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0:03 JIM: There’s an old adage that you shouldn’t mix business with friendship. Fortunately today’s guest, Craig Wickland, was able to break through that adage to advise his close friend and small business owner client, John Gongos, (SP?) so ensure both his family and his research company were taken care of it anything were to happen to him. Tragically at the age of 51, John was diagnosed with Stage IV melanoma and just two weeks after his diagnosis passed away leaving his life, kids, and devoted employees in shock. Today, we’re fortunate to have Craig Wickland to talk about the challenges of breaking through that adage and what it took to do some meaningful planning for the family of John Gongos, as well as his business planning where the results could have been much more tragic had Craig not continued to insist on doing some planning. Welcome Craig.

0:54 CRAIG: Hi Jim, thanks for having me.

0:55 JIM: Yeah it’s great having you. You know I heard you tell a real heart-warming story and tragedy at the same time, and I just thought your story would be awesome to share with our audience being that September is life insurance awareness month, and having you gone through this personal experience with a friend, I couldn’t think of a better topic to have this month in honor of life insurance awareness month. Tell us a little bit about the background of this client that happened to be a good friend and what you went through and just share your story with us.

1:26 CRAIG: Sure, and again, thanks for the opportunity. John Gongos was one of my closest friends. We had become good buddies over the years, mainly starting years ago with our daughters, first grade, that we started coaching softball teams and T-ball teams together and we developed a relationship that became quite close. In that relationship of course me being a financial advisor I was hoping to help him with his planning needs. One of the discussions was protecting his family and his business. Over the years we were able to put in a succession plan for his business and purchase some life insurance for his family to protect them in case something was to happen. The story was interesting in how it really became real for my client, John, is that he, one of the conversations was for his business to provide disability insurance. It was mainly for himself but he decided to purchase some disability insurance also for some of his key employees. Shortly, within six months of purchasing that disability insurance, one of his key employees had a stroke in his early 40s. It was amazing for John to be able to sit down with the wife and assure her that the family from a financial standpoint would be able to continue to pay their bills because of disability coverage that was put in place and they’d continue to have income coming in. When John saw that he was able to provide that and how much it meant for their family, that’s really when he started taking it very serious about needing to do planning for his own family.

3:16 JIM: I know this from dealing with family and friends, as an advisor myself, I always struggle with that, because if I have a perfect stranger I don’t have any problem telling them what the right thing to do is and giving them my opinion and following up with them to make sure they implement those strategies, but man you know, you think working with friends would be easy, but I can speak from my perspective working with friends and family is the most difficult because we always kind of hold back a little bit from the way we might with a perfect stranger and telling them what they need to do, got that delicate balance. Can you share a little bit about how that played out when working with your friend, John Gongos?

3:55 CRAIG: You’re right on, it was because we were playing golf together, because we’re seeing each other every week, and he honestly in the beginning kind of put me off. He made a comment that you know I’d rather not confuse business relationships that I have with friendships, because in case anything happens I really just don’t want to hurt our friendship in any way. It made it really tough to be a little more, I’ll say forceful in helping him make a good decision because I wanted to respect the friendship. Overtime I saw a couple of opportunities to bring it up again with him, and again this disability situation is what opened his eyes to really being willing to talk about it more. It was a tough bridge to go over because when you’re on the golf course, for both people, the advisor and the client, you just don’t want to be talking about it in social settings or make anybody, you don’t want to be that guy and you don’t want to be awkward. But now, afterwards, when something serious does happen, there’s no better person to be involved then obviously a friend that loves you and loves your family and really has a genuine interest and a care to be involved.

5:17 JIM: So you talked about the disability insurance because of an employee that had the circumstance, so now walk us through the planning that you did with John and maybe that first step. How did you approach him knowing that he made this comment about respecting a friendship, how did you break through that barrier and start having some meaningful dialogue with him and get into some meaningful planning.

5:39 CRAIG: After John saw the employee go through his disability he was much more open to talk to me. He also knew at that point how important it was to have somebody who really would care about each of his personal financial matters. We started a discussion; it started out John made a decision to just purchase some simple term life insurance for his family to have some base protection in place. We talked about it and it was really nothing more, his company was successful, but it was nothing more than to give a little bit of liquidity in case something were to happen and his family would be able to sell the company, at least that’s what he was thinking when we started. Over time more sophisticated planning happened where we started looking at the valuations of the company and realizing there were minority shareholders in the company that would have to go out and get a line of credit or get the financing to make this purchase happen. There was more and more dialogue of okay we need to make sure that we have insurance funding at least for the majority of this purchase so that the shareholders would have the funds to be able to buy the estate stock in case something were to happen. In that planning we developed a buy/sell agreement, a succession plan, and we also purchased a permanent life insurance policy personally for really it was meant to go into legacy planning assuming nothing would happen until after the company was sold and they were well into their retirement years.

7:18 JIM: So, as you’re going through this process, who reached out to whom to initiate this whole planning process?

7:25 CRAIG: It was always me reaching out. Really in the process I then started getting the attorney and the CPA involved as well as John’s other trusted advisors to go through. There was a little period of time where I felt like I was being a little bit pushy in getting this process going, because John saw it as being very important and the CPA and attorney also saw it as important, but there were a lot of different strategies that were being discussed whether it be developing a sinking fund or a payment plan over a lot of years, and really the insurance planning, the life insurance pieces of it was something that I had to keep bringing back to the forefront. It’s interesting, Jim, afterwards, so I guess I should pause here and kind of tell the story of what really happened. My client called me also as one of my closest friends, and we played a lot of golf together, he called me one day and said hey my side hurts so bad I don’t think I’m going to be able to play in my golf league tonight. Well, if John wasn’t playing in his golf league and he was in first place at the time, I knew it must really be bothering him. I said John you probably need to get to the hospital, it might be appendicitis or something that you need to have looked at right away. Well he went and the next day he called me and said hey can you just come over and honestly can you come over and pray with me. I need to figure out what’s going on, but they’re giving me some information that’s pretty tough to swallow. It turned out that John had melanoma that had gone internal and it had spread very rapid and they didn’t know, they didn’t know, and actually he passed away in less than two weeks. We had his funeral on what would have been his 52nd birthday.

9:19 JIM: What an ominous day to have a funeral, his 52nd birthday. Your story hits me pretty much because after hearing your story for the first time, I think back to a couple of friends that I have and I kept bringing it up to the point of being a pest and just walked away from it, and now I feel as though I got to get back after it again, because we don’t know what the future holds, and when you have a business it’s not just the business owner but it’s their family, it’s the workers, it’s the partners, it’s the vendors. There are so many people that are impacted and that uncomfortable discussion that you kept bringing back up, boy it was important that you did. We’re going to take a short break, and when we come back let’s talk about how that planning came to fruition and how you felt about it knowing that this close friend, that if it weren’t for you maybe being a little bit more persistent then you felt comfortable with, what the consequences could have been. Please stay tuned.

10:19 BREAK

11:18 JIM: Welcome back as we continue to have a discussion with Craig Wickland. He’s a life insurance agent and financial planner that actually went through with a very close friend how important planning can really be. We’re discussion, because I’m sure there’s a lot of people out there that have advisors that are in a similar situation as you where it’s friends and are a little bit standoffish and that planning doesn’t get done because nobody wants to talk about that uncomfortable subject and you’ve actually gone through it, and fortunately you had a breakthrough in the conversation where you were able to do some meaningful planning. Before the break we were talking about how your friend had passed away and the funeral was on his 52nd birthday, I can’t even imagine that, and how little time you had from the time he was first diagnosed with a problem to just two weeks later you’re at his funeral. Talk about what happened after that.

12:10 CRAIG: I will say because he was an extremely close friend and it happened so quick, his family of course wasn’t ready. They were only thinking about treatment plans and what they had to do to try to get John better. The last thing on their mind for that two week period of time was actually planning anything for him leaving us. It was really just about what they’re going to do to get better. At the hospital my wife and I were there, along with our pastor and one other couple with them when John passed. Immediately I realized how quick life goes on. Within 20 minutes a nurse came in to our little waiting area and looked at Ann, John’s wife, and said what funeral home would you like us to contact. I remember her just still in shock, not being able to think about anything. \_\_\_\_\_ had been involved in quite a bit of planning at that point and John had asked me to spearhead kind of some business planning as well as planning with the attorney and CPA while they focused on him getting better at the time, and so I was already involved, well Ann just looked up at me and said Craig can you take over, can you do this. I said sure, sure, I’ll help in any way I can. I remember how quick the planning started. How quick all the decisions had to be made of what funeral home, really right down to caskets and everything else, and it’s amazing what process and how quick somebody is expected to start making those decisions. At the same time there was a business to be run with over 100 employees and all the families that were affected by losing their owner of their company and really the ones who sailed the ship for that organization. To realize that that company could continue on without having to worry about who was going to succeed, who was going to be taking over the helm at that point because that was a succession plan put in place. To realize the funding was there, that they weren’t going to have to go out and get enormous amounts of debt to make this happen. They were able to continue on without really a financial worry; a huge loss of their leader and good friend, but not the financial worries that would have come without this planning. The same thing for Ann and their three kids, at that point for them to be able to go to the collages they were planning on going to, continue with their educations, and to not have to worry about how are we going to pay for all this. There was insurance in place, an agreement in place that allowed them to continue in the lifestyle they were used to.

15:02 JIM: So you were able to bridge that gap. How long did it take you before you had that breakthrough where you were having meaningful discussions to put this plan in place? I would say Jim honestly it was probably three years of discussions and where it finally started where we were very serious about planning, and then even after the relationship changed to where I was the trusted advisor and John knew this was a big part of his planning, it was then the pieces were put together over time. As the business grew and the valuations chanced and more insurances purchased, from when the first purchase of life insurance happened to the last policy that was put in place before John passed was probably another seven or eight years, so it happened over time.

15:51 JIM: The moral of the story it can’t happen soon enough, and I look at it for just individuals out there that don’t have a business, I look at people that spend more time planning their vacations then they do something as critical as making sure your family is okay if you take that permanent vacation, what’s going to happen, and most people just don’t face it because it’s not going to happen to them. These are real people, real family members, and then you compound that with a business. I just think about businesses, if you lose your leader and there’s notes out there with banks and there is no plan in place, the banks are coming in to foreclose, your key people probably have their resumes out before the funeral even happens, trying to keep a business together with plans. You look at most small businesses, what is it maybe 90% of their net worth is tied into that business, an if they’re not there for the orderly transition of that business of selling that business or helping the family members take over that business, that value can be gone in a heartbeat and without that planning. If you had anything to really share out there, what would be the one or two pieces of advice that you would give having gone through this process with one of your closest friends, what would that be?

17:02 CRAIG: Jim, it’s interesting, the day we’re talking right now, the stock market, the Dow in the start of the morning down 1000 points. All the talk that happens about stocks and equities and the planning and retirement planning and income, and the things that get so much of our attention and the way we talk. It’s important as a financial plan to know covering your base, covering the bases of in case you can’t be there either from an income standpoint with disability insurance, or if you pass away to make sure there is life insurance in place to take care of your family should be at the base. We do a lot of conversations and planning about the other pieces of the financial plan. A lot of times the insurance planning is I’ll say the least exciting so therefore it gets the least amount of our time as planning, and it should be the base of all planning. You know with my personal situation with my friend, afterwards, after the funeral, the attorney who spent a lot of time on documents and contracts in the whole process, how the succession plan would come together and the CPA who spent most of his time talking about taxes and how they can set it up so that the most tax efficient way possible, both of them came up to me afterwards and say you know we’ve been a part of a lot of these succession plans, a lot of these agreements, but we’ve never been a part of one that was so adequately planned using life insurance, and the issues that we’ve had with so many of the other plans, the discussions and quite frankly the arguments on agreements, came up because there wasn’t cash available, there wasn’t liquidity available after one of the owners passed away, and in this case we’ve never seen a better situation play out. We really appreciate your forcefulness in going through it. I remember some of our conversations, you know the CPA had a fair amount of pushback, and I think for your listeners to hear you’re going to get a lot of different opinions on what should be done, and it’s just important to kind of step back and realize okay if something really happens to me and my wife or my spouse is going through this and trying to make decisions at one of the most difficult times of their life, how can I make it easy for them, how can I make it manageable, and I think there really isn’t a better tool to create the liquidity in that situation then life insurance.

19:40 JIM: One thing I heard as you were going through the process how the wife looked to you right there in the early stages after he passed away to take care of things. Well first of all if you weren’t involved in the planning process you wouldn’t even know where to begin, and how many spouses out there don’t have that money talk or that planning talk, especially in a business situation, how many spouses would even know where the bank accounts are. A lot of them might be involved somewhat in the business or kind of behind the scenes, but many aren’t anywhere close to being involved in the day-to-day operations, the relationships that are created with a business owner with some of their key contacts and vendors and employees and all that, and to just dump this on someone’s lap that has no experience and now is grieving the loss of their partner, that’s just not a recipe for good results. I really appreciate you sharing the story. I know I for one having heard your story reinvigorated me with some friends that I’ve kind of let off the hook because we have those uncomfortable conversations, and I literally lay awake at night and I think of some of these friends that I’ve reached out to, and you know it’s always in a social setting, nobody wants to really talk about it and we just kind of dance around it, and I’ll throw my two cents worth in here or there, we really should get together and talk about it and then nothing happens, but hearing your story I have to make it happen, and for those of you listening, if you don’t have your plans in place you need to go to your insurance professional, review what you have, make sure it’s up-to-date, make sure the I’s are dotted and T’s are crossed, because your family depends on it. Thank you very much for sharing today.

21:17 CRAIG: Thank you Jim, I appreciate being able to tell the story.

21:20 JIM: Thanks for joining us this week. 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 would 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.