



## AUDIO TRANSCRIPT

### Interview With Ron Firmin on Firing Your Financial Planner

Richard: Hi everybody, it's Richard Roll at the Baby Boomers Retirement Club, the BBRC and our guest today is a very interesting fellow who's going to be talking to us about money, your money, the people involved with your money, and how you can have a meaningful and well-funded retirement after age 50. My guest is Ron Firmin *The Boosted Boomer*. Ron, how are you today?

Ron: Hello, Richard, glad to be here and congratulations on your 192 mile bike-a-thon and what a worthy cause.

Richard: Well, thank you. Thanks so much. Ron, the topic today is money, it's something that's at the top of mind of almost every baby boomer today because of the recent changes that have taken place in our home equity and the housing market, the overall US economy, the decline in value of our 401Ks, all of the uncertainty about the price of energy and the price of oil and gas. All of the factors of inflation and fundamentally a lot of uncertainty when we know we're going to live for quite a long time. You call yourself *The Busted Boomer* and Ron Firmin is the author of two books, which we'll talk about in a moment, one of them called *Fire your Financial Planner*. The other one is about *The China Boom*, which we'll also here about. Ron, tell us a little bit about your story and why do you refer to yourself as *The Busted Boomer*.

Ron: Richard, I think that most of our listeners can relate to this. At one time or another I'm sure that a good number of us have made mistakes or decisions we wished we had not made with regard to managing our financing. And what I've learned over the last number of years particularly when I was researching my book and talking to people around the country is that quite a few people could relate to me, and in fact, felt they had



## AUDIO TRANSCRIPT

shared experience with me when it comes to going from having boomed to becoming busted, at least one time in their life. Now, there's an upside to that and that's a healthy dose of humility but once you've done that and spent years acquiring assets or wealth of some measure as I did and then to go busted, and I'm not talking about bankrupt I'm talking about for various reasons, losing those assets and having to go back to square one and build back again to where you can have a meaningful well-funded retirement, it's quite a story and it's been quite a story for me and I find it's been quite a story for a number of baby boomers.

Richard: Well, Ron all of us baby boomers have been through a very long period of adult life thus far with a lot of changes that have gone forward in the economy, and so a lot of people are in that boat where they have gone through a patch of time where they may have lost everything or lost a substantial amount of their investable funds, etc. Can you tell us what exactly did you go through and how have you dealt with it?

Ron: Well, Richard I was a very successful businessman and a developer and had several businesses and made millions of dollars, actually, and thought I knew how to manage my money I certainly learned how to make it, but what I learned in my experience was that there was a real gap in my education and when I went busted, literally, losing well over \$3 million dollars. In fact, it was well in excess of that went back to square one, I realized that I needed to fill that gap with information and education because I certainly learned how to make money and we all learn magically how to spend it. But I really never had gotten sufficiently educated on how to manage my money and I did rely on other people but as you know and as most baby boomers can attest, experts have failed us time and again so I knew it was time for me to become informed and educated.

Richard: And certainly nobody's going to be as motivated about managing your money effectively and accurately and intelligently as you are.



## AUDIO TRANSCRIPT

Ron: That's certainly true, in fact, that is absolutely the case. And, you know, one of the things I've found is that even well regarded and well known economist, for example, Mark Sandy the Chief Economist at moodysecomony.com said that he didn't have any formal education in personal finance and the only training he got was watching his father pay bills and he said managing your personal finances is a daily affair it's like brushing your teeth. So he and many others came to the same conclusion that I did that we have to be personally involved. In fact, when you think about it we're the only ones that have no conflict of interest in managing our money.

Richard: Right. And we need to have a game plan, as well, and as you pointed out it's hard to put together a game plan, if you have no financial education – and we don't get educated in finances in school, as you've said – it is probably certainly one of the top few of the areas that make the biggest difference in your success and life is the ability to manage finances successfully and yet we're not trained to do it, not even a bit and certainly I can say that for myself in terms of my education prior to, and even in college. So from that standpoint, how did you begin the process? What did you learn and how did you begin the process and why should we fire our financial planner?

Ron: Well, after my experience of having lost, literally, millions I went back to square one and began to rebuild my finances and I decided I would be smart this time and I hired a good friend of mine as my financial planner. He's still a good friend of mine and after the dot com debacle and some of the things in the earlier part of this century I did exactly what he told me to do and what he told me will resonate with, I'm sure, many of our listeners, he said "We're going to put your money in mutual funds and just don't worry about it, maybe look at it once a year don't worry about it, you're in it for the long haul." So after a couple of years and knowing that there had been some real issues in the economy I decided I'd go check out my portfolio. So I went to the big city and went up



## AUDIO TRANSCRIPT

the elevator into the high rise building to those beautiful office and after we chatted a while he said “Well, let’s look at your portfolio”, and he went around to his desk, called it up, looked up and said “Good news.” Well, that’s what I was listening for, Richard, good news. And then he said “The markets down 38% your portfolio has only lost 30%.” I said “Howard, you’re fired.” He said “You can’t fire me, I’m your friend.” I said “You’re still my friend, you’re still fired.” And at that point I knew that I needed to focus in and become very serious about being involved in the management of my portfolio and being educated and informed and I made it my business to do that. And, in fact, I traveled from one end of this country to the other meeting with major financial planners and financial geniuses from all over the country some of the most renowned names in the country going to seminars, reading their books, talking to them. And I found that while there’s great information out there there’s also a lot of conflicting information but it did help me to get a better grasp on what I needed to be doing.

Richard: Well, there’s not only a lot of conflicting information there’s a lot of overwhelming information...

Ron: Yes.

Richard: ...because you can start learning about technical analysis, fundamental analysis. You can look at global trends in terms of cash flows and in terms of currency fluctuations. I mean there are so many different factors affecting investment returns and many different successful investors have different approaches but they have certain things in common. Can you talk about what some of those things are so our audience can get an idea of what can they do for themselves?

Ron: Well, of course everyone is going to tell us something that we need to do and it’s very difficult for most people to do and that’s to take a critical unvarnished look at our



## AUDIO TRANSCRIPT

own circumstances and how we got there. That's a difficult process. I've been told by quite a few people that reading my book and reading my story has helped them come face-to-face with that and appraise things with a more realistic approach because that's hard to do to admit to perhaps mistakes or bad decisions and then really looking at what we could have done differently. As far as the management of our money is concerned there are a number of things that we need to know that have to do with some of the traditional investments that we sort of take for granted. For example, mutual funds and 401K's there're a number of issues related to them and we've put unbelievable trust in these instruments which in 1980, for example, mutual funds were about \$800 million dollars. In 2001 over \$6.6 trillion dollars were in mutual funds and yet a former chairman of the SEC wrote a book called *Take on the Street* and his second chapter in the book is the Seven Deadliest Sins of Mutual Funds and many people have, due to not being sufficiently informed and educated, have lost millions in mutual funds...

Richard: What would you say some of the specific...

Ron: ...and a significant portion of their investment. So we need to become educated about how money works and determine if there're any new and different approaches that might help us a little bit.

Richard: You want to share some of the deadly sins about mutual funds for our audience?

Ron: Yes, I can do that. Clearly there's a tremendous trust that people put in them. The high fees strangle the returns. That's one thing. There is a tax trap which if we don't manage it correctly could come back and bite us and this is a terrible thing to say but there's kickbacks compensation that we don't know anything about. The type of funds



## AUDIO TRANSCRIPT

that they are is often unclear. The verbiage and terminology is unknown to even serious money managers and investors so...

Richard: Ron, when you talk about kickbacks do you mean from mutual funds to 401K managers or administrators?

Ron: Oh, sure. Absolutely. Absolutely. And that's legendary and extremely well documented. Now, that doesn't mean that there have not been some successes in mutual funds that's not a blanket thing, I'm just saying that people need to be informed about those issues and those problems. Most of my losses were mutual funds. I'll tell you one of the biggest things, Richard that has amazed me is that so many people say I'm not invested in stocks I'm invested in mutual funds.

Richard: So they just simply don't understand what a mutual fund is.

Ron: That's exactly right.

Richard: What can people do to tell the difference between a good mutual fund and a bad mutual fund?

Ron: Well, you know what, there's a number of things that can be done but it's not just average returns which is usually what is touted or the average returns of the funds more importantly is what have been the declines and what the dips in the mutual funds and what is the real return on your money and by that I mean, you know, if a mutual fund loses a high percentage one year and yet it gains in some other years it could take years to make that up. So it may tout certain average returns but that's not the real return on the fund and if we're looking at it carefully it's probably wise to read this book written by



## AUDIO TRANSCRIPT

Arthur Levitt to get a little bit more information, and also to look at not just one particular avenue but look at a cross section of mutual funds.

Richard: So Arthur Levitt the former Chairman of the SEC.

Ron: Yes.

Richard: From a standpoint of choosing, if you're looking at the annual historical compound average rate of return that a fund is reporting, is that after fees? Should you look at the fine print in terms of fees and administrative cost?

Ron: No, a lot of times that's hidden. A lot of times that's hidden and it's not seen readily by the consumer and that's part of the problem.

Richard: Okay. What can people do? You know our audience isn't just talking about investing from a theoretical standpoint they're looking at how can I have enough money to last me the rest of my life? And how can I have a well-funded retirement if I'm starting, let's say, in the vicinity of age 50 plus or minus a few years? What would you recommend to those people and what is it – let's just start there, what is your recommendation for people to help them get that part of their life under control?

Ron: Well, actually in my Web site on page *Get Started* it addresses that very thing and the steps that a person needs to take. There are two things that can get you from Point A to Point B and one is either put a sufficiently large sum or a larger sum of money into your investments. And the other is to increase the rate of return that you're getting. So after the age of 50 we got to do something to power pack our portfolio. No matter where we are we need to get started.



## AUDIO TRANSCRIPT

Richard: So save more and lose less or save more and have a better mix of investments.

Ron: Save more and have better growth in save investments. There are some vehicles that provide better growth and safer investments that protect the principle, which is obviously critical for someone over 50 and it's a big part of what I look for in an investment. I want to protect my principle, I've been through this a couple of times, so I want to do that but then I want to maximize my returns safely. So I've measured my risk reward tolerance and I know what I can bare and that's what each individual needs to do. And as we work with financial professionals and as we become better informed ourselves we will know how to make those choices and that's what I'm trying to teach people.

Richard: What are some examples of products that you think are providing a safer return today?

Ron: Right now there is something coming onto the market that will be here shortly that has a very proven methodology for selecting stocks that looks at the cash and cash flow positions of companies. I call it Operational Cash Flow per Share, OPS. I have some reports on that and the historical returns on model portfolios using this methodology has exceeded the returns of the S&P 500 and the basis for it are cash drawn companies. Now, that makes a lot sense to me because I know from personal experience the way that I have weathered storms is because I have cash reserves. That's the only way I can do it and that's the only way any company can do it. So I look for companies that have strong cash and cash flow positions. That's what Warren Buffet does, that's what Barry Dillard, that's what all the famous investors do and it's what we should do if we want our investments to grow safely.

Richard: But it takes quite a lot of doing in most cases. You were jus talking about a service or a product that's coming onto the market that does this for you.



## AUDIO TRANSCRIPT

Ron: Yes, it's actually been developed over a period of about 15 years and is coming to the market so that average investors will be able to access it and I'm happy to say that I'm going to be part of the vehicle that will help announce that to the baby boomer generation and I will have announcements regarding that through my Web site. I've personally experienced these model portfolios, I know that they work. There's no guarantee in anything but, especially stocks, but we do know that if we can have our investments in companies that are able to weather the storm we're going to be better off than if we're in companies that have high earning per share but they don't have a cash basis in their company.

Richard: Well, let's give our listeners the...

Ron: A famous example of that is Enron. All of the big houses were urging buy Enron the week before its demise in 2001 stock dropped under \$1 and we know what that did to thousands and hundreds of thousands of investors. For every dollar of earnings per share that Enron was showing on their balance there was \$3 dollars of negative cash return – negative operational cash flow per share. So if you had had that information several quarters in advance wouldn't you have been better off to have known the trend that was happening at Enron and made the decision whether to sell out that stock and invest in some other company that had a strong cash flow position.

Richard: Well, what I would say is that this service has the potential to feel like a cat scan that enables you to see what's really going on inside these companies.

Ron: That's correct.



## AUDIO TRANSCRIPT

Richard: In terms of the lifeblood. The lifeblood is not accounting profit it's cash and in...

Ron: That's correct and it is very sophisticated computer software and analytics and metrics that have been developed and it's going to be served up in a very user friendly manner so that we don't have to become economist or stock brokers or have a PhD in Finance to be able to use it. And if we don't want to be bothered with it the returns are sufficiently high that we can pay a point or our chosen financial professional and let them manage it, but with us being able to monitor and look at it and know exactly what's happening. And the returns have been wonderful they've exceeded the S&P 500 for a number of years.

Richard: Very interesting. Ron, let us give the listeners the address of the Web site that you'd like them to go to.

Ron: There's a couple of ways to get there. One of the fun ones is [www.thebustedboomer.com](http://www.thebustedboomer.com) and Richard when they get there they're going to find a number of tools that will be very helpful starting with the Get Started Page. Then there are financial calculators that are very sophisticated that are dozens of financial calculators that will be very helpful to them. The second one on the list is *How to save \$1 Million Dollars* it's a wonderful calculator and a great help to any investor. There's also the opportunity to access our coaching service which has been extremely well received and individuals can opt to select a half hour or an hour coaching service. We have a special related to that right now for the listeners on this broadcast, if I may share that.

Richard: Yes, definitely want you to.



## AUDIO TRANSCRIPT

Ron: Well, I have a lot of respect for what you've done Richard and my chosen and targeted audience are my favorite people, I was born in September of 1946 so I am the face of the baby boomer generation, sadly the body also but...

Richard: We have some other audios that you should listen to, to make your body the body that you want.

Ron: I will look forward to that. So that is my targeted audience because I have a very huge passion to communicate some of what I've learned to these folks so, you know, they can go to the Web site and there's a lot of useful and helpful tools there and the ability to access the coaching session. And here's the special that I like to offer, our normal price for an hour session is \$150 dollars, to any of the listeners to this broadcast if they will let us know where they heard that they did hear this on the Baby Boomer Retirement Club broadcast we will make available to them the regular one hour session plus another one half hour session free and a free copy of my book *Fire your Financial Planner*.

Richard: So they're going to get an hour and another half hour and a free copy of the book *Fire your Financial Planner* by Ron Firmin all for \$150 dollars. I think that's a very fair offer, especially for people who are just getting started or who really need to get some perspective on how to look at all of this and how to put it all together. Ron really glad to have you with us today. People can go to the [boostedboomer.com](http://boostedboomer.com) for further information on this and on all of those tools that Ron described. It's been great having you with us. Ron, you are also involved in a business that sources manufacturing and lost cost solutions in the Far East and particular in China.

Ron: That is correct.



## AUDIO TRANSCRIPT

Richard: And we're going to have another discussion that is going to focus on the *China Boom*, which is your fourth coming book. So look for that under the investments area of the Baby Boomers Retirement Club and we're going to talk about how the changes in China affect you, affect baby boomers give opportunities and also some risks and we'll cover all of that in our next talk. Ron again thanks so much for being with us.

Ron: Thank you, Richard.

Richard: Bye now.