is something it sounds like you do pretty regularly, how do you think about that aspect of serving the client? Let's be right upfront. The question is, how do you get paid for what you're doing for them?

PATTI: You don't and that's got to be OK. The way that you are getting paid is you've got this amazing annuity and that is a client for life. This is one of those things you do not for the money but because of the bond that you are creating with the parents, and also with the kids.

How many studies have we all read about the number of children who when they inherit the money, they do not stay with their parent's advisor? It's because they don't know who that person is. They only work with old people. That's not what we're building here.

Some of the work that we do, guess what, we're not going to get paid. You got to be OK with it. That's my feeling about it. We do just fine in this industry, thank you. I will also say from a practical perspective, you're not taking these people on as clients.

You're spending an hour giving them tips, ideas, everybody is listening today, you can come up with some tips and things that are practical. Things to get these kids started on



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the right foot. A few lessons and tidbits. We don't even think about it anymore. It's these 10 things, this is what you talk about and send the kids on their way.

JULIE: Patti, obviously as the leader of your team. I'm sure your time is spread thin and obviously, you have many competing priorities. How have you engaged your broader team in order to have these conversations? Is that a part of your process?

Have you assigned roles and responsibilities to others, in order to be able to engage in these deeper conversations with the next generation?

PATTI: For me, I can just say it's been much more informal. There was a point a few years ago, where we were thinking geez, this is the future, we should be engaging these young adults, these young families.

I really, honestly pushed back on that, because it was not practical. We could end up with hundreds, if not a thousand or more young families. Then the math doesn't work. It's not a practical business model, from my perspective.

Now, having said that, for existing clients taking care of their children. This is probably one of the greatest training modules we have. That is an example, just to give you a feel for my business model.

You've got me. I am the advisor but underneath me, I've got a bank of 40-year-olds who have been with me for 10 to 15 years. Underneath them, they are mentoring the Bank of 30-year-olds.

For these young families, we are mentoring the 30-year-olds and saying, "OK, this is your baby." This is how you're going to learn how to talk to a client. These are the ways that you can present and let them develop their own style.

We'll give them the 10 bullet points that should be covered in the meeting, and let them run with it. I found that that's not the most effective, so I also like to have someone who might be more senior.

For example, I just finished a meeting earlier today, someone else ran the meeting, but I was there. Fortunately, it was a phone call. I don't really like to be in the room personally, because if I'm in the room, clients will always look at me instead of the other person that should be leading the meeting.

For phone calls, or even Zoom appointments. I will turn off my camera and turn off and mute my microphone and just listen in so that I can provide some feedback after the meeting to that young advisor.



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JOHN: Patti, one question I have – so we glossed over a few of the topics. If I were to ask you to backtrack a little and just list out for me some of the top topics that you get requested to talk to these young people on. If you were to just throw them out there off the top of your head, what would they be?

PATTI: The things that come to my mind are to encourage the kids to if it's practical to live at home. For a year or so. Get used to the new job and get used to maybe saving money. Pretend, for example, that they are paying rent, and instead of paying rent, just start to stash that in that savings account.

That's how Jack was able to accrue, what he was able to accrue. He just put it in a separate account. That also gets them in the habit of saving.

Another thing that to me is a line in the sand is teaching them about the 401(k) and explaining to them that it's going to be different than their parents and their grandparent's pensions are going away.

10 percent is the line in the sand. No ifs, ands, or buts. They've got to sign up as soon as possible and put 10 percent of their income into the Roth into the 401k. Then I do go into the difference between a Roth 401(k) and a regular 401(k).

Depending on the person in this and what they had studied and what their goals and objectives are. I'll probably recommend starting out with a Roth 401(k).

There's a little bit of sneaky logic to that also. Just as lifestyle inflation can impact all of us, it really impacts the kids. Thirsty Thursdays can turn into fanatic Fridays and saturated Saturdays.

They won't, they're not saving any money. It's a sneaky way of making them pay more taxes now. Reducing their cash flow their net cash flow after 401(k) after taxes. Giving them a little bit less money to live on, and helping them to make again better lifestyle choices.

As part of our internship program, they do a mock financial plan for us, and they have to justify recommendations. Basically, it's for their first five years after they graduate from college.

What was interesting this summer is that this group decided that for Lauren, who was the one who was graduating and getting the job, but she couldn't afford to get an apartment by herself that she was going to have to get a roommate.

Between rent, a car payment, car insurance, all the things that do occur, that she couldn't afford as much as she wanted to, she couldn't afford to live alone. That was a good choice.



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We talk about if they're doing their 10 percent, and if they can do 12, then do 12. For example, saving for a down payment on a home is an important thing that they'd like to do. Get them started on dollar-cost averaging and automatically take it out of the account, so they don't have to think about it, or they don't get to think about it.

\$25 a month, into a mutual fund every month. Just get in the habit of saving money because when they start doing that, it's going to feel uncomfortable when they have to stop.

Again, that's part of that education and building credit. The importance of their FICO scores, because when they're interviewing for their first job, or their second job, or their third job. If they have a bad FICO score, they're not going to get that wonderful opportunity. The importance of their credit rating cannot be emphasized enough.

We had a young lady who didn't realize that she had a student loan, and for a couple of years wasn't making payments on the student loan. She couldn't understand why her FICO score was so low. She paid her rent on time and she paid her car payment. She just didn't realize it.

It's important, it's really key, to make sure that they understand the importance of their credit rating. It's those kinds of topics that, mom and dad may have talked about with them over their high school years and college years. This is when it really matters.

JULIE:

Patti, I think that's so spot on and you're right. Something like credit, it's a bit intangible. We don't necessarily hold it, see it, or do anything with it. It's one of those things that can close doors in our life before we even realize that if we don't cultivate it and treat it carefully.

I'm curious just from a scalability standpoint, obviously, you covered a lot of different topics and all such crucial foundational pieces when one is starting out in life and sort of building their future retirement plan.

Have you compiled as a team, various tools, whether they're articles, calculators, or resources that makes this process a little bit more leverageable for your team as opposed to creating a new sort of one-off resources conversation to conversation?

PATTI:

Julie it's a good question. The answer is no. I think it's a great idea though. It's a great idea to just say that when this happens, this is what we do. Ironically, we have that in every other area of this business. Even from the very beginning, everything is work flowed, everything is automated.

From the moment that first phone call comes in, this is what happens next. This is what happens second, third, fourth. I am not even involved in it and yet somebody is writing a



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hand-written letter to that prospect.

These are the things that make our businesses scalable. This is not one area that I felt the need to scale but just like everything else, it can be. I would say that for us it hasn't been to the point where we have to. I think maybe in a backdoor way it might be OK because, again, to me, it's important for the families, it's important for those kids.

For me, what we get out of it is tuition. It's a great way for young people to feel more comfortable being in the conference room talking with clients. No matter how old they are. They're not really going to know until they do it. I often use the metaphor of when our kids were 16 years old. Learning how to drive a car, there's just so much they're going to learn in the passenger seat.

Much as we dread it and I as the lead advisor, can say, "Oh my goodness, they're meeting with a client. I hope it's going to be OK." You know what, it's the same thing we got to give the keys to the car. It's the only way they're going to learn. As it relates to this topic I think it's great way for them to learn with less to lose.

JOHN: Patti, quick question for you and that is, a little bit off the path of education but, as you're working with these young adults, do you ever utilize your network to help give them job ideas or interview opportunities?

I remember our friend Joe Coughlin saying, "If you can ever do anything for the child or the grandchild in terms of even a job interview or putting people together." Is that crossing the line? Or is that something you would keep your eyes open for?

PATTI: Oh absolutely. No question about it. I think just in general, anytime you can do that for anybody, you definitely want to do that. It could be a phone call, or it could be an email.

I can't tell you this year alone, how many people I've reached out to on behalf of others. I know how much it meant to me and my kids when they were first starting out, and we are all in a wonderful position of influence, even if you don't feel like you have the influence, you'd be surprised some of the people that you might know. Somebody might know somebody else that might know somebody else.

This is a true story, it's kind of ironic I'm telling you, but have you ever heard the term, you're nine people away from the Pope? Let me tell you something, there is a possibility that when we got to Italy in May, we just might meet the Pope. For exactly that same reason, you just never, ever know.

Any time you can help those kids, anytime you can help anybody, absolutely. Again, it doesn't have anything to do with their money, isn't that funny? That's the kind of stuff that will keep clients for life. Honestly, it makes it personally rewarding for me as well,



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that's a feel good. At the end of the day, we all do quite well.

Why are we doing this? Why am I still sitting in front of a computer late at night? Is it because I want to be sitting at a computer? No. It's because this really is meaningful work that we get to do, and that's how you do it.

JULIE: Absolutely, Patti. Thank you so much for sharing those ideas on engaging with the next generation and I'm confident you have many very grateful parents as clients that so appreciate the guidance that you've given their children and obviously many very deep and long-standing relationships as a result of having these conversations so early in life.

Thank you for the guidance, the tips, and the tricks. We truly appreciate it and for your time today.

For those of you listening, Patti has a podcast of her own. It's called the "Patti Brennan Show." Wherever you see your podcast or seek out that information, be sure to visit her podcast, for more engaging and timely ideas for you to continue to deepen the relationships and grow your practice.

On behalf of all of us at Hartford Funds, thank you again, Patti, for being here with us today.

PATTI: Thanks to both of you. Thanks to all of you for tuning in to this today. Thanks again.

JULIE: Thanks for listening to the Hartford Funds Human-centric Investing Podcast. If you'd like to tune in for more episodes, don't forget to subscribe wherever you get your podcast. Follow us on LinkedIn, Twitter, or YouTube.

JOHN: If you'd like to be a guest and share your best ideas for transforming client relationships, email us at guestbooking@hartfordfunds.com. We'd love to hear from you.

JULIE: Talk to you soon.



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