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JIM: Welcome to today’s program. We have a repeat guest on today, Tiana Ronstadt, so got into this business based on a personal story that she has and really thought it would be compelling for everybody to hear this. The last time we had you on about being a woman in the financial field and the special issues that women face, but the thing that motivated you to get in the business that you shared with me, is that you had a father that passed away at a very young age. What happened?

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TIANA: I always love the question of why did I get into this business and at the time I would say it’s not like you realize that’s what you’re going to do for the rest of your life, but when I was a senior in high school, actually two weeks before graduation Jim, it was Mother’s Day weekend, my father went on a quick business trip and had a massive heart attack in the hotel room and obviously never came home. He was 42 and I was 18 at the time. I would say I wouldn’t wish a sudden death on anyone, but it absolutely rocked us. My father, at the time, was the president and was running three different small business companies, 30 plus employees, leased cars, corporate commercial property, other property, so he had done well but there was no plan. I always say there’s a difference between being devastated and being destitute, and we weren’t destitute but we were absolutely devastated. Not only was there no will and no plan, but then my mom actually had to go to court and prove that she was my sister’s legal guardian. I then in turn was put in type of a responsible through the Florida will, that was his will that he had planned, which is the State of Florida’s will, being involved in that process, even though I really had no desire to be involved. That was the shakeup if you will, and then I look at how I kind of drove myself through college and my master’s and other things in my life, I just had this gut feeling that I don’t want anybody to ever have to go through what my mom and sister and I had to go through. Because my father was a great man, but unfortunately his legacy is this complete mess, it was a mess. He had some life insurance. The problem was it wasn’t enough life insurance, and when I look back I kind of coined it that he bought products from other business men to fulfill needs, but he never had a planner, he never had an advisor, he never had somebody that actually said okay let’s look at the whole thing, which is obviously, Jim, what you and I do in our holistic approaches. Let’s look at everything, figure out what the real need is, and then make a recommendation. Just the sheer chaos of the amount of things and then not having enough to cover what was necessary.

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JIM: That’s amazing, and at 42 how many of us are really thinking about that. It sounds like your dad had the world by the tail, had a lot of things going on, and the more you have going on the more responsibility that you have, the less vulnerable sometimes they feel like they’re bulletproof and they don’t take care of this, you talk about life insurance for example, and we have surveys that have been done where people are asked how much they think life insurance costs, and everybody has a misconception. They think insurance costs a lot more than it is, and something like your dad’s situation as someone being 42, he could have probably bought a boat load of term insurance for maybe what he carried around in his wallet on a day-to-day basis. It really doesn’t cost a lot to take care of the problem, but sometimes we let life get in the way and don’t take care of our priorities. How did that impact you then? If he passed away and there wasn’t enough life insurance, what changes did your family face because of this?

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TIANA: A lot of changes happened. I did go ahead and go off to college, but mom had to actually cash in annuities and some retirement plans for that to assist me. I worked through college. Don’t know that that was my parents plan or not. It probably benefitted me, but I had to probably work more than I thought I was going to have to. Kind of funny a story, my parents, I thought, had a partnership and my mom had a full-time job and is very smart in her own right, but what was interesting and why again I feel pushed in every single time I meet with clients I’m like okay are you sure you’re communicating all the right things. Because eight weeks after he had passed, Jim, the water was turned off. She had not paid the water bill. You know it’s one of those things that dad always paid the bills and she kind of went through oh okay these are the basic bills, and she missed the water bill, she just missed it, and there wasn’t this massive cash flow. We lost his salary, and then of course we had to figure out all the companies and how do you dissolve all that and all the cars, I mean you can’t do that in eight weeks. I always kid her like I don’t think it was a cash flow issue necessarily, but I think it was too that it was not something that she was traditionally doing and so she just missed it. In kind of my daily living, number one I probably am a little too communicative in my own relationship like okay you do know what you should do on my, you know what I do in the family if you will, but also I tell a lot of clients, especially when you went back to cost of life insurance, I do think that’s true. Many folks don’t think that it’s really in the grand scheme as inexpensive as it really is, and especially in those high-earning, high, if you will, productive years especially when you have children. I always say what life insurance does is it provides the cash, the immediate cash necessary so that you can focus on your emotional, psychological and social loss. My mom, sister, and I never got to do that. We were just thrown into the oh my gosh how are we going to handle all this other stuff that we really never dealt with until much, much later in our lives. Just the sheer emotional loss that we had, the sheer major thing that occurred to us, again all of us at such a young age. I always tell folks, if you have a number and you think that might be enough, maybe give it a little bit more. I mean if you can stretch it a little bit, because if it doesn’t happen okay, you’ve protected yourself. It’s probably one of the most important protections that we need and yet we don’t mandate it like car insurance, or homeowners insurance or flood insurance, and really I think we should.

6:30

JIM: Well, Tiana, we’re going to take a short break. When we come back let’s explore some more of that lack of planning and how it impacted so that people really understand how important this really is, so please stay tuned.

06:43

[BREAK]

07:22

JIM: Welcome back as we continue to visit with Tiana Ronstadt. One of the things that you mentioned before the break is that your dad died without a will. I think there is another big misconception out there. People just think if you’re married everything just happens easily and quickly because there are joint accounts and all those things, but you mentioned they had to go through a probate process, and you talked about the State of Florida having a will. I know I’m in Wisconsin, if you die it’s call dying in testate, and it really takes control away from the people you care about and throws it in the court system and it may not be the way you want it, and it sounds like that kind of what happened in your situation.

08:00

TIANA: Absolutely, Jim, and because of my situation I always tell anyone that really will listen, that folks I’ll say do you have a will and they say no, and I say well actually you do, and whatever state that you reside in that is your will. If you don’t like what that one says you probably want to change it. Well, my father never took the time to actually make one that was his own, was personal, and in the State of Florida, back in 1984, 50 percent went to the spouse and 50 percent went to all children of age, which at the time was 18. You can imagine Jim, I am 18, a senior in high school, graduating in two weeks, and I all of a sudden am somehow involved with this process. My sister at the time was 15, my mother had to go to court and actually prove that she was my sister’s legal guardian. Not that people are like oh well then it happened though, I’m like okay but why even have to go through that horrible process. Dig out birth certificates, dig out marriage licenses, you shouldn’t have to go through that process. You should just have the plans in place, take the time, meet with professionals to have a plan. The secondary part of that is that it not only makes it easier but it take kind of the mystery out of it. If you’re going to die without a plan then just so you know that’s your legacy and that’s kind of not really good, you should have some type of legacy that shows that you had planned your whole life and you didn’t just leave it up in the wind, let’s see where it lands. The other thing that’s nice about those whole will if you take the whole thing, then you’re getting into and you have the advanced directive and you have the living power of attorney, so I think it’s taking those steps to make sure that at least those three are covered, who do you want to get your stuff if you will, and who do you want cared for, and then how do you actually want to leave. If you’re stuck here for a while, how long do you want to be here and in what condition and when do you want to leave. I think now it’s so nice that we are 32 years beyond that that we can say okay it’s not just the will, it’s also all this other additional planning. That being said I don’t know the statistics, but I don’t know that we’ve moved that meter that much, I think still we have so much of the population that does not have a will, there’s just again to your point, there’s an idea that well I have a joint it will just all go. Well, yes and no, and the other big, big thing within my father’s estate is that annuities and retirement plans that are locked up until 59-1/2 are not life insurance. They are not what you should be using to pay for things prior to 59-1/2, or as far as I’m concerned even anytime because it’s fully taxable.

10:38

JIM: I was going to bring that up, but before I do, talk about your mom going through this process, and for those that are listening out there, it’s one thing to logically think about this, okay so you got to go to court and you got to pull some death certificates and birth certificates and all these different things and get them together, but add to that you’ve just been widowed, you didn’t expect at 42, I mean let’s face it you’re not thinking about losing your spouse at that point, two young children, although you were getting ready to go with college, your sister a couple years younger, but try to keep that all together and not remembering to pay the water bill or other things, I mean that just compounds the stress of the situation, I can’t emphasize enough how important it is that you have these things put into place, you have the communication between the spouses, so when the time comes let’s face it you can never bring back a loved one, but having to go through that unplanned I can’t even imagine psychologically how someone weathers that storm. Add to that financial stress and you talk about taking money out of annuities for college or other things and retirement accounts. Now we all know we can take money out of retirement accounts for college, but it’s still taxable, and you might avoid a penalty but it’s still taxable. The thing about life insurance is it all comes out tax free when you need it the most and you don’t compound the problem with a big tax bill. I’ve seen people where they’ve taken money out of a retirement account not realizing what the tax consequences are and they pay all these funeral bill and this bill and that bill knowing that they have that money and all of a sudden come next April they find out they owe $20,000, $30,000, $40,000 of tax and they don’t have any cash for it. Now it just compounds the problem, it’s like a wheel going down the hill, it just goes faster and faster and faster and sometimes you can’t even see the light at the end of the tunnel. I so appreciate you sharing what you’ve gone through. Tell us now how did your mom weather that storm. Did she get on her feet again, what happened after all this?

12:31

TIANA: She did. I will say two of my father’s best friends just kind of held her up on the left and the right if you will and really helped her process. She did sell our home and move and helped get rid of cars and just other things, the commercial property, and then do really good sound investing for her at the time. I mean I’ve actually thanked them many times, now that I’m in the business you did a really, really good job for my mom, under my breath I say I sure wish you would have done it for my dad. It’s like it wasn’t that they weren’t there, it’s that it’s almost like you said in the earlier part of our conversation, Jim, that they almost all thought we’re so young nothing’s ever going to happen. That kind of brings me to where I am today when I meet with folks and I say I know this is the last conversation you want to have. I mean it really is. It’s not super fun, you’re dealing with laundry and dropping kids off and jobs and life in general, but even if you just do it on your wedding anniversary, even if just on your wedding anniversary you just say okay, if something happens to me tomorrow do you at least know and do we have enough coverage and do we have the right plan in place. Even if you just do it that one day I will still have a part, because at least once a year you’re talking about it. If you do it three times a year I’m super excited, which means you do it on your birthday, your spouse’s birthday and your wedding anniversary, that’s three times a year. That would be like over the moon, but I think having where you define it, you have a set time, because time just goes. If we have a set time that we say okay at our wedding anniversary we’re going to do this, or at every birthday we’re going to do this, it just takes a little bit of that pressure off, and then those are days you’re celebrating anyway, so as I say do the stuff that’s unpleasant first and then have a party, enjoy each other, enjoy why you’re together, enjoy the birthday, but at least feel like you’ve got your life insurance in check, you’ve got your will in check, you got your planning in check.

14:26

JIM: Well Tiana, I really appreciate you sharing this. I’m just going to leave one last story to really drive this point home. I was just at a meeting and a gal was at the meeting sharing this heartfelt story, and in this case was talking about her parents who hadn’t done any planning. The mom passed away and she was the caregiver for dad. They didn’t have any long-term care insurance, they didn’t have a lot of money and the money was going away and the daughter was taking care of all this, and she finished up the talk with make sure that your parents have the financial and healthcare powers of attorney so you have that control. I went to talk to her afterwards and she broke up several times over the discussion. I asked her, I said do you have these documents for yourself and she said no. Then I asked her if she had two adult children, do you have these documents for your kids, are they married. No they’re not married, do you have these for your kids, no. We talked about doing this for the 42-year-old, the 52-year-old, the 82-year-old, don’t forget the 18-year-olds, because if something happens to them, and let’s say they’re away at college and they get in a car accident, you can’t even find out what hospital they’re in. I can’t emphasize enough this planning is so important and you’ve gone through it Tiana, it is the most important thing you can do. Making sure you have the proper coverages. I emphasize life insurance with accelerated death benefits for terminal illness, sometimes they have critical illness riders, they have all these different things that it’s just not for the dead it’s also for the living. Whether you might be that living person that’s insured or your family that you’re leaving behind, so make sure you’ve got your ducks in a row, don’t go it alone, go to your advisor, make sure you’re in the right place you need to be, and you should be meeting, I always tell people at minimum it should be every couple of years, and a lot of time I’ve got clients I can’t get them in once every five years because their lives are so busy, and you know they need to do some things and you just cross your fingers and hope that that doesn’t matter.

16:22

TIANA: That’s right, that they’re not seeing you in the desperate times.

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JIM: Alright, well thanks again and I look forward to having you back on again in the future.

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TIANA: Thank you so much, Jim, my pleasure.

16:32

JIM: Thanks for joining us this week, and tune in again next week as we explore another phase of the Real Wealth process. Remember, if anything you heard in today’s show you’d like to get more information about, contact your Real Wealth advisor. Also, if you feel that any of this information would be helpful to a friend or family member, just click the forward to a friend button.