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Voiceover (00:00)

Welcome to The Breakthrough Advisor Podcast. In this podcast, we inspire advisors with ideas and pathways to break through barriers and build a thriving retirement income business. We will interview innovative technology developers, business leaders, and successful advisors, then help you organize and execute these ideas to move your business forward.

Jack Martin (00:30)

Hello, this is Jack Martin, Virtual CMO for InsurMark. Welcome to the Breakthrough Advisor podcast. This is where leading advisors across the country are coming to get key insight strategies and techniques for leveling up their business. And today I couldn't be more excited to have Debra Taylor, who is really the Uber tax planning wealth manager that I know and that a lot of people know in the business today. She teaches.

the master class for Holista plan. She teaches at horses mouth, teaches their IRA and tax planning. She's everywhere and somehow she manages to still run her own wealth management firm. And I think last year, Debra, you were one of the very top Carson wealth advisors, right? Congratulations, way to go.

Debra Taylor (01:23)

Yes.

Jack Martin (01:26)

I don't know how you find time to do all that. It's a remarkable job. Hey, catch our listeners up a little bit on your story, what you're passionate about, how you got here.

Debra Taylor (01:37)

Yeah, so my father was a CPA and I grew up in the business from the time I was nine years old, filing and answering the phones and the tax and accounting practice. And so like a lot of this was in my blood. But growing up, it's a brutal profession. Anyone who's prepared tax returns knows this. So I said, you know, I'm not going to do this. I went to law school and practice for a few years. And then my mother dragged me back to the practice and I took it over in my late 20s.

and honestly didn't like it any better in my late 20s than when I was a teenager. And so I ended up selling the practice. But as part of this, I stumbled into personal finance and wealth management. And so at the age of 30, I started my wealth management business. So that's how it started. And I'll just say the interesting thing, Jack, is that I've been a CPA for 30 years now. And I say for most of that 30 years, nobody really cared.

And it's just within the last five years and really the last three years that being a CPA, being someone who cares about taxes and who's also managing wealth, now all of a sudden, like this is in vogue, everybody wants to hire Debbie Taylor, you know, we're bringing on the client, all of that. But I've been the same person with the same credentials for 30 years now, and now all of a sudden it matters. And so it's sort of, I get a little chuckle out of that.

Jack Martin (03:01)

Yeah, so the accidental wealth manager, great story, great potential title for a book. There you go. I don't know that it's just a coincidence. I think it's the confluence of a number of factors, right? I mean, 4 million people are going to retire this year, and so now they're really focusing on, I've got this big 401k, and they're thinking about money's got to start to come out, and we're getting hammered by these big government deficits.

the increasing taxes looming on the horizon. I don't want to sound like the preacher of doom and gloom, but all of those things coming together, people I think are more focused on this tax question. I know you just finished a series of road trips with some consumers. What are consumers telling you about how they feel about taxes today?

Debra Taylor (03:50)

Yeah, and so by the way, I agree with you, Jack. I don't think this is just some random thing or like some really good marketing I've done in the last year. I think that there are a number of factors that are meeting now for the first time ever that's making taxes more and more part of the equation. So I agree with you. And by the way, I don't think that's changing. I think that's here forever now, right? But being on the road for the last two weeks was, you know,

really fascinating. So we were in North Dakota, South Dakota, Colorado, Nebraska, and then all over Texas actually. And it was great presenting in front of anywhere from 100 to 200 people twice a day. And what I was seeing being out there is that people are caring about taxes and they are thinking about it as part of their wealth management strategy. And so I think that's the real takeaway is that in the past,

people are all about, let me pick the right investment, let me do that. And then taxes were sort of over here on a shelf somewhere. And every once in a while, you'd pull out a tax consideration, check the box, and then put it back on the shelf. Maybe you would have your tax return prepared. Maybe then somebody would look at it and be like, here's an idea. But it was very discreet, very isolated. And more and more, I think people are realizing that taxes has gotta be part of the everyday conversation.

which is good for people like yourself or people like me who are integrating it into our practices.

Jack Martin (05:24)

Yeah, I couldn't agree more. And you know, there certainly is this wealth effect, right? I mean, the market's up 25%. I mean, the Dow hit some 40 S &P at 40 ,000, you know, this week and so it's this wealth effect is causing people to say, wow, you know, what's going to happen, you know, with this tax situation? So, you know, I think there's a lot of that going on as well, don't you?

Debra Taylor (05:53)

Yeah, I think it's a combination of things because this will come up a lot, right? When I'm talking to people who are trying to hire me or, you know, just in general and people say like, why now? Right? Like taxes have been a thing forever, right? Since 1913, we've had a tax code, right? Like why now? And I think like you and I are saying there are a number of things. It's like the perfect storm. There are a number of things hitting basically all at the same time. So some of it you mentioned, right? You've got all these people retiring.

You've got this wealth effect. I mean, basically, we've been in this like 12 year bull market with one or two little blips along the way. And some people have gotten really lucky big technology allocations. But even beyond that, like this morning, I was reading in the journal. And even this morning, the journal was talking about how almost every asset class is higher, right? Like literally almost every asset class. And so when you talk about a wealth effect,

You're like, yes, what does that mean? But you've got people now, and I call them good American citizens, regular people who are sitting on millions of dollars in their traditional retirement plans. And I've been in practice 25 years. My guess is you've been in practice for a fair amount of time. You didn't see that 10 years ago, Jack. You didn't see that 15 or 20 years ago. 10 or 20 years ago, if somebody showed up with a large retirement account, they were a doctor at the top of the food chain.

they were an executive at a large company or maybe they were part of a very successful family business that's been around for generations. Those are the people that showed up years ago with these large IRA balances or large 401ks. Today, you basically have what I call solid American citizens, people that just lived within their means and have lived long enough that now they have these huge retirement account balances. So you've got this sort of wealth effect.

also courtesy of this 12 year bull market. The other issue is that you've got what I call tax chaos, is that for years the tax code was a very sleepy area. There really wasn't much going on. And then courtesy of 2017 and the TCJA, that's, I believe, sort of heralded in tax chaos. And once you saw the TCJA of 2017, and now it's aftermath, where literally every year just about,

we have tinkered with the tax code, like almost every single year since the TCGA of 2017. And so now taxes are front page news. It's become very politicized, right? It's become a real lightning rod. And we've had several major tax code changes in the last seven years. And again, another one coming up in a year and a half. And so, and then on top of all that, Jack, and this is probably a little bit more subtle, but it is equally significant.

is life expectancies are longer. And with these longer life expectancies then, we need our money to last longer for us, to work harder for us. And if we're tax inefficient for 30 or 35 years, that's really expensive for us, for our families, for our heirs. And so I think people are also thinking from like a longevity standpoint,

And I think some of it's intuitive, right? They're not really processing it the way maybe you and I are processing it together out loud here, but they're retiring in their 60s. That money's gotta last 30 to 35 years. And basically people are, again, on some level starting to realize this, taxes could be their largest expense in retirement.

Jack Martin (09:30)

Yeah, so you're spot on. The tax chaos thing is a great line. I'll make sure we get that out to the public. The this thing about longevity is a topic that we feel really passionate about, and it's really something that I think people are just turning a lens on. Understanding all the nuances to what that means and making it real. I mean, as a boomer, I'm kind of living that, right? I mean, my dad's 93, my mom's 90.

Okay, you know, aunts and uncles, friends, neighbors, you know, you start to get that personal experience around people living longer and what it means. And so now you start to project, you know, into your future self, right? So this whole behavior of finance thing, how do I see what I'm going to look like in the future? And you start to think about it, you go, holy crap, I'm going to be paying a lot of tax on this money when it comes out. And it would, the way deficits are going, I don't know that it's going to get any better. So here's, here's the thing. So if I'm an advisor today and I'm kind of transitioning from this,

you know, pre -retirement accumulation kind of model for my clients into the income producing kind of model for my retiring clients. So from a tax perspective, what are a couple of things that I should be doing as first steps, you know, to start to transition my business? Should I start with clients? I mean, should I start there? I mean, that's a friendly audience to practice on, don't you think?

Debra Taylor (10:49)

Yeah.

When you say, should I start with clients, what are you suggesting?

Jack Martin (10:59)

Well, as opposed to doing an event and saying, hey, I do tax planning, or putting it on your radio or TV or your podcast, I do tax planning, all you strangers come on in. I would like to have a warm audience where I'm going to try my tax planning approach. Hey, here's what we want to do. So I know you're laughing, but I mean, that's reality for a lot of advisors, I'm telling you. So.

Debra Taylor (11:11)

Ha ha!

Yeah, so, all right, so the first thing I think is you've got to, you know, get the tools, right? Get the tools and get the training. And here's the other reason you're seeing tax planning coming to the forefront is yes, there's a tremendous need out there for it. But arguably, there's been some need all along, right? Maybe not as critical a need as now, but there's been need all along, right? Here's also part of the difference is now we have the tools to address

this need, to service this need capably. And five years ago, we didn't, okay? Or the tools were very obscure, very difficult to use, not very accessible, right? And now we have tools that are available. And I'm not trying to be like a commercial for HolistaPlan, I'm not. But the reality is that available to every single advisor at a very reasonable price and with a ton of training and a ton of support, you can start evaluating, reviewing tax returns,

which is the foundation, that's the first step to doing this great work, is getting the tax return, right? Like you have to start at the beginning. And so I would tell you for advisors out there who have not embarked on this journey yet, is the first thing you really need to do is get the software in place and create a system around obtaining and reviewing tax returns. That's got to be the first step.

Jack Martin (12:53)

You know, when you said that yesterday, it really struck me. When we first, so I've been a CFP for over three decades. And so, you know, module three is tax planning, right? So we did that at some level. And when we really started getting earnest about it and putting some rigor into it, getting the tax returns, you know, took a little practice, you know, and a little diligence. It's...

I think it's a behavioral thing. I think people just don't like taxes so much. They don't want to talk about it and they don't want to dredge it out is the thing. And so the more comfortable you make it, the less judgmental you make it, I think the easier it gets to be. So thing one is, I think is mindset, right? Hey, I'm going to do tax planning. I should do tax planning. Now I'm going to start the process of training. I'm going to learn. And I'm going to start the process of getting the software in place. As you were saying that, so now we have the software.

I don't know how many of our listeners remember the six million dollar man, but the opening line was we have the technology, we can now rebuild him. So, okay, so we've got the technology, we can analyze tax returns as easily as scan them, upload them to the cloud, and a few minutes later, boom, you got a branded report that's going to give you instant credibility, right? So, okay, so I do that. I go to your master class, I learn how to do Halista plan, I listen to the horse's mouth or whatever it is. And so now what's next?

Debra Taylor (13:56)

Yes. Yeah. Yeah.

Jack Martin (14:19)

What do I do next? I go ahead.

Debra Taylor (14:20)

Okay, so let me just back up real quick, right? Because you're saying collecting the tax returns is sort of can be tricky, right? So I just want to address that real quick if that's okay, right? So when I sit with a prospect, I stay right up front is I'm gonna get your tax return like next week, okay? Like it is right up front. It is part of that conversation. It's like going to a doctor and the doctor's like, yeah, you have a pain here or.

Jack Martin (14:31)

Absolutely, yeah.

Debra Taylor (14:49)

something, I need your blood work. And you're not negotiating that with your doctor, right? You're not like, doc, I'm not gonna give you my blood work, cause that's super private, right? No, your doc's like, I need your blood work. And you're like, well, of course you do. So when you talk about mindset, like it's gotta be for the prospects, it's right up front. I have that conversation and it's non -negotiable, okay? Like if you're just like, yeah, I'm not gonna give you my tax return because that's private. I'm like, well then I can't do my job, right? It's like, it's not even negotiable, okay?

And so part of that, like you're saying again, is a mindset, the confidence that this is part of who we are. Now for our existing clients, for those folks out there who are just starting to do this in a really serious way, it is retraining our existing clients. And so you're gonna start asking for this tax return, some will be compliant and some won't, right? We know that. So the first year is a little bit of a struggle because yeah, you'll get them from half the people, let's say, but the other half are like,

Why do you need this? This is a headache. My tax guy handles this, right? I don't know how to upload this thing. I have security issues, whatever. And so I will tell you, we have a system in place in our office where we reach out no less than 35 times to our clients to get their tax returns. Okay, it is already structured. I have a calendar in place. My team takes care of it 35 times is the outreach, okay? And then at the very end, because it keeps escalating,

And then in like October after that final extension, right, final tax returns are due October 15th, is the few people, and I mean literally the few, the two, the three, that we don't have the tax returns for, either my husband or myself ends up picking up the phone or emailing them personally and saying, you gotta get this to us because we cannot do this valuable work for you unless you give us the tax return. So just, there needs to be a process around this. And here's what happens then.

is once you get those tax returns the first year from the clients and they see all the value and all the services in connection with the tax return, then in subsequent years, you will have not any issues. Okay, so you just gotta get them over that hump and then they'll see all the work you do around it and then they'll fall into line. And then remember, your new clients come on board, you already took care of that in the discovery appointment. So the new clients are falling into line right away. So that's what you need to do. You're gonna have some friction that first year, the first time they do it.

And then after that, they're gonna fall in line because they see the amazing work. All right, so I just wanted to address that part of it. Okay, so now what? We're getting our tax returns, right? And we've signed up for the master classes and we've got whole list to plan, right? Okay, so you're saying what's next, right? What's next is you need a process in place to review these tax returns, okay? So remember when you think about things. Yep, yep.

Jack Martin (17:37)

Hang on, hang on, hang on one second before I I'm sorry to interrupt, but at this point I want to make sure our listeners are dialed into this. OK, so we're not saying that you're doing brain surgery on taxes. OK, there are some easy things that you'll see in the report where you can go through and and even in your early days of doing tax planning, you'll be able to see these things. They'll jump out at you and you'll be able to add value to the client.

And so when we say do tax planning, we're not saying you got to prepare the returns. We're not saying you got to do deep analysis or anything like that, right?

Debra Taylor (18:16)

No, I haven't gotten to any of that yet. I mean, we're still in tax return review level 10. We're in the intro course. We're first semester freshmen right now.

Jack Martin (18:28)

Gotcha. OK. Sorry to interrupt you.

Debra Taylor (18:29)

Okay, yeah, no, no, it's okay. I love it when you interrupt me, because then we stay on message, right? So yeah, we're first semester freshmen right now, okay? So you get the tax return. And as you aptly point out, because clearly you've done this, is literally the upload is 30 seconds, literally, okay? But to your point, Jack, the report you get from Holista Plan has an observations page, and it will identify the key observations from the tax return.

Now I have seen the library of potential observations from HolistaPlan. It's heavily guarded, but of course they shared it with me. I needed to see it. It is literally pages long. It's like 10 or 15 pages of potential observations that then the software will identify in the tax return and then put on that observations page. And then to be clear, the observation page is typically about half a page long or three quarters of a page identifying.

a number of key planning items that you can address from the tax return. So here's the thing is you don't even need to technically read the tax return or even really look at the tax return report per se, which is only two or three pages. You could literally just go to the observations page and it will identify key planning opportunities for you right off the top.

Jack Martin (19:51)

So as a financial advisor, financial professional, wealth manager, what are two or three easy wins that I can pick up from my client from the returns generally? Say I've got someone with a million dollar net worth to five million net worth somewhere in that range. What are the common things that I'll see on those returns where I can add some value?

Debra Taylor (20:18)

Yeah, so they'll flag Roth conversion opportunities for people who, yeah, for people who are in like lower tax brackets, they'll be like, hey, you're in the 22 % tax bracket, maybe you should be considering Roth conversions. So that's one that you'll see. For folks that own businesses that have like schedule Cs or schedule F, it will identify QBI and different types of small business owner, like deductions and opportunities.

Jack Martin (20:22)

great.

Debra Taylor (20:47)

So that's a nice help. It will also point out potential tax credits that are available to people again in those lower tax brackets. So it'll address those as well. Yeah. So I mean, it's nice. Originally when I was getting the tax reports, I was ignoring the observations page because I thought, well, I'm a CPA. I don't need Holista plan to summarize a tax return for me. I'll just look at the tax return.

Jack Martin (20:59)

Gotcha.

Debra Taylor (21:17)

And then I started looking at the observation report, I'm like, darn, this is a good start. And so now it's one of the first places I go to when I get the report.

Jack Martin (21:29)

So, okay, let's step back a second. So what, in addition to tax planning, what kind of things should the advisor have on his radar in 2024?

Debra Taylor (21:45)

So now we're getting away from tax planning.

Jack Martin (21:47)

Well, we can include tax planning as well, but I'm just saying you're a very successful wealth manager. You have a great practice. And so, yes, tax planning is hugely important, but what rivals, if anything, rivals tax planning? From your perspective as a wealth manager, what are the important things that I need to have on the radar for my clients?

Debra Taylor (22:15)

Yeah, what I would say to go out and be really aggressive in developing new business is you need to be able to quantify your value. You know, more and more I'm sitting in front of prospects and they're saying, how are you going to earn your fee? How are you going to earn your fee? And so I think there's a level of sophistication out there now. There's so many options, so much marketing with those low cost providers on the highway is what I call them. And so.

One of the things that I would encourage all advisors to do is be very good at quantifying your value. So what does that mean? So first of all, this is where tax planning fits in beautifully because you can show specific dollars and cents that you save for the clients, which is one of the reasons I do like the tax planning so much. But beyond that, that old model of scheduling two to four meetings a year or one to two meetings a year,

and then having somebody show up and being sort of reactive to them, they say, well, why is small cap value in my portfolio? It hasn't done well, hasn't done as well as this other stuff. And by the way, I have some losses here. Can't you, aren't you able to do something with those losses, right? Is that model, I think, is broken and is sort of dead. And I've thought that now for a long time. And so one of the things that we talked about, Jack, yesterday, and I would want to reinforce this message,

is that everybody should have some form of a service calendar, proactive outreach, proactive communications, deliverables that you are creating independent of client meetings and independent of clients asking you for things. You should be anticipating what these things are that your clients need and then delivering them in a systematic, transparent way. And actually, when you read the data,

One of the things that higher net worth clients talk about is I want an advisor who anticipates my needs, thinks ahead, educates me, informs me. And so that's part of what I'm talking about here is creating that service calendar of things that you're going to do year round for these clients, irrespective of meetings or requests from them or whatever.

Jack Martin (24:30)

So I know you think about your calendar seasonally and so do you find that you try and talk about big subject areas in different seasons or do you talk about the whole process from A to Z every season?

What I'm thinking is, do we spend time, for instance, in risk management, in estate planning? Are those seasonal or are those things that you do year -round?

Debra Taylor (25:00)

Yeah, so it's more seasonal is basically the way we could think about it, right? Is you sit down and you're like, okay, these are the things that I'm doing for my clients or the things I should be doing for my clients and I want to be doing for them, right? So maybe then you make a list and you think you just think about what you do. Well, you know, every year we do a risk profile for them. Every year when they come in for their meeting, we review the losses in the portfolio or the positions that aren't doing well, right?

So it's like make a list of these key things that you are doing or should be doing. Realize, let's be honest, that some of these things, many of them are connected to the client meetings and they shouldn't be because what about the clients that aren't feeling well, that can't come to the office or that trust you so much that they're not babysitting you? Like should those clients suffer? No, I mean that's not fair to them, right? So think about the things that you are doing or should be doing.

And then, you know, maybe put them into categories, like is it estate planning work? Is it risk management work? Is it insurance work? Is it tax planning work? And so put them in categories, and then I would say allocate them throughout the year, and then write that down, hold yourself accountable, and that's how you would start.

Jack Martin (26:17)

Yeah, I couldn't agree more. I mean, for the clients I've had, and some of them have been our clients since 1994, and now we're into the second generation, moving into the third generation in some cases. And they don't, there's not a lot of housekeeping or check the box kind of work that I have to do anymore, because we've taken care of all those basics. What they expect from us now is, OK, so can you tell me how am I doing?

relative to my goals. Am I on track or off track? Okay, so red light, green light. I mean, it's super binary. And what should I be thinking about? You know, what should I be thinking about next? So a few years ago, we had this, because they were getting of a certain age, we had this conversation about long -term care. And, you know, it seemed like I was talking about long -term care all the time and, you know, keeping independence and so on. And now,

roll forward, you know, five, 10, 12 years, and they are in the need situation for that kind of help. And so, you know, it's really rewarding to see how that plays out. But as an advisor, I mean, it's our job to be forward -looking. We're the Sherpas. We're supposed to be looking out on the horizon.

And so if we can't think of five, six, seven, eight, 10 things that we can talk to our clients about going forward, then we're not doing our job. The other thing that I love that you're saying is, you know, this isn't one size fits all. And I think clients today, and JD Power has just released some great research on this, clients expect to be treated as individuals. Okay? And so this review process isn't the same for every client. The cadence isn't the same.

the agenda isn't the same, the format isn't the same. Some are happy with a Zoom call like this, others insist, you know, hey, I gotta sit across the desk from you. So what's your experience?

Debra Taylor (28:11)

Yeah, you're right. It's interesting, they'll compare to Amazon, where you use technology to be efficient, but then you also are more personalized and customized in how you approach it. And that is what clients are expecting more and more. So I agree with you. And so yeah, we'll have one of our themes for the deliverables in the service calendar is insurance. The other one is updating the financial plan every year.

So, you know, these are things then that every year we're coming back, revisiting, updating, having that conversation, seeing if anything's changed. And then also to your point is we have tremendous outreach in connection with this. And so every month we are probably reaching out on one to three substantive topics that we're sending out an informational piece to our clients, educating them, talking about any updates, and then inviting them to have a conversation with us or a meeting.

in connection with long -term care insurance or their estate plan or whatever and keeping that level of engagement going on all year.

Jack Martin (29:20)

Wow, this has been a great conversation. Thank you very much. I see now why you're so uber successful with your clients. I mean, you're doing what you should be doing as advisors and there's lots of opportunity for all of us, including myself, to level up a little bit. So anything you want to say to our listeners in close? Well, let me ask you the question, okay? Here's your curve ball for the call. What are two or three things...

that Debra Taylor does when she's not having Zoom calls or podcasts or speaking in front of consumers or doing webinars or doing tax planning with your clients. What are two or three things that you do that might surprise our listeners?

Debra Taylor (30:03)

You're funny, Jack. I love reading historical fiction. So I do a fair amount of reading on the weekends just to relax and sort of disconnect. So I love historical fiction and I love to travel and I love to exercise.

Jack Martin (30:21)

Awesome, awesome. All right, anything you want to say to the listeners as we wrap up?

Debra Taylor (30:26)

Yeah, one thing I do want to share is an inspirational message. If we all remember back to 2015, 2016, those were two really hard years for my business because a lot of clients realized that they had other options and they wanted to just, you know, go and self -direct, buy some technology, go to that custodian on the highway. And so 2016 really shook me because I realized that we needed to essentially reinvent ourselves to be more proactive.

and to again demonstrate how we're earning the fee so that we could beat out the competition. And if you remember for years, papers like the New York Times and others were basically telling clients, your advisor is robbing from you. You don't need a financial advisor, right? You can do this all on your own. Just go to an index fund or what have you. And so there was a time in the late teens where I worried whether I would have a business to make it through my retirement or even pass on to the next generation.

And what I will tell you is now this technology is coming out, all this FinTech that's available to us in so many areas, not just tax planning, that I believe it has breathed new life into the profession and new ways for us to demonstrate value every single day for these clients so that they don't want to go to that custodian on the highway because they are getting so much value from us. And so what I would encourage our listeners to do is to roll up their sleeves and dedicate themselves to these different areas.

and the FinTech and dedicating the resources, the training, but it is worth it. Every single minute you spend, every single dollar you spend will be worth it and you building an amazing practice, servicing these clients, building enterprise value, everybody wins. So let's just lean in and make all this happen.

Jack Martin (32:18)

Well said, very well said. You know, the technology isn't a distraction. It's designed to help us do more of what we can do as humans, right? To be able to listen and engage, understand and show them that they're valued. So awesome. Hey, this has been super exciting. Great, great conversation. Really appreciate your time. Thank you very much for all the good work you're doing for consumers as well as advisors. You're a great add to the industry. Appreciate all you do.

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that we've talked about in this session. So thank you all very much. Have a great day.

Voiceover (33:32)

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