

WHAT TO TEACH CLIENTS' KIDS ...

Before It's Too Late

WITH DAVID BACH

At age 26, I entered the investment business and went through a financial advisor training program with Dean Witter, working at the World Trade Center in New York City. Candidly, the trainings were long and often boring until the end of the day, when "real advisors" who had been successful came through to share their key life and career lessons.

I actually learned very little in the training, so it's ironic that I'm about to share with you a lesson from one advisor that changed my life. If you share it with your clients' kids, it could change theirs too.

That lesson is the true magic of compound interest, and the miraculous power of starting to invest and save early. The financial advisor who taught this lesson was named Mike. At the end of his talk, Mike said to the room of 110 trainees, "Guys, I'm retiring next month. I'm 61, I don't need to work anymore. I did for myself what I taught my clients to do. I've seen too many clients retire and get sick and die within a few years of retirement. I'm not waiting. I'm retiring rich. This is my going-away talk."

We all applauded him. Then he said, "But, here's the thing: all of you can too. Unfortunately, most financial advisors don't. Your offices back home are filled with financial advisors in their 50s and 60s who don't have two nickels to scratch together. Most financial advisors couldn't get their hands on a million dollars in investments to save their lives. It's sad, but that's why I'm ending my talk with this lesson."

Then he asked who in the room was 26. A lot of us were. He pulled up a chart that he said showed the power of just funding an IRA account with \$2,000 a year. This was 1993, and that was the maximum you could fund an IRA with back then.

He showed a hypothetical example and said, "Look what happens to the girl, Susan, who started at 19. She invests \$2,000 a year and stops at 26. By the time she turns 65, she has over \$1 million in retirement. Now, all of you who are sitting here at 26, if you start this year and put \$2,000 into your IRA account each year until you turn 65, you could have over \$883,000."

We all looked at the chart and many of us gasped. Even though we should all have known the power of compound interest, this little chart really brought home the lesson in a way I had never personally internalized.

"Now," Mike said "there's no excuse for you all to save only \$2,000 a year. That's \$5.47 a day. Those of you who survive the first year of training and stay in this business are going to make enough money that you should be saving way more than this. But this chart is your roadmap to start."

The chart is also your roadmap to open more accounts with your clients — for their kids! Every time you meet with someone retiring, you should be asking about their grandkids and children and you should be showing this chart to them.

"The faster you secure the second generation, the faster you **SECURE YOUR BUSINESS' FUTURE.**"

THE TIME VALUE OF MONEY
Invest Now Rather Than Later

| SUSAN Investing at age 19 (10% Annual Return) | | | SEE THE DIFFERENCE | KIM Investing at age 27 (10% Annual Return) | | |
|---|------------|-------------|--------------------------|---|------------|-------------|
| AGE | INVESTMENT | TOTAL VALUE | | AGE | INVESTMENT | TOTAL VALUE |
| 19 | \$2,000 | 2,200 | 19 | 0 | 0 | |
| 20 | 2,000 | 4,620 | 20 | 0 | 0 | |
| 21 | 2,000 | 7,282 | 21 | 0 | 0 | |
| 22 | 2,000 | 10,210 | 22 | 0 | 0 | |
| 23 | 2,000 | 13,431 | 23 | 0 | 0 | |
| 24 | 2,000 | 16,974 | 24 | 0 | 0 | |
| 25 | 2,000 | 20,871 | 25 | 0 | 0 | |
| 26 | 2,000 | 25,158 | 26 | 0 | 0 | |
| 27 | 0 | 27,674 | 27 | \$2,000 | 2,200 | |
| 28 | 0 | 30,442 | 28 | 2,000 | 4,620 | |
| 29 | 0 | 33,486 | 29 | 2,000 | 7,282 | |
| 30 | 0 | 36,834 | 30 | 2,000 | 10,210 | |
| 31 | 0 | 40,518 | 31 | 2,000 | 13,431 | |
| 32 | 0 | 44,570 | 32 | 2,000 | 16,974 | |
| 33 | 0 | 48,027 | 33 | 2,000 | 20,871 | |
| 34 | 0 | 51,929 | 34 | 2,000 | 25,158 | |
| 35 | 0 | 56,322 | 35 | 2,000 | 29,874 | |
| 36 | 0 | 61,256 | 36 | 2,000 | 35,072 | |
| 37 | 0 | 71,780 | 37 | 2,000 | 40,768 | |
| 38 | 0 | 78,958 | 38 | 2,000 | 47,045 | |
| 39 | 0 | 86,854 | 39 | 2,000 | 53,949 | |
| 40 | 0 | 95,540 | 40 | 2,000 | 61,544 | |
| 41 | 0 | 105,094 | 41 | 2,000 | 69,899 | |
| 42 | 0 | 115,603 | 42 | 2,000 | 79,089 | |
| 43 | 0 | 127,163 | 43 | 2,000 | 89,198 | |
| 44 | 0 | 139,880 | 44 | 2,000 | 100,318 | |
| 45 | 0 | 153,868 | 45 | 2,000 | 112,550 | |
| 46 | 0 | 169,255 | 46 | 2,000 | 126,005 | |
| 47 | 0 | 186,180 | 47 | 2,000 | 140,805 | |
| 48 | 0 | 204,798 | 48 | 2,000 | 157,086 | |
| 49 | 0 | 225,278 | 49 | 2,000 | 174,094 | |
| 50 | 0 | 247,806 | 50 | 2,000 | 194,694 | |
| 51 | 0 | 272,586 | 51 | 2,000 | 216,363 | |
| 52 | 0 | 299,845 | 52 | 2,000 | 240,199 | |
| 53 | 0 | 329,830 | 53 | 2,000 | 266,419 | |
| 54 | 0 | 362,813 | 54 | 2,000 | 295,261 | |
| 55 | 0 | 399,094 | 55 | 2,000 | 326,988 | |
| 56 | 0 | 439,003 | 56 | 2,000 | 361,866 | |
| 57 | 0 | 482,904 | 57 | 2,000 | 400,275 | |
| 58 | 0 | 531,194 | 58 | 2,000 | 442,503 | |
| 59 | 0 | 584,314 | 59 | 2,000 | 488,953 | |
| 60 | 0 | 642,745 | 60 | 2,000 | 540,048 | |
| 61 | 0 | 707,020 | 61 | 2,000 | 596,253 | |
| 62 | 0 | 777,722 | 62 | 2,000 | 658,078 | |
| 63 | 0 | 855,494 | 63 | 2,000 | 726,086 | |
| 64 | 0 | 941,043 | 64 | 2,000 | 800,895 | |
| 65 | 0 | 1,035,148 | 65 | 2,000 | 883,185 | |

| EARNINGS BEYOND INVESTMENT \$1,019,148 | SUSAN EARNS KIM EARNs SUSAN EARNs MORE | \$1,019,148 \$805,185 \$213,963 | EARNINGS BEYOND INVESTMENT \$805,185 |
|---|--|---------------------------------------|--------------------------------------|
| Susan invested one-fifth the dollars but has 25 more to show START INVESTING EARLY! | | | |

The chart that first taught David Bach the power of compound interest at age 26.

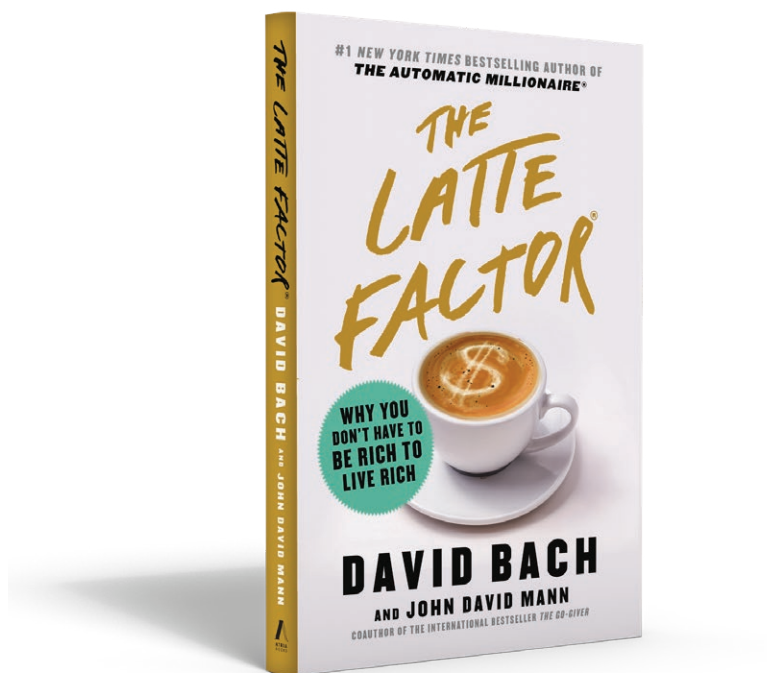
“If you do this in every meeting, you will hit your annual goal of 100 new accounts in a year,” he said. “More importantly, you will have a relationship with your clients’ kids, making your practice a multi-generational business. The faster you secure the second generation, the faster you secure your business’ future.”

Those words were said in August 1993. I sit here today, personally, with an IRA account worth over \$2 million at the age of 52. That little chart was my roadmap that got me started. The miracle of compound interest played out in my life and my clients’ lives.

Today, as I write this, I’m about to put out my 13th book, called “The Latte Factor.” I have spent years writing this little parable with a mission to inspire the next generation to save and invest. The compound interest chart is included in the book, which you can read in less than 90 minutes. It’s an inspirational message that will hopefully teach millions of young people they don’t have to be rich to invest. You don’t have to be rich to live rich!

There are currently over 77 million millennials, a generation soon to be bigger than the baby boomer demographic our industry was built on. I truly believe it’s critical you reach out to your clients’ kids and help them. If you don’t reach out soon, it’s going to be too late for you.

They will have open accounts with companies like Acorns.com. This company, which I invested in back in 2015, is now on its way to over 5 million accounts with millennials. It’s the fastest-growing financial service firm in America, recently valued at over \$850 million. And Acorns is not alone. There are many similar firms that want your clients’ kids’ accounts, and they’re getting them.



The fight for your clients’ kids’ hearts, minds and assets is on. Are you in the fight? Teaching these kids about money isn’t just the right thing to do — it’s critical to protect your business long term. Waiting to talk to your clients’ kids in 10 years will be too late. Their loyalty will be elsewhere.

The time to be in front of them is now. You could start by reading “The Latte Factor.” Email me at teaminsider@gmail.com, and I will send you a free download of the book’s first three chapters. These books will make great client gifts (to reach your clients’ kids). You could host a workshop or lunch and learn this year, utilizing this book to talk about the power of saving early and compound interest.

You might change a life, like Mike changed mine that day in training. You might also get more business and protect the longevity of your business.



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