

## Human-Centric Investing Podcast

Episode 49 – Social-Security Storytellers

January 2, 2021 (24:30)

Host: John Diehl, Sr. Vice President, Applied Insights, Hartford Funds

Featured Guest: Mike Lynch, Managing Director, Applied Insights, Hartford Funds

- Intro This is the Human-centric Investing Podcast with John Diehl, where we look at the world of investing through the eyes of our clients. Over to you, John.
- John Diehl: Hello, financial professionals. This is John Diehl, Senior Vice President of the Applied Insights team at Hartford Funds. Welcome to episode 49 of the Human-centric Investing Podcast. Joining me for today's podcast is Mike Lynch. Mike is a Managing Director of the Applied Insights team here at Hartford Funds. Mike and I go back, oh gosh, Mike, what's it been 20, 25 years at least?
- Mike Lynch: Yeah, I think so. Yeah. Exactly.
- John Diehl: Mike is one of those guys who we have shared so many experiences together, so many different economic conditions, so many different tax regimes, you name it, but you know, Mike, one thing that's kind of been consistent through that, even though it does change from time to time, is social security. I know that social security is a very popular topic with clients, for sure, but you know, Mike, I've heard some financial professionals say that when they've held social security events in the past, they achieved their objective of getting the numbers in terms of attendance, but sometimes the target attendees were not exactly what they were looking for. Mike, I know that you've worked pretty extensively with this topic and with financial advisors over the years, any suggestions you could make to advisors who might be a little bit hesitant about talking about social security for that reason that they're not getting the right target attendees?
- Mike Lynch: Sure. Well, first of all, John, thanks for having me today. I appreciate the opportunity. Yeah, I do think it's such a broad-ranging topic and I think that's the temptation sometimes, is that advisors or financial professionals want to reach out to so many people because it is that big concept and I do think, as you said, it's still one of the hotter topics out there, regardless if the market's up or down or who's in office, president-wise, it continues to be a hot topic.
- But I do think where we've had a lot of success is keeping it smaller, intimate, inviting existing folks that have had some questions have shared some concerns in the past. Then more importantly, I think it's a great topic where we continue to see those folks invite friends. So we always encourage financial professionals, pick a handful of clients that you know have questions, and probably they've shared with a friend or relative or somebody they play cards with, whoever, probably have shared some concerns as well. That might be somebody to think about inviting as well. I think you really want a target, although it is a broad topic, I do think a targeted approach probably works better in the long run.
- John Diehl: That targeted approach, Mike, really then is look, I guess everybody has the same question, which is how can I maximize my social security benefits? But even for wealthier clients, for whom social security, isn't a replacement, but it's just a component of their retirement income, it's still important to them to maximize what they have in terms of benefits, right?
- Mike Lynch: Sure. I think we've been surprised over the years at how many high-net-worth people have actually attended. I had a person who ran a law school attend with her husband who was an engineer and they pulled me aside afterwards and said, "I think I should have known this stuff and I'm embarrassed to say I haven't," and I'm like, "Well, you shouldn't be embarrassed because there's a lot of moving parts."
- But I think you're right. We continue to see high-net-worth people, maybe some it's extra income, but I think the commonality is that we've all paid into this program. We're all entitled to it, and we want to try and figure out what are the best options for us. I think whether it's doing a phone call or having them actually come in for some type of event or some type of Zoom call nowadays or webinar, I think you're going to see that a lot of the folks—so I wouldn't overlook anybody, especially your high-net-worth

folks. They, more than likely will, have the majority of the questions.

John Diehl: Yeah. It's one of those things, Mike, I think the thing we're probably almost familiar with is exactly what the amount is that we're paying every paycheck. That we look at our stubs and we say, "Wow, that's an awful lot of money over time."

Mike Lynch: Yeah, it really is.

John Diehl: But nobody really gives us a crash course in how to maximize it. Mike, I guess this goes for financial advisors as well, but a question for you, how comfortable do you think financial professionals are with the topic of social security, and do you sense that they feel pressured to be experts on the program, if that's even possible?

Mike Lynch: Yeah. I think we've seen that over the years that they feel, for some reason, they do need to be an expert in the ins and outs of social security and I think we can all agree it's one of the more complicated topics. If you really stop and try and figure out the math, you'll scratch your head on some of these calculations, so I think you need to kind of take a step back. Maybe it's a humble type of step, but take a step back and just say, "Gosh, I'm not an expert by any means on this," and think about the resources you have available, and I think your clients will respect you in some cases.

Sometimes we're the smartest in a certain subject matter, but clients may not even understand because we've gotten so deep and the complexity. You always have this situation where you're answering a question to somebody and they look at you like, "What in the world did you just say?" It's because you get too deep into that subject matter. So I think they should take a step back and really take a breather and say, "I don't have to be an expert in this, but do I know enough about the basics of social security? More importantly, if my clients have questions, do I know where to go to get the answers?"

John Diehl: So Mike, like a lot of areas in financial planning, we may not be estate planning experts, for example, but we probably know how to recognize situations where we need an estate planning expert, and then maybe able to seek out those resources to help our clients. I guess, in a similar way, social security would kind of fall into that category where, generally speaking, we can know a fair amount about it, even some pretty detailed information, but I think you'll agree with me, sometimes when the questions get very individual and very specific, there's a lot of avenues that we've never been down before, right?

Mike Lynch: Yeah, exactly. And I think sometimes if we're not told all the information, we're trying to solve a puzzle, if you will, and if we don't get all the bits and pieces of information, it becomes a little more challenging. So yeah, I think that's one of the risks you run sometimes, or one of the challenges, quite honestly, with a lot of calls is, someone will ask a question that is very complex and we'll try and answer it over the phone or over the call. Whereas I think it's a great opportunity to really take a step back, have the person contact the advisor or the financial professional directly, and then more importantly for the financial professional really build their tees behind the scenes. "Do I have a go-to tax person? Do I have a go-to legal person if there's a situation to that complexity? Do I know somebody locally at the social security office then maybe I can reach out to?"

And I think the bigger opportunity, honestly, is their book of business. I think it's one that we see as overlooked, where you have a great group of folks that you can pick their brains and ask them questions and really start to build these stories, if you will, of different people that have taken social security, why they took it, how they took it. And quite often, the question that the client may have somebody in your book of business may have already run through or had that challenge, so I think there's an opportunity to start building that knowledge base, in particular with the existing clients you have.

John Diehl: Mike, you mentioned a couple of things there. One, I know you and I have talked about in the past how [ssa.gov](http://ssa.gov) is a pretty good resource for general information, and oftentimes the firms as well offer pretty good guidance in terms of general social security concepts. So checking with the firm that you work with, sometimes they have online tools and calculators and things like that.

But what you're saying is that, well, I heard two things. One is, one of the best resources are your

clients who've already taken it or been faced with some of these decisions and listening to those stories, and the second thing would be, as we think about that of circle professionals that we may be trying to build out, maybe asking your clients who they dealt with, if they're local, let's say, at the local source or social security office. It might be worthwhile, they ask them who they dealt with and who knows, maybe wander in there someday and see if you could meet that person for yourself.

Mike Lynch: Yeah, I think so. I think to your point about the calculators, what I think is great is we always reference and talk about social security as a source of income and retirement rather than the sole source. So if it's a source of income, how does it affect those other sources of income? And that's where, I think, a good firm, a good financial professional using their existing tools and calculators, can fit social security into their IRA, to their after tax account, to all the other things that a client has, and really come up with a bigger picture or a bigger example, and really sit down with clients and kind of think about different sources of income and when they should be turned on, what's the most efficient way from an investment perspective and then the tax perspective.

Mike Lynch: Then as you mentioned, yeah, I think really building a team, I think we're all big fans of instead of going in alone. Build a team. Those centers of influence that you can rely on to really put the client in the best position. Sometimes we'll hang up the phone, we've answered a question, but we really haven't tackled it from different aspects, where I think if a client can set up an opportunity with you and a tax person, maybe legal and maybe a contact in the office, they really are positioned the best because they've got all their questions answered and we've been able to think at it from different angles.

Mike Lynch: Then lastly, I think it's one of the biggest untapped resources. I remember doing a seminar years ago and there was a person that was well into their social security years, a really nice, terrific woman. She came to our event and I answered the question, but I wasn't sure locally in the office where it was and how easy it was to get into. This woman was kind of enough to raise our hand in the event. She said, "I've been taking social security for 10 years. Here's where the office is. It's better than the office downtown. The parking's easier. Here's a couple of people in the office." She was a diamond in the rough, if you will.

Mike Lynch: She was terrific and I'm thinking after that, "Gosh, all financial professionals have people like that in their book of business that they can tap into from time to time, and really start thinking about, as my existing clients are approaching social security, have I really tapped into some of those folks." To maybe go back and ask them, "Just remind me, John, why did you take social security when you took it? What was the age, if you had to do it over again, would you do it the same? The reason I'm asking is I've got other clients that are approaching and I want to try and make it as easy as possible for them, so would you be willing to share your story, share your ideas."

Mike Lynch: Not that it's right or wrong, but I do think it lays out a practical story that a financial professional can share with a client to say, "John, you and your wife are in a similar situation to some clients that I've had, and here's what they chose." Now, it's not right or wrong, we'll go through the process, but at least it allows that client to start envisioning, "Okay, there's other people like me and here's why they did it," or maybe, "We're totally off and we need to wait a little bit," or maybe, "It make sense to file as early as possible." But I do think having that knowledge base and having that pool of resources right at your fingertips is probably one of the most valuable resources out there.

John Diehl: Mike, I know you refer to clients like that as social-security "storytellers." So for the financial professionals who are listening, how would you go about identifying that group, and how would you begin the process of gathering those stories? Are there certain questions you'd ask? Then in terms of organizing these storytellers, if you are, do you have any basic structure for how to recall those stories?

Mike Lynch: Yeah. First I'd look for people 65 plus, those that, in prior situations, have been great partners of mine, that we have a great relationship, that I know if I can reach out to them, I could reach out to them on a personal level and they'd be able to help me, they'd be able to share information. Those are the people I'd probably want to start with, and then just maybe have a phone call or have them do a Zoom or something and say, "Here's the situation that I'm in right now, where I've got more folks starting to approach the age. They've got more concerns, again, would you mind just reminding me, I know it's been a few years, but would you remind me, when we talked about social security, why did you choose when you chose it? Some pros and cons? Again, if you had to do it over again, would you do it the

same?"

- Mike Lynch: Then I think whether it's you mentally start building those stories or if you can actually draft some of those stories and have them somewhere, maybe on a laptop, keeping them very generic and compliance-minded, but just keeping some of those stories somewhere that's easily attainable, maybe between you and an assistant or something, and keep those fresh in your mind so as you start having those conversations, maybe it's you open up a drawer and pull out a notebook or it's just mentally as you're listening to some of your clients, it triggers Mr. and Mrs. Smith or Mr. and Mrs. Johnson and some of the situations they've run into and being able to share that.
- John Diehl: Yeah, and I think Mike, as you think about those questions, you may get into things that were very positive experiences, where the client says, "I'm so glad I did it this way, because it allowed us to do this, this, and this." You may on the opposite side, get people who say, "I wish I had known better. I did this and I wish I hadn't done it that way." And both can be valuable to an advisor, especially if you're hearing about the story afterwards and maybe you weren't involved with the client when those decisions were made, but yet that information can still be helpful to current clients who are facing these decisions. So Mike, how do you see financial professionals best using those stories to benefit clients who are starting to think about those decisions? Can you play out a couple of scenarios for what you think works best?
- Mike Lynch: Yes. If I had some clients that were concerned about social security wanted to file as early as possible, but we kind of all knew that that probably wasn't the best option for them. I would think of some clients that waited and maybe sharing why they waited, how happy they are they waited. Maybe there's a drawback or two, but overall they're pretty happy for the reasons they chose to wait. The situation they're in, the things they're able to do. So I would think of those types of folks, and then I would also think about folks that maybe are waiting and maybe come up with the opposite and say, "Well, here's some pros and cons. Here's some folks that decided to file as early as possible. It allowed them to leave the workforce a little earlier or put them in a little better position because they just had a grandchild," or something.
- Mike Lynch: So I think going through that process and really thinking about it, as you said too, thinking about both sides of it and being able to lay out the best story possible or the best ideas possible, and then say, "Now let's talk about your situation. We've talked about a couple of different situations. Here's why they chose what they chose. Now, let's talk about your situation and see, do you gravitate towards this person, or you gravitate towards that person?" I just think having that ability, instead of every time hanging up the phone, trying to call social security or trying to go online, as you mentioned, [ssa.gov](https://www.ssa.gov) is terrific, but it'd be great if I could think of another resource, almost a third resource, as that existing book of business that I've got, and start to recall some of those stories and be able to really use that as a valuable tool to have a conversation.
- John Diehl: Do you ever see, Mike, advisors using some of these storytellers in any kind of a client workshop or something that they would do?
- Mike Lynch: Yeah. I did one years ago and it was more talking about retirement and why they chose retirement, but that's part of what got us onto this concept and this idea. So I think the ones, if you think about, again, those clients who are over 65 that really are more of a partner in your business as opposed to a client, I would maybe talk to those folks and say, "Would you be willing to share your story?" And you'll know the ones that, gosh, you know they'll never be comfortable doing it, and there's nothing wrong with that. But you know those others that have said to you, they give you referrals, they're a great partner of yours, they love talking, they love interacting with people. They're the right person you want to put in front of some of your clients. I think the opportunity to do that...
- Mike Lynch: I will tell you, the one I did, we had a husband and wife talking about retirement. It was fascinating, and humbly I was on the stage with them and I know my stuff was okay, but their stuff was phenomenal because it was real life. It was, "Here's what we did. Here's how we keep our day busy. Here are the things that we enjoy. Here's a couple of things if we had to do it over again, we would do differently." So I think it was so valuable for the participants the year that, so I think you want to think about some of these folks. If nothing else, their story in the back of your mind. But gosh, I think having somebody, if they're willing to do a testimonial, I think it'd be terrific.

- John Diehl: Well, and I just think, Mike, as we're thinking about social security, I think of the categories of questions that come in and how I would start looking for clients. For example, one of the questions that always comes up is, what if I want to work past my normal retirement age? What impact does it have on my benefits? Well, we could go with the textbook answer, but wouldn't it be much better to talk about another client who is one of your more successful clients, continued to work past normal retirement age, had the same concern, here was his experience or her experience, and therefore be able to relate it through a story.
- John Diehl: Now, again, you have to be careful that the individual circumstances may be a little bit different, but I completely understand what you're saying. And I guess, Mike, a question I have, it seems like this concept would be a no-brainer, but is there any reason a financial professionals should be reluctant to use this approach?
- Mike Lynch: I don't think they should be reluctant, but I do think, sometimes, you always want to be the person in the room, whereas I think it's one of those things where, are you totally comfortable with this person representing you? Is your firm comfortable with it? So I think that would be the only negative. If they go off on a tangent or they go off in a political situation or something. But barring that, I think you'd be fine.
- Mike Lynch: And to your point, I think you'd want to think about the people you mentioned or individuals you mentioned, I think you'd want to think about some government employees that have gone through the situation, maybe a widow, a widower, because we always run into that, or maybe someone who's divorced or recently divorced. Those folks that have gone through that process, because again, we can give the textbook answer, but they can say, "Gosh, you know what, when my husband passed away, I had to go down there two or three times because I didn't have the right paperwork. Now, it says one thing on the website, but here's really what you need, and if you want to make sure you only have to go down there once, here's the information you need to gather before you do it." Gosh, that saves them two or three steps. I think that stuff will be so valuable.
- John Diehl: So Mike, as we wrap up our podcast episode today, I know sometimes it seems like these social security questions seem to come in one-off here and there or you're thinking about doing [inaudible 00:20:18] or something like that, but what's one thing financial professionals could do to get started on this idea today?
- Mike Lynch: I think start looking at your book of business and really segment your book of business. Think of some folks that maybe have recently contacted you about social security. Was there some commonality? We tend to find a lot of people come in with three questions. They attend the event. They want to know when they should take it? If they continue to work, what happens? Then from a tax perspective, will I have to pay taxes?
- Mike Lynch: So maybe think of some clients that are recently approaching social security age and they've called you with questions, have we seen some common themes or some common ideas or concerns, and then maybe again, start thinking of some clients that are maybe late sixties, early seventies kind of fit the same mold of people have been asking these questions, if you will, and then start thinking about asking some questions. Maybe just check in with them between now and the first quarter of next year. "Just wanted to see how you're doing. And by the way, now that I have you on the phone, here's a project I'm working on. Here's some information I'm starting to gather and put together. We start to see more and more clients, more and more folks that I work with have these types of questions, and I remember you went through that," and then kind of let the conversation flow.
- Mike Lynch: I think one of the biggest challenges is just they're really going to have to be good listeners, so I think the ability to ask a couple of questions, but then really pull back and listen. If you listen, you can craft a really great story and be able to share that story with so many others.
- John Diehl: And I think Mike, even when we approach existing clients, being able to say to a client, and usually it's a client that you have a pretty solid relationship with, but being able to say, "Hey, can I ask you a question? I've had a couple of my clients ask about this scenario involving social security, and just wanted your input on it. Did you go through something similar? What influenced your decision and

how did you make out?" Just conversation can almost kind of start to fill out your library of stories, because again, it could be someone who's already well into, as the point you made earlier, of taking their social security benefits, and we can actually begin this process simply by asking them about their experience, and maybe in doing so, we unlock the key to addressing a client who is just now currently making similar decisions.

John Diehl: So it's kind of one of those neat ones, Mike, you can kind of approach it from either side. You can talk to clients who've already made the decisions, or you can talk to clients who are going to make those decisions in coming years, and both of them should be useful to the financial professional.

Mike Lynch: Yeah, I agree and I think it's kind of a neat idea too, when that client hangs up there saying, "I've always had a great relationship, but now I kind of feel a little different. They asked me some questions," or, "He or she asked me something and wants my input to help grow their business or help them service their clients a little bit easier or a little bit deeper." I think that's great. I think it's going to warm their hearts, so to speak, to be able to help those folks.

John Diehl: Well, Mike, I can't thank you enough. Thanks for being on the podcast today.

Mike Lynch: Thank you, John. Appreciate it.

John Diehl: And to all of you listening, hope you've got a couple of ideas there out of our social security discussion. And until next time, we wish you well and we will talk to you again on the next step episode of the Human-centric Investing Podcast. Thanks very much.

Operator: This podcast is intended for use by financial professionals or in conjunction with the advice of a financial professional. It is intended to be educational in nature and should not be construed as individual investment advice or a recommendation or a solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice or fiduciary advice pursuant to ERISA rules.