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[00:00:00] **Voiceover:** Welcome to the Breakthrough Advisor Podcast. In this podcast, we inspire advisors with ideas and pathways to breakthrough 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.

[00:00:29] **Jack Martin:** Hey, this is Jack Martin. Uh, I serve as virtual CMO here at Simplicity and Share. Mark, I wanna welcome you to the Breakthrough Advisor Podcast today. We're super excited to have Ed Slot. Ed Slott's been with us a couple of times. He always brings the value and really delivers on the mission of our Breakthrough Advisor podcast, which is to level up your practice.

[00:00:49] **Jack Martin:** This is where leader advisors from all around the country are coming. Uh, they're, they're taking. They're consuming this content on their schedule, which is why it's been so hugely successful. So, hey, welcome Ed. Good to be back. How you doing?

[00:01:02] **Ed Slott:** Alright, great. Looking forward to all kinds of things happening in the next year or so.

[00:01:06] **Ed Slott:** Uh, and, and all the tax legislation in changes we have in 24. I'm telling you, it's, it's almost getting obscene and not even fair. It's so hard with all these rules and regulations and changes and amendments and proposed regulations, it's so unfairly complicated to just take your own money outta your IRA anymore, and for advisors too.

[00:01:33] **Jack Martin:** Yeah. Yeah. Life's gotten a lot more complicated. Hey, before we dive into that, I've just got a quick question for you. So we're sitting here post-election. This only happens once every four years. So what should advisors be thinking about now that we, it's clear what the, the next, uh, administration is going to be and so on.

[00:01:51] **Jack Martin: How, how should they be thinking differently about taxes, differently about, uh, IRA's retirement? What, what, what changes because of the election in your mind?**

**[00:02:01] Ed Slott: I don't have any inside information, but most people think or believe that the tax cuts that were set to expire after 25 will be extended. So what advisors should take from that is opportunity.**

**[00:02:14] Ed Slott: Don't lay back and say, oh good, we don't have to do anything. No, now you have more years to reduce these taxable IRA balances and move them into better vehicles, tax-free vehicles like Roth IRAs, life insurance. And the big takeaway is really the opportunity to get rid of these horrible assets. Due to the complications, IRAs are now the worst possible asset for wealth transfer or estate planning.**

**[00:02:41] Ed Slott: They're complicated, they're expensive. The taxes are through the roof, and if you make a mistake, the penalties are draconian.** It's just a horrible asset. So now you have more years to start trimming those balances at low tax rates. So don't sit back and say, well, we may have a few more years. Take advantage of those years and use those low rates to start trimming those balances and in the long run, helping clients.

[00:03:09] **Ed Slott:** Now when I say trimming balances, yes, that means taking that money down and paying some taxes with some clients. Maybe a lot of them will balk at, but you have to see the big picture. You know, year end people are always asking for advice. How can I lower this year's taxes? What could I do now before year end?

[00:03:29] **Ed Slott:** And I say, raise the taxes. Don't do all those things. They tell you on every year. End taxes. Planning article or show. They say, oh, Anna, add to your 401k. You get a deduction. No, you're only adding to the problem. Go the other way. Remember, tax planning should be for life and beyond. If you're really doing a job for your clients, you're doing the full job.

[00:03:52] **Ed Slott:** Saving taxes now only cost them later when they could have had better options.

[00:03:59] **Jack Martin:** So, uh, I'm with you. I don't have a crystal ball either, but if we look at, you know, what happened last time, uh, this team was in charge. Uh, the stock market went a little crazy. So should we be thinking about asset location and capital gains and those kinds of things when we're, when we're thinking about our IRAs, you know, if, if the potential is for the market, you know, to continue this, this bull run, is there anything we should be thinking about with respect to which assets go in?

[00:04:25] **Jack Martin:** Which kinds of accounts? What do you think?

[00:04:27] **Ed Slott:** Well, if you have a Roth and you want to get to a Roth, actually the best assets to have, they're the ones you believe that have the highest appreciation potential, your equities, and maybe even the riskier investments. Now, there could be a downside, then you'd be a loser.

[00:04:43] **Ed Slott:** But in general, the market will, I don't know, again, nobody knows, but it will be rocket. You know, it'll, it'll rock up and down, but it, it always seems to rock up and down when there's change in an upward direction. Because businesses always make money or they're out of business. So the market generally, from what I've seen and everybody else has seen for a hundred years, generally goes up.

[00:05:07] **Ed Slott:** And I had the same talk with somebody with many people back in 2010. I remember that because that was a big year before 2010. You could not convert to a Roth IRA if your income exceeded a hundred thousand dollars. Then Congress needed money, like I believe they always will, and they eliminated that rule and the floodgates opened up.

[00:05:31] **Ed Slott:** I begged people to take that deal then. Do you remember that deal, Jack? They allowed people like me and I, I went all in. I did it myself. I converted everything and I'm. I, I beg people. I remember being in programs on stages and a TV show. I said, take that deal. And now when I tell people, did you take that deal?

[00:05:54] **Ed Slott:** Uh, I said, well, I took that deal. You should've listened to me. And I throw it out. In fact, even recently, to a CPA audience, I said, so I converted everything in 2010. How much tax did I pay? And they're saying, well, you didn't give us the rate. You didn't give it zero. That was the deal. You don't, you don't have to make any calculation.

[00:06:13] **Ed Slott:** It was zero. And they go, what? Yes, that was the deal. I converted everything You, the deal was you paid no tax in 2010, unheard of on a Roth conversion, you paid half an 11 and half in 12. So in other words, the government was so desperate for money, they gave everyone an interest free loan to build a tax free savings vehicle.

[00:06:37] **Ed Slott:** So now. Look back and I did look back the market at the end of 2010, back to your market, uh, question was at about, uh, 10,000, 10, 11,000. We're four x that now, and anybody who listened has all of that growth four times all tax free. And I think we may see the same trend again because people will be unsure.

[00:07:04] **Ed Slott:** Yes, the market will go up and down and up and down, but I believe long run it, it goes up. Yes, we could see a crash, but it's very hard to time the market in anything. And especially with Roth conversions. I've seen comments online already. Well, the market's at an all time high. It could crash. I don't wanna convert now.

[00:07:24] **Ed Slott:** Alright, so maybe do a series of, uh, monthly conversions over time, kind of dollar cost average into the Roth. But in the end, the, the plan is to get rid of this highly taxed IRA because every time, uh, we have low tax rates, which we will have, I predict in the new administration for more years. It also racks up the deficit and the debt levels, which could lead eventually to higher taxes.

[00:07:53] **Ed Slott:** It's all a mathematical, uh, cycle. It's just that Congress lately, you know, for the last, I don't know, couple. Couple of decades doesn't believe in math, but at some point the, I believe the bill is going to come due. And now you have the opportunity more years to get to remove these assets. An IRA is a horrible asset, but you have more years to get it into what I believe are the best assets for wealth transfer and, and long-term financial security and estate planning like life insurance and Roth IRAs.

[00:08:25] **Jack Martin:** And, and I think so there's a little bit of a mindset shift that we've gotta go through, right? That's right. People used to, people used to think, uh, besides the, the thing about where asset location, it's a, it's a, we used to think Roth conversion, that's a one time thing, but you know, the market doesn't go straight up.

[00:08:43] **Jack Martin:** It goes up, it goes down, it goes up, it goes down, it goes up. Alright, so why not convert on the dip? Why not build a program into your customer experience that says, Hey, when there's a market dip, let's reach out to clients. Let's convert a little and, and let's, let's get those assets moved over over time.

[00:08:59] **Jack Martin:** What do you think I. It doesn't really work.

[00:09:02] **Ed Slott:** I had this with a client, I think it was back at the end of 18, and she was a doctor client. I don't really do that much client work anymore, but back then I had a few clients left and she was hemming and hawing the whole year. Should I convert? I have a million dollars.

[00:09:16] **Ed Slott:** I, I don't need it. She was a perfect candidate, but she couldn't pull the trigger. She calls me in December, says, all right, I'm gonna do it. Uh, and she converts a million dollars and the market was on, on the dip. Well, by the time the order got through, it happened to be at that point until, I think recently we had a day that eclipse, that the largest gain in history over a thousand point gain.

[00:09:40] **Ed Slott:** She emails me two days later, says, I'm devastated. The market went up and I said, what was the market? That what? I said, what are you worried about? Well, I, I converted at the highest level, so. I remember calling and she, she called me. She did it already. She didn't go back. I said, just keep it. You're gonna be fine.

[00:10:00] **Ed Slott:** Markets go up and down, but they go up and you'll always be better. A couple of years later, she had the same thing, wanted to convert another million, and I said, all right. Let me tell you what happened last time in case you don't remember. Here's the email. I saved it in your file. I'm devastated. How could I have done this?

[00:10:17] **Ed Slott:** I said, look at the market then. 'cause I made a note of it was 23,000. And now it was like 35,000. So what, what's the problem? So you really can't time it day to day. Uh, so, because in her case she did, she thought she timed it on the dip. But by the time the order got processed, the market had gone up a thousand points.

[00:10:40] **Jack Martin:** Can't time the market.

[00:10:42] **Ed Slott:** No, it's very hard to do with Roth conversions, but you can do it a little at a time. Yeah, and you're right about that. When you tell people, when I talk about Roth conversion, lots of, and this is important to explain to client, a lot of them do believe it's all or nothing. No. You can do a series of smaller annual or even monthly conversions over time, so you kind, like I said, dollar cost averaging into the market, but into a tax free vehicle that the clients will love.

[00:11:11] **Ed Slott:** And the life insurance. I put 'em both in the same area because, uh, the same bucket because it's such a great bucket. Anything that grows tax free will always be better for the client long term.

[00:11:22] **Jack Martin:** The next generation, generation X, the, the oldest, uh, part of that cohort is, is reaching age 60, 61, somewhere in that range.

[00:11:31] **Jack Martin:** Right. So what, what, how should they be thinking about this? I mean, they're, they're in their peak earning years. So how should they be thinking about, you know, their, their tax planning situation?

[00:11:43] **Ed Slott:** Jack, that is the number one question I get from advisors because they know I'm a big Roth advocate and the reason I am is because tax free is always better.

[00:11:53] **Ed Slott:** In all my years of clients that actually listened to me and did the Roth conversion, I. Never one, not one client, and I and advisors have told me the same thing. They never had a client with a Roth ever complain. They look at their statement and it's all theirs. A hundred percent tax free for life. No RMDs, no confusing RMD rules during life, even after death under the secure act.

[00:12:15] **Ed Slott:** This, the beneficiaries could do whatever they want for 10 years, all growing. Tax free. So the question is always put, ed, what about clients who are at their peak earnings years, which could be those top Gen Xers in their late fifties, early sixties, and they may say, well, I'm already in a top rate. I say to them, nobody knows what the top rate is.

[00:12:37] **Ed Slott:** That's the top rate now. And chances are anybody who's in a top rate now will be in a top rate for the rest of their lives. Because people that are at that level, that means they're earning, they're saving, they're not gonna stop. And they might say, well, what about in retirement? Wouldn't I stop? Yes. But if you do nothing as far as conversion and just let it sit, the the growth, the accumulation doesn't stop.

[00:13:02] **Ed Slott:** That means you're accumulating, you're accruing a tax bill by doing nothing. And it could be that if the math ever catches up with Congress, that your top rate could go back to historic levels of 40, 50, 60%, remember the whole Roth and include the life insurance. **The whole bet on taking money out of an IRA at today's historically low rates is a bet that rates in the future will be much higher, and I think that's a pretty good bet.**

**[00:13:31] Ed Slott: And I always ask groups of advisors of, based on that same question you asked, I always say, poll the group. And I say, how many of you think taxes will go up in the future? And yeah, like half of them raise their hands. Then I ask, okay, how many think taxes will go down in the future? And nobody raises their hand.**

**[00:13:49] Ed Slott: And I say, that's the same question. If it's not going down, it's going up or it stays the same either way. I think the Roth or the move to life insurance, I put them in the same boat, is a winner long term for clients and their families, and if the clients and their families win, so do the advisors. Every time** I.

[00:14:10] **Jack Martin: So clearly the, the Roth conversion story is something we, we should be, I think so. We should be telling all the time.**

**[00:14:17] Ed Slott: Right? But people, there are, it's not for everybody. I say everybody should have minimum have a conversation. Advisors should know who their clients are with the largest buildup in IRAs.**

**[00:14:27] Ed Slott: 'cause all that is, is building a tax bill. I say it in every seminar. Your IRA is an IOU to the IRS. It's building a tax bill. Bill and you can't ignore it, like the problem's gonna go away.** It reminds me of that old line by Henny Youngman, the old comic. He says, when I read about the evils of drinking, I gave up reading.

[00:14:49] **Ed Slott:** You know, it's, the problem doesn't go away, it just grows. You can't ignore the problem.

[00:14:55] **Jack Martin:** Okay, so, so I, I, I think I get the, the Roth conversion conversation situation, but, uh, there's a caution on the life insurance.

[00:15:03] **Ed Slott:** Okay? Don't do it before 59 and a half back to your Gen X. With a Roth conversion, you could do it any age.

[00:15:09] **Ed Slott:** You ne as long as you convert everything, you never have a 10% penalty. But when I keep saying it's the same thing for life insurance, not really. If you do take money out, you can't roll. IRAs into life insurance. What I'm talking about is taking it down, taking advantage of low brackets. Every year. You waste a low bracket, it it, you lose it.

[00:15:29] **Ed Slott:** It doesn't come back. Then you pay tax on the money and you can use that money for life insurance premiums. Of course, I'm talking about permanent cash value life insurance, like I have myself. But if you do that before age 59 and a half, don't do it because there's a 10% penalty, then it's not worth it.

[00:15:48] **Jack Martin: Besides Roth. In at the beginning of the year, what should what? What are the two or three things advisors should be talking to their clients about?**

**[00:15:56] Ed Slott: Well, for the clients who are 70 and a half or older that are charitably inclined, you should do those QC ds, qualified charitable distributions. People make the mistake at doing them at the end of the year.**

**[00:16:09] Ed Slott: After they've taken their RRMD and thinking it can offset it, because there was a story, even today's paper in the USA today, uh, it said, uh, you could do the QCD at year end and it offsets the RMD. No, it doesn't, it, it has to be taken first before the RMD. And this is only for clients who are charitably inclined.**

**[00:16:30] Ed Slott: What I, what I mean is they give to charity anyway. If you're giving to charity anyway, the best assets. To give our IRAs, because they're lousy assets. Give the charity the dregs. They don't care, they don't pay taxes**, but do it in the right order. So people like to be charitable around the holidays and they do it in the wrong order.

[00:16:52] **Ed Slott:** They think, oh, it's Christmas time. Let me do a QCD. Uh, I'll give you a. Quick example. Let's say the clients, just to make the numbers easy, like already giving 5,000 a year to their favorite charity, but they already took, and their RMD also happens to be 5,000, so they already took their RMD, so they have tax on 5,000.

[00:17:12] **Ed Slott:** Now they do a QCD figuring that's gonna offset that. It won't, you won't pay tax on the 5,000 went to the charity, but you're withdrawing 10,000 if. Uh, you do it in January. That's why I say January is the new December. That's when you make your charitable gifts. You do the QCD first for 5,000. Then if your RMD is 5,000, it's already satisfied.

[00:17:36] **Ed Slott:** So that's the way to do it and that's the way to make gifts. You should go through your client's tax returns. 'cause especially in December when they're thinking about charity, tell them to hold off maybe and do it where they get the most bang for their buck. A QCD is a transfer from the IRA to the charity.

[00:17:55] **Ed Slott:** The only downside is a great provision and it's even been beefed up what with inflation riders. The only downside is not available to enough people. It's only available to IRA owners and IRA owners who are 70 and a half years old or older. Even though the RMD age isn't until 73 now, there's even a gap.

[00:18:16] **Ed Slott:** You can do it before r and ds kick in, and if they're making gifts anyway, they're getting no tax benefit out of it. Now you get the benefit of pulling that money out of the IRA at 0% tax.

[00:18:29] **Jack Martin:** So Q1 25. Thing one is Roth. Thing two is QCD. Well, I would do the QCD

[00:18:36] **Ed Slott:** first to get that out of the way. Right? And then if they're subject to RMDs, then they take RMDs and then the Roth conversion.

[00:18:43] **Ed Slott:** If they're not subject to RMDs, they could do the qds anyway just to get it out of the way and then do Roth conversions. It's better to do Roth conversions before you turn 73, before the year you turn 73 because they're more expensive. To do Roth conversions when somebody is already into RMDs. Because the RMD, the required minimum distribution cannot be converted, you first have to take that out, pay the tax on it, and it can't be converted.

[00:19:12] **Ed Slott:** Then once that's satisfied. There's a new rule in effect now from these IRS regulations that once you take your RMD, you can't convert until you've taken the, satisfy the RMD for every one of your IRAs. Once you've done that, then any part of that remaining IRA balance is available for conversion, but it costs more.

[00:19:33] **Ed Slott:** 'cause you had to take the RMD out and pay tax, which you couldn't convert, but if, uh, you're not. If you have clients that haven't hit 73 yet, say they're going to be 72 and 25, that would be the year to pile on Roth conversions. And another thing which I mention all the time, the widow's penalty. You may have a client where one spouse, a married client, where one spouse has died, that's going to happen in 25.

[00:19:58] **Ed Slott:** So every advisor's gonna have a a couple where one spouse has died, do the Roth conversion for the surviving spouse, because if you don't. The next year she'll be filing generally at single rates on a pretty much the same income other than the adjustment for social security, um, to get that Roth conversion in on the last available year of married, filing joint rates, which would be a lot less costly.

[00:20:24] **Ed Slott:** Plus, you're doing that spouse a favor. And in all these scenarios, you notice when I, you take the money out, other than the qcd, you are paying tax. But if you're getting it out at low rates, you're winning the game. Always pay taxes at the lowest rates. That's the key to all good tax planning. So if you do that, yes, you'll, the surviving spouse will pay the tax.

[00:20:47] **Ed Slott:** But now she'll have a Roth IRA. Her income will be low for the rest of her life. She never has to take RMDs and if she needs money for anything, she could take it from the Roth tax free, and if she doesn't need it, she can stockpile it, accumulate it tax free, and when she dies, it's accumulating her whole life income tax free.

[00:21:06] **Ed Slott:** It can go to the beneficiaries for another 10 years tax free. So paying some tax now you get something for your money.

[00:21:14] **Jack Martin:** So what's the third thing advisors should have on their agenda for Roth? Roth, QCD and I would look at life insurance,

[00:21:23] **Ed Slott:** especially people, especially those Gen Xers, you know, coming into their sixties.

[00:21:28] **Ed Slott:** Use that IRA, turn it into a good life insurance policy. Like I said, the permanent policy, cash value, I have it myself. One of the best things I ever did and. I actually upgraded all my insurance about 10 years ago. I know that because I took a 10 pay and there's one year left and it was a great deal. I, the reason I upgraded it, because it was about 10 years ago, I first learned about long-term care riders on life insurance policies.

[00:21:57] **Ed Slott:** I don't know if that's available for you guys. Do you? Do you have You have that? Yes, a hundred percent. And it's the best. Picture. I mean, especially now, I mean, you see the aging of the baby boomers like me, the medical care is off the charts even though I don't do much client work any anymore of the tax work like I used to, even when I, I used to it last few years.

[00:22:21] **Ed Slott:** It was un, it was not unusual. To see people, older people claiming over a hundred thousand dollars a year in medical expenses, and you talk. I had it with my own mother, the nurse's aides, the trips, even the little trips in the ambulance to the doctor or the hospital, the home health. Care aide, uh, medical home improvements, uh, through the roof, installing ramps and railings and chair lifts and stairway, uh, stair lifts and, uh, widening hallways and doorways and access and medical home improvements like, uh, enhancing kitchens and bathrooms.

[00:22:58] **Ed Slott:** These are big ticket items. Where is that money going to come from? People are worried about. That Well, with these products, it can come right from lifetime benefits of life insurance. And most people who sell life insurance don't, they sell on the, the, the payment to the beneficiary. They don't ca I gotta tell you, if I'm talking to advisors now, don't tell your clients about that.

[00:23:21] **Ed Slott:** The kids are gonna get all this money. They already know that. And they don't care about the kids anyway. They tell you they do, but they don't really, they care about themselves. What's in it? For me. Why? Because I get that when I do consumer seminars all the time. Ed, you talk about life in church. Why would I do that?

[00:23:37] **Ed Slott:** What's in it for me? I just pay everybody and then, and then I drop dead. What's in it for me? And I said, forget about the death benefit. We don't care about the kids anyway. They're gonna get plenty. All right. What's in it for you? Lifetime benefits. I don't think that's stressed enough by the average person talking to clients about life insurance.

[00:23:55] **Ed Slott:** To me, that's the biggest single benefit, and the reason I did it is because if I need that kind of expensive care, the last thing I wanna do is rely on my kids to come up with the thousands of dollars needed for my care every month. I wanna know it's taken care of and I, and everybody should want the same thing.

[00:24:15] **Ed Slott:** The kids are gonna get plenty. So what I'm spending their inheritance, they'll still end up with more. So I say to anybody watching that sells life insurance, sell the benefits to them. I don't think a lot of people know about these fantastic lifetime

[00:24:31] **Jack Martin:** benefits. So here's the other thing, and, and, and I'm learning this now with my parents and with my wife's parents.

[00:24:38] **Jack Martin:** Okay? Um, and, and it's not just about the cash flow, it's about choices. There are so many people who need home care, need nursing, home care, et cetera. There are aren't enough people doing them. There aren't enough quality service providers or quality, uh, institutions where people can get good quality care.

[00:25:00] **Jack Martin:** And so. **To find the good quality care, to find the, the home care workers who are really gonna show up and do the job and care about you and your parents, that costs more. And so the don't, don't think that just because you've got enough to cover the average cost of, of long-term care in your neighborhood that you've done the job because.**

**[00:25:22] Jack Martin: When you see what average looks like, you are not gonna be very happy. You're gonna wanna level up the care that you're receiving and certainly the care that your parents are, are receiving. So I would say you, you can't overshoot that number. Uh, and, and to your point, if you, if there's a way. To take dollars that, that you, you, you have allocated to produce a tax-free income stream.**

**[00:25:46] Jack Martin: But to get the bonus of having those, uh, available for, uh, for long-term care, that that is a huge win. The more dollars you can put in that pile that you have access to, to create choice and options, the better off you're gonna be.**

[00:26:00] **Ed Slott:** It's funny you said that because I, I think it's the best product out there that even my insurance guy years ago when I was going through this.

[00:26:09] **Ed Slott:** I kept telling him, same thing you said. He says, well, I could reduce the premium. I said, no, I want the highest premium. And he said, well, I could save you. Don't save me money. I want the highest. Well, why do you want, and I'm telling him, like I said, take me right up to the MEC level. The modified endowment contract, up to that level, you start to lose benefits.

[00:26:28] **Ed Slott:** 'cause I wanna build as much cash in there. That's my purpose. Uh, so it's available if it's needed. So there's no burden on my family. And I tell this to every consumer audience. And you can use this line if you, you present to consumers. I'm talking to the advisors now. I look at them and I see the reaction.

[00:26:47] **Ed Slott:** I do so many. I've done these for 30 years, and you could see which are the reaction shots, so to speak. When I say, so, I go through all of this and I say, the reason you're doing this is because the greatest gift you can give to your family is the gift of your own financial security. Amen. And then I just let it breathe and I see the reaction.

[00:27:07] **Ed Slott:** Yeah. I don't want my, you know, you could almost, it's palpable. You could almost feel it in the room. And this product in particular gives you that, along with annuities, other products that, that provide guarantees. Guarantees is so important. There's so much uncertainty, you know, uh, from what I see, just from my own perspective, you probably see the same thing.

[00:27:30] **Ed Slott:** But there's an old saying, uh, money is a coward. Money flows away from danger, risk and uncertainty. It just flows away. Money flows too. Safety and certainty and stability and guarantees. That's where money flows as people get older.

[00:27:49] **Jack Martin:** Yeah, a hundred percent. Hey, uh, this has been awesome. Uh, I, I think I said hello and then we launched, so I.

[00:27:56] **Jack Martin:** Here's my final question. Okay, so as we're wrapping up, is there, is there another one final nugget you want to drop to advisors, you know, who are, who are, you know, ramping up in Q1 25 so that they can have an awesome, not 2025? What would you say to

[00:28:12] **Ed Slott:** them? Well, we're going to cover this. What you and I have a program coming up.

[00:28:16] **Ed Slott:** Let me check my calendar. It's January 14th. A webcast and I'm going to cover a three step process. You can use, I've used it in all our programs. Uh, but start out the new year using this. And then when you come on the webcast, you're going to come on and say, you know, Jack, that guy Ed. Well I did that and I picked up all this new business, three steps, identify, explain, and show.

[00:28:41] **Ed Slott:** And it encompasses a lot of what I just said here, and their whole rethinking. Of retirement. Not to think minimum, nothing ever happens good if you stick with just taking the minimum out and the lease. Trying to save taxes. Now for an explosion or a tidal wave of taxes later, uh, minimum wage is no good.

[00:29:01] **Ed Slott:** Uh, do you go to the gym? I wanna do the minimum. You know, I want best results with a minimum effort that never works. Think maximum. How much can I get out? So they identify, explain, and show. Here's your hit list. You could start working on it before the year end. **Identify the clients. Step one, who are at most risk that you, these are your critical care clients.**

**[00:29:22] Ed Slott: You know these, you need triage right away, January. Who are they? Obviously the ones with the largest balances, they have more at risk in their IRAs. Plus with the market this year in 24, I mean they, they're, they have to see their balances going up, but so is the tax bill. That may not be all for clients' money.**

**[00:29:44] Ed Slott: They don't realize, they think it's their money actually. You have to identify those people and let them know they're at high risk. Why? That's the second step. Identify. 'cause these are people you're going to call and set up meetings with. Quick identify, explain why their current plan is on a disaster course is it's, it's no good.**

**[00:30:03] Ed Slott: It's not going to work.** But we don't have to stretch. IRA. They were taught. Some people still think that's a thing. It, it isn't, hasn't been for years. All that money's going to be taxed in a. Like I said, a tidal wave of taxation, uh, by the end of the 10th year after death. So explain to them why their current plan doesn't work specifically.

[00:30:24] **Ed Slott:** Look for clients who've named a trust as a beneficiary. Those plans don't work. This is where life insurance is a much better vehicle to fund a trust. Uh, and the reason you have to explain why they, their plan doesn't work. They have to realize they have a problem otherwise. They're not ready for the solution.

[00:30:42] **Ed Slott:** So identify who they are, that's easy. The ones with most at risk, the highest balances, explain why their current plan will lead to a tax disaster for them and their beneficiaries. And show, show them alternatives like we've been talking about. Roth IRAs moving from what I always like to say for taxed and never taxed, uh, build up, uh, lifetime benefits and insurance policies like I did myself.

[00:31:06] **Ed Slott:** And I would say before you do any of that. This may be the best single piece of advice. I always tell advisors to do this, do everything I said for yourself first, for two reasons. To take care of your own house, to get it off the table, but also to have credibility like you see the passion. I talk about it like this 'cause all, everything I'm saying I did for myself and my family, I couldn't talk about it like this if I didn't experience it with my own mother, my own family.

[00:31:38] **Ed Slott:** Because what's gonna happen when the client says, well, I love this whole insurance thing. Oh, what did you do? And you say, well, I didn't do any of this. I'm just a loser. But here's what you should do. It does not have the impact, the credibility, the trust, the bonding that you need. Do your own plan because it always works this way.

[00:31:57] **Ed Slott:** This is my rule, even though I'm not a life insurance person, I'm a tax advisor, but my rule for life insurance professionals. Those who own the most, always sell the most. You gotta believe in what you sell. So I would do that first thing out of the gun. Then you can talk like I'm talking to your client when you have that conversation, I.

[00:32:20] **Jack Martin:** Great advice, as usual, a spectacular, uh, we're gonna have to go back and listen to this up, like 0.5 speed in order to, to get it all in. So thank you very much. Hey folks, uh, this has been Ed slot, uh, as usual, spectacular. Lots of great nuggets. Um. This is the Breakthrough Advisor Podcast. Please like, comment, subscribe, uh, wherever you get your podcast provided by you.

[00:32:45] **Jack Martin:** We're available. Uh, look forward to seeing you again on the next episode of the Breakthrough Advisor Podcast. Thank you very much.

[00:32:54] **Voiceover:** Thank you for listening to the Breakthrough Advisor podcast. Click the subscribe button below to be notified when new episodes become available. The information covered and posted represents the views and opinions of the guest and does not necessarily represent the views or opinions of Insure Mark.

[00:33:10] **Voiceover:** The content has been made available for informational and educational purposes only.