



PHILIP A. BOARD

**MODERN
RETIREMENT
THOUGHT LEADERS**

A Definitive Guide for
RETIRING WELL

What Are the Qualities of Grower Investors and Why Should Their Portfolios Be Different?

by **Philip Board**

Most traditional financial advice is focused on the broader population. When you read advice like, “At *this age* you must have this kind of portfolio, and *that age* you must have that kind of portfolio,” it is advice for the broader population. Our industry training has been designed for the mainstream, and it is very conservative in nature—and rightly so. In our highly litigious society, there’s always a lawyer lurking, waiting for an excuse to sue.

However, this approach is not appropriate for all investor mindsets. In this chapter, we’re dividing the population into four different mindsets: *survivors*, *spenders*, *savers*, and *growers*. They are different kinds of people, and their approaches to risk are not the same. Growers, in particular, think differently about money and need a somewhat specialized portfolio.

Spenders, Savers, Growers, and Survivors

Your mindset can change with time and circumstances. As you are reading this, you might identify with one of the four mindsets right now, or you might recognize one you had at some other point in your life.

The first mindset that a lot of people start out with is not spender, saver, or grower; it is *survivor*. If you think back to your first job, or when you were in college and paying your own way, you were likely in survival mode. You were working to put food on the table—hopefully most days—and a roof over your head, maybe enough gas to get you to work the next day or to school. Then what often happens is you get a better job, you start making a little bit more money, and the scarcity that came with survival mode dissipates. It can feel like you are in a new state of luxury, and you start to spend.

You spend to get the things you think you need as well as the things you want that you were dying to have when you were a survivor. You have become a *spender*. Beyond that, hopefully, you will graduate to becoming a *saver*. Some might skip the spending altogether and go straight to saving.

Savers are not living paycheck to paycheck, but they allocate their money themselves, putting money aside, keeping it for a rainy day. Beyond savers, you have your *growers*, who are those people who graduate from saving to another stratosphere.

As you move through life, the hope is that you move through these zones as you can afford to. Now, as one of my colleagues has pointed out, there are also trust fund babies, or those who come from affluent families and never experience the scarcity of survival mode. They might never have to work for a roof over their head. They can potentially go straight to grower, but not necessarily. Some might only know how to spend.

So let's talk about the different types in a little more detail. As we do, you might identify the stages you have experienced in your life. You may also look at yourself in terms of where you want to go and consider what mindset you will need to get there.

Spenders

Spender, as we have said, is generally the next step up from survivor. Spenders often have worked for a while at a job, or many jobs, before finally gaining enough seniority or a promotion that provides them with enough money to spend. Perhaps they are then able to afford a modest home or modest car, although they probably would not live in the most affluent area.

In my career, I have met many spenders who work for a large corporation that offers a pension. I noticed that while these spenders would retire with a half million dollars from their pension, many never really learned how to accumulate money. Once they got into retirement, their spending continued. As a result, I have witnessed several people spend themselves

out of money. Even though the company gave them a great retirement plan in the form of a pension, they never cultivated a saving discipline. They never saved money out of their paycheck themselves. Some might have a pension, but also put money in their 401(k) for the sole purpose of borrowing it out when they need it, creating a vicious cycle of borrowing and paying back their money. Some who retire with a chunk of money continue their habits as a spender into their retirement, running up credit card bills and then drawing a chunk out to pay them. Sooner or later, that comes to a head.

I have seen several people in my lifetime who retire, but then run into trouble because they have champagne tastes on a beer budget. Sometimes this spending mindset can disguise itself as “investing.” For instance, a couple spent a large amount of money on their own home, and the wife’s argument was, “But I am investing in real estate!” When budget problems ensued, and it was suggested she sell the home to recoup that money, she said, “No, I am not selling my home.” This was clearly not an investment in real estate; she was just spending it on their home.

The spending mindset is one that Americans, as a whole, need to break away from. If I am addressing you, I hope I am not offending you, but I hope you learn from this. I hope you are able to see the big picture here. Everyone needs to be financially responsible. Yes, you might have some social security, and maybe you are lucky enough to have a company

with a pension plan you can roll over, but if you are not a good custodian with your own money, you are likely to regret it.

Perhaps you will take a look at this and say, “Okay, maybe I need to reevaluate and become a saver.” Let me be clear: Being a spender does not mean you are a bad person. If you are only spending within your means, that is fine. However, if you are looking for something beyond the means that you have, then you will need to evolve into a saver. If you are a spender and you are spending within your means, and you are completely comfortable with where you are, then live on. If you want more, let’s talk about savers.

Savers

Savers are the next rung on the ladder. You have evolved from survival and have moved on to spending a little bit. The next step is becoming a saver. Perhaps you are working for the company with a pension, but now you are making sure you put money away into your 401(k), and you don’t borrow it.

You can create even more funds by taking steps to improve your pay. You may be able to increase your value to the company by achieving a new certification or degree. Teachers, for instance, start off with a teacher credential that pays X , but you might go on to get your master’s degree because it pays $2X$. Then, eventually, you could move on to your doctorate, which might pay $2.5X$, but that is when you reach the top of your pay scale. If you are contributing

to your retirement at the same time you're increasing your value, those two actions should put you in the realm of a nice home in a decent neighborhood, not necessarily luxurious, but nice, as well as a decent car. Your kids go to good schools because you have been able to accumulate the assets and the resources to afford them.

The key is that you are saving money. Whether you do it in your 401(k) or you do it after tax, you are saving money, and you are limiting the spending behavior that you might have had when you were younger. A saver is someone who is resolutely putting assets away. If you are a saver, you are probably investing in a selection of mutual funds, and you are putting money in your savings account, traditional CDs, and savings and mutual fund portfolios. Maybe you are in an age-based mutual fund in your 401(k).

When you retire, you are the person who is comfortable with the traditional sixty-forty portfolio because your age dictates this kind of portfolio. There are plenty of people out there who are very successful as savers. They are generally more risk-averse. They are probably the people who, when the market goes down, are the ones on the phone, worried and wanting to know what we, as financial advisors, are going to do about it. They are not comfortable taking the risk necessary to truly grow their portfolio. When I say this, I do not mean to offend anybody. I know risk is very personal. You might quantify it with a number or explain how you feel about losses, but risk is a very personal thing, and it is different for everybody.

Perhaps you are completely comfortable being a saver. You have lived a nice life, you get to take your vacations, and your kids get to go to college because you paid for it.

It is different for everybody, but I have found that savers will focus more worry about the down years in the market than they will enjoy profitability in the up years. As you can see, for savers, it's not about how much money they have or earn; it's about their mindset regarding risk versus reward.

Growers

Growers think about money differently. Chances are they have been aggressive savers at some point, and it now affords them the ability to move on to the next phase. Maybe they had a little grower in them even while they were going through the saver stage. The difference between them is growers understand that, on average, the stock market loses money once every five years, but generally makes money in the other four. They know one-in-five odds are not bad. Put it this way: If we knew we could go to Vegas and win four out of five hands, we would all be going to Vegas. If you could buy a lottery ticket and knew that four out of five of them would be winners, we would be buying more lottery tickets. But when it comes to the stock market, so many people are fearful.

The next piece important to the grower is not about the return of their money. It is the after-tax return on their money. They are thinking about things like:

How do I tax-efficiently convert my IRAs into Roths so when I need it, I get it tax-free, and if I pass away, my next generation receives it tax-free?

What can I do with my money so I can make more money?

How do I reduce my capital gains exposure? [Note: There are many ways of doing that. Internal Revenue Service section 1031 is one way. There are other ways available in the financial services world that I would love to tell you about. However, due to the regulations imposed by our governing bodies, I cannot even talk about them unless I know you, the reader, are an accredited investor.]

Maybe there are certain investments that provide substantial depreciation to reduce taxable income, which might allow you to take a capital gain. Maybe you have had a great year, made a lot of money, and need to pay less income tax. Growth investors are willing to take risks outside of the traditional, “age-weighted portfolio” based on what the investment community and the lawyers that sue us have dictated. The grower investor is likely to be still growing their portfolio even after they retire and are living comfortably within their means. Why? First, because I think they enjoy it, and second, because they want to impact not only themselves, but their children, their families, and maybe the world around them.

Putting It All Together

No matter where you are in life, you are on an investment journey of some kind. It is not about age. It is not about income. It really is about mindset. Some people will hit a grower mindset while still young, some people will be older, and some people may never get out of the particular stage they are in.

You need to make sure the advisors you are working with are aligned with your money mindset. Make sure they are always learning more about how to make your money work better for you. If you are a spender, my advice is to start saving and be religious about it. Give yourself a budget. You like to spend? That is fine. Give yourself a spending budget, but also give yourself a savings budget. For the savers out there, keep doing what you are doing. You are the people who are putting away the money in the 401(k) and living a life that you probably enjoy.

Growers are the ones who most need to work with advisors like us—the whole group of peers who have written this book together. Look at what you are trying to achieve, whether it is a charitable interest or not paying more than your fair share of taxes. Maybe it is both. Maybe you are trying to reduce the amount you pay in taxes so you can do more good in the world. Whatever your goals are, you need to work with someone who can guide you.

At the time of this publishing, I have twenty-nine years in the industry, and I am still learning more and better ways to serve our clients. I hope this book inspires you to figure out where you are in your money mindset and set about doing what you need to do to get to the next level.

As I have been researching and writing, I have found myself recalling my own different mindsets and learning efforts along the way: *Hey, I remember when I was in that position . . . Oh, I remember when I had work to do there . . . Actually, I have a little bit more learning to do here . . .* As I am sharing with my staff here, they are also doing the same thing.

So, what is your money mindset? I hope you have learned a little about your own tendencies from this article. Different money mindsets clearly require different types of investing. Just taking a risk profile may not give us a complete picture. If you would like to discuss more in detail, just contact our office. I would love to speak to you.

About the Author



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In the fast-paced world of finance, few professionals embody the dedication, wisdom, and personal touch Philip Board brings to the table. With a career spanning decades, Philip's journey in the financial advisory realm has been marked by a relentless commitment to providing top-tier service, embracing the value of personalized attention, and carrying forward invaluable lessons from his father.

Philip's financial voyage began with a resolute determination to offer his clients the best possible financial solutions, guided by a unique blend of humility and humor. This unwavering dedication ultimately led him to establish *1on1 Financial*, a financial advisory practice that began as a one-person boutique operation and has since blossomed into a thriving

full-service enterprise, complete with a team of seasoned professionals.

At the heart of Philip's financial philosophy lies a tactical and proactive approach, a testament to his adaptability in the face of ever-evolving economic landscapes. His insights and expertise are underpinned by his academic prowess, as he holds a master's of science in financial services. Moreover, he has earned the esteemed Certified Fund Specialist designation from the Institute of Business and Finance (IBF) in La Jolla, California, further solidifying his credentials in advanced estate planning and retirement income planning from the same institute.

Philip's dedication to his craft goes beyond mere qualifications. He is licensed in life insurance and health insurance and holds a range of registrations, including Series 7, 63, 65, and 24. His mastery of the financial world has also granted him the privilege of mentoring and training fellow financial advisors from across the nation, helping them effectively integrate technology into their practices to better serve their clients.

Outside the boardroom, Philip finds solace in his loving family. He treasures the moments spent with his wife, Patricia, and their two remarkable daughters who were lovingly adopted from China. An advocate for work-life balance, Philip indulges in various hobbies, from road and mountain biking to snow skiing and scuba diving, reflecting his zest for adventure and exploration.

Philip's commitment extends to his community, where he has twice served as President of the Upland Foothill Kiwanis, actively contributing to fundraising endeavors for cancer research. His dedication to improving the lives of those around him is a testament to his character and values, embodying the essence of a well-rounded and compassionate financial advisor.

When speaking with Philip Board, he will share a lifetime of wisdom, insights, and practical advice to help you secure your financial journey. Discover the power of personalized financial guidance, the art of adaptability in investment strategies, and the importance of balancing professional success with a fulfilling personal life. Join Philip as he takes you on a transformative journey toward financial prosperity and a life well-lived.



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