

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>



Full Episode Transcript

With Your Host

Maddy Roche

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Narrator: [00:00:00] Join your host, Maddy Roche, as she brings you into a community of fee-only financial advisors who are successfully building profitable businesses to serve the next generation of clients. Learn from innovative advisors whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your best life and help your clients live their lives? Then, you're in the right place.

Maddy Roche: [00:00:24] Hello and welcome to this episode of #XYPNRadio. I'm Maddy Roche, your host. I'm honored to have XYPN members Sean Gillespie and Paul Allen, founders of Redeployment Wealth Strategies, a fee-only firm in Virginia Beach, VA, on the show today. Both Sean and Paul served in the Navy for over 20 years and have chosen financial planning as an encore career. After meeting in a Facebook group just about three years ago, Sean and Paul teamed up to rebrand Paul's RIA into their own, and began to serve their people: some 50 former and active military members. Today, Paul and Sean, talk about how the monthly retainer model vs. The traditional choice to build on AUM has insulated their business from the impact of the Coronavirus Pandemic. They discuss how their choice in niche - military personnel - has also provided a protective barrier against uncertain times. Most of their clients are enrolled in what Paul and Sean describe as a "great retirement package" and have not had serious concerns about the recent market volatility. In fact, Paul and Sean onboarded twelve clients last quarter, and each client plans to remain engaged in the services. Paul and Sean cite being active and willing to share in a niche-specific Facebook group as one of the best places to find good leads and to provide meaningful value to the people they relate to and identify with. Paul encourages other planners to lean into a community right now as he's found huge value in his own community of military-focused advisors. If you're interested in how to build a business that

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

protects you, your business, and your clients during uncertain times, then this show is for you.

Maddy Roche: [00:02:05] Avocado toast. Selfies, A mountain of student loan debt. Gen Y is anything but traditional, and with over seventy five million people, it's a population you don't want to ignore. Learn more about how to serve this unique population in our guide called "Attract and Profitably Serve Millennial clients in your RIA." Discover three key ways to tap into the millennial market and six things that they want from their financial advisor. Visit xyplanningnetwork.com/millennials for your free copy.

Maddy Roche: [00:02:36] You can find any other resources we mentioned during the episode at xyplanningnetwork.com/252. Also, be sure to go to xyplanningnetwork.com/VIP to join our private group just for #XYPNRadio listeners. It's the community of advisors we've all been looking for that's there to provide support when we need it the most. Best of all, it's free! I encourage you to check it out. Again, that's xyplanningnetwork.com/VIP. Without further ado, here's my interview with Sean and Paul.

[00:03:04] -- swish --

Maddy Roche: [00:03:06] Hey, Sean and Paul, welcome to #XYPNRadio. How are you today?

Sean Gillespie: [00:03:10] Doing great -

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:03:10] Thank you.

Sean Gillespie: [00:03:10] - thanks for having us.

Maddy Roche: [00:03:12] Oh, I've been so looking forward to this! Sean, go ahead and introduce yourself, your firm, your partner, Paul, to the listeners and we'll just dive right into all the good stuff that we're gonna talk about today.

Sean Gillespie: [00:03:22] Yeah, so for those of you who are looking on the Web and looking at headshots, Paul's the good looking one. We're a two partner firm in Virginia Beach, VA. We're located right underneath the flight pattern of Oceana Naval Air Station, the largest Navy Air Station on planet Earth. We're both retired Navy - uh, you know, served, in my case, 20 years and a couple of days and Paul - I think, what was it? Like 23, 24 years?

Paul Allen: [00:03:47] 23 years, 8 months and 28 days, but who's counting?

Maddy Roche: [00:03:51] Ahaha!

Sean Gillespie: [00:03:53] And so, uh- yeah. And so each of us, you know, we were both solo practitioners for a couple of years each before-before we merged - and we'll talk a little bit more about that later - but, you know, right

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

now, we have- we serve just a little bit shy of 50 clients and primarily military.

Maddy Roche: [00:04:09] Tell me a little bit more about that niche, specifically military: just completely general, or do you have a real focus within that niche?

Sean Gillespie: [00:04:16] To be like really, really niche-y inside the niche, you know, so specifically, you know, really our wheelhouse is-is folks that are getting ready to retire, getting ready to take the uniform off for the last time -

Maddy Roche: [00:04:28] Mmm.

Sean Gillespie: [00:04:28] - and then super, super niche-y - I think what we would call the weird part of the niches - is folks that are... that are retiring from a military career and then starting some sort of business.

Maddy Roche: [00:04:37] Fascinating! Can't wait to-

Sean Gillespie: [00:04:39] But the target is, is the military and military families.

Maddy Roche: [00:04:42] Wonderful. So, Sean - or Paul, you can answer this one: How did you get into this space?

[**XYPN Radio**](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:04:48] Well, long ago, when I was a young sailor, I was looking for a financial advisor for myself. We had just had our second child and I was trying to get serious about how to make this steady but modest paycheck go a long way and get all of the things done that we wanted, like having a retirement and putting these children through school and having family vacations - you know, the normal stuff. And, the long story short is I didn't really find any financial advisors that could serve me. I found people that were willing to sell me product, but I wasn't looking for that. I was looking for someone that I could just pay to provide me advice to tell me what I needed to do to make the most out of my resources. And that always stuck with me. I abandoned the concept. We did hire one firm briefly. I started reading quite a bit shortly after we'd hired them. This was back in like '93-94, and discovered that I'd made a mistake, in my opinion, by buying their products and employing them. So I dismissed them and backed out of their products and managed our own affairs - which is not uncommon in the military - managed our own affairs for decades. But thinking the whole time, it just always sort of stuck with me: why... why wasn't I able to find what I was looking for? Why wasn't I able to find an advisor to give me honest, unbiased advice for a reasonable fee? And, after getting out of the Navy, I went through several iterations of what I wanted to do next when I had to grow up and be an adult. But, what I lighted on odd was - it had never gone away for me that I couldn't... you know, that problem didn't seem solved to me.

Maddy Roche: [00:06:34] Mmm.

Paul Allen: [00:06:34] And so I got into the space to try and provide that-that type of service, at least to as many people as I could.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:06:41] That's a wonderful reason to get into this space. Sean, when you left the Navy, what were your plans?

Sean Gillespie: [00:06:48] So I was more of an enthusiast rather than... More of an enthusiast than just a student while I was on active duty, and I didn't get super serious about learning, you know, learning the craft until... until I was already in it, you know? In my case, you know, we had an advisor that we had engaged for years, and when we were inside of our last tour in the Navy, he asked if I knew what I wanted to be when I grew up yet. And I said, "no, not really." And he said, "Well, I think you've got some aptitude for this."

Maddy Roche: [00:07:17] Wow!

Sean Gillespie: [00:07:17] "If you wanted to come, you know, work with me, you might not have to grow up. You know, you might-you might-you might be able to just do this instead." And so I ended working with him for six or seven months, and-and still a dear, dear friend, but-but, you know, I was starting to figure it out and he figured out a little faster than I did that we were not as well-matched as partners -

Maddy Roche: [00:07:39] Mmm.

Sean Gillespie: [00:07:39] - as we had been as an advisor-to-client. And, so he was the one who chased me up a tree one day and said, "you're going to- you're going gonna do better at this by yourself than you will with

[**XYPN Radio**](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

me, so go get busy doing that." You know, I mean, you know, if you get down to it, you know, he's-he was kind of firing me. But-but -

Maddy Roche: [00:07:54] Ahaha!

Sean Gillespie: [00:07:54] - that was o- That was, that was okay! It was - you know, it was good for me that he. that he'd done that. And so, you know, I operated as a, as a solo, clearing through an independent BD, you know, so and as a hybrid. So I was you know, I had a, you know, basically a brokerage and a... An advisory license and a life insurance license. Most of what I did, you know, was advisory. Most of what I did was the fee work.

Maddy Roche: [00:08:23] Mhmm.

Sean Gillespie: [00:08:23] But I was not a fee-only guy until Paul and I kinda... Kinda, you know, found each other by accident about three or so years ago now. You know, more than- more than two years ago. And the path that, you know, that led to us partnering up, that was that was when I became a fee-only guy.

Maddy Roche: [00:08:40] Yeah. I'm always impressed with the number of retired military folks that end up at XYPN as members and as business owners. Paul, I'm wondering: what about it and what about that education and experience that is so transferable and appropriate for it for moving into this space? Because some of you all are just fabulous at what you do, and what a wonderful, seamless transition folks could make out of the military

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

into this profession. Is it one that you think you would advise others to consider?

Paul Allen: [00:09:10] Absolutely. And especially if you want to continue to work in the space of serving other military-

Maddy Roche: [00:09:15] Hmm!

Paul Allen: [00:09:15] - families, because the rise of the subscription model has made it possible to serve military families in a way that it has not been in the past. So, you know, the model, back when I was looking and prior to that, probably... I've seen the- I've seen the Kitces roadshow on the timeline of, you know, how the fees have evolved over time. So, back around the time I was looking, it was... Commission-based was the dominant fee model and then it became- Among advisors, and it became... Sort of transferred over to AUM. Neither of those is particularly good for military family who probably doesn't need the products that are being sold and doesn't have a large amount of assets accumulated anywhere except possibly their retirement plan -

Maddy Roche: [00:10:00] Mhmm.

Paul Allen: [00:10:00] - which we think they should keep in their retirement plan. It's called the Federal Thrift Savings Plan, and it's a, quite a good plan. So, subsequently they were... The military community was somewhat snubbed by financial planning and financial advisors for many years. The subscription model, which relies on people having decent and steady

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

incomes, makes it possible for advisors to profitably serve those-those clients. It opens up a very wide swath of people who were previously sort of overlooked by the financial advising community. And it's a wonderful opportunity right now, we think, to get involved. So if you are military and in transition, one of the things we do, and we would like to do more of, is mentor and provide some guidance to those people - to how to transition more smoothly, perhaps, than we did into this field of work.

Maddy Roche: [00:10:56] Yeah, I love that. Being able to give back to the folks that you want to stay in a commun- you know, in a network with, and what an appropriate way to be able to serve them! Sean, you mentioned that you and Paul just three years ago teamed up. Talk to me about the timeline and-and that relationship. How did you... You guys seem like you've worked together for years. I would have not been surprised if you had told me that you were stationed together 20 years ago! Tell me about how you and Paul met.

Sean Gillespie: [00:11:20] Yeah, we didn't- we didn't know- Neither of us knew the other one existed while we still wore the uniform -

Maddy Roche: [00:11:25] Wow!

Sean Gillespie: [00:11:25] - You know, and so, you know, we we'd both operated a solo. So, Paul established the firm that's here -

Maddy Roche: [00:11:33] Mmm!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:11:33] - in 2015. Established it under a different name and had operated as a solo up until our merger in-in 2018. So, I had retired... I retired in 2012. I got licensed up in 2013 for all of the stuff and operated as that solo hybrid, clearing through Securities America, you know. And... By about 2016 or so, I understood I was a square peg in a round hole there, that the- You know, I was-I was more interested in doing the comprehensive, the holistic planning. I was starting to understand there was an appetite for that. You know, but any-any national, you know, any BD with a... With a-with a national footprint... You know, their mode, their M.O. is gonna be more around, you know, either sales or gathering assets, gathering AUM, which, you know, to-to be candid, is... at least at the beginning of an engagement, that's just a sale of a different sort.

Maddy Roche: [00:12:34] Mhmm.

Sean Gillespie: [00:12:34] Umm, in terms of, you know... Yeah, it's a service, but it's-it's a service that requires, you know, pretty much of an "all-in" commitment from the client right away. You know, and especially when you start getting into - you know, and I did-I did not have to deal with minimums, but, you know... But I, you know, I, as I learned the landscape inside the industry, started figuring out over the course of a couple of years, you know, "okay, how do I want to do this?" And for my first two or three years, basically spent a lot of time crossing off one thing at a time. It's like, "okay, I don't want to do it this way. I don't want to do it this way either."

Maddy Roche: [00:13:10] Mhmm!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:13:10] You know, what I figured out over time was, you know, I wanted to plan. You know, -

Maddy Roche: [00:13:14] Yeah!

Sean Gillespie: [00:13:14] - I thought that that was that was the value that humans brought to these engagements. You know, that the-the bots are going to do the math better and faster than I could. And I mean, I can geek on some math, but I still need to eat and I still need to sleep and I still make mistakes.

Maddy Roche: [00:13:31] Mhmm.

Sean Gillespie: [00:13:31] And the bots don't need to eat or sleep and they make fewer mistakes. As long as we tee up the question for them properly, you know, they answer those things a lot better than we can. And so, you know, as I figured that out, you know, basically I was looking for a new home -

Maddy Roche: [00:13:47] Mmm!

Sean Gillespie: [00:13:47] - 'round about to 2016 or so.

Maddy Roche: [00:13:49] Okay.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:13:49] And-and, you know, basically found Paul inside a Facebook page where there were a lot of people talking about personal finance, you know, military folks talking about personal finance issues. And and, you know. And, he'd comment on a thing and I was like, "wow, this guy thinks a lot like I do!" And I'd comment on a thing, and, you know - and at some point we figured out not only did we think a lot of like that, but we lived within 30 minutes of each other.

Maddy Roche: [00:14:13] No way!

Sean Gillespie: [00:14:14] Yeah.

Maddy Roche: [00:14:16] Wow!

Sean Gillespie: [00:14:16] And so, you know, when I-when I say we kind of "accident-ed" our way into this, that's-that's what the accident looked like. You know -

Maddy Roche: [00:14:23] Yeah!

Sean Gillespie: [00:14:23] - it took more than a year to make, to take shape. You know, but that's-that's how it took shape.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:14:28] Yeah.

Sean Gillespie: [00:14:28] You know, basically around 2017, you know, we met, you know, late in 2017, we met face-to-face for the first time and- and said, you know, "we might-we might ought to think about partnering up. We might-we might do this better together than we're doing it separately." I was- I was the first guy to bring it up, and Paul said, "Yeah, I think you might be right... but tax season starts next month, so we're not gonna talk about this until May."

Maddy Roche: [00:14:49] Let's table this. Haha! What a good story! What a good story. Paul, you mentioned that you were hoping to be able to mentor people to avoid them having not as smooth of a transition into this as you did. That leaves me questioning: what was your transition in? Was- Were there some rough parts there that you wish you could have ironed out?

Paul Allen: [00:15:08] Well, I think the first part was me committing to doing it fully, because when I got out of the Navy, I had been an intelligence officer for the Navy. And like 99% of the people who have that job, they go into government service -.

Maddy Roche: [00:15:23] Mhmm.

Paul Allen: [00:15:23] - as a, in a civilian capacity. And I was doing that for a while... But I kind of got to a point where I thought, "well, I want to try and do something that's more fulfilling." It wasn't bad. It was a great place to

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

work. It was... They were nice people there, etc. They're paying me well, great benefits. But... But I wasn't thrilled to get up and go to work every day. So I tried- I tried at first to just work within the command that I was at. And I talked to the executive officer and said, "hey, can I do some classes for the people here on finance? Personal finance."

Maddy Roche: [00:15:54] Wow!

Paul Allen: [00:15:54] And he was like, "that sounds like a great idea. What's your credentials?" And I was like, "oh, that's a really great question. I don't have any. So let me go get some. Oh, look at the CFP® thing seems like it's a really good one." So I started working on that right away. Once I passed all the classes and I had the executive certificate from Old Dominion University here locally - they let me have some classes and do it - and the same guy asked me later, he's like, "why don't you just start your own business?" I was like, "Well, because the way I want to charge people will never work. I just want to charge people for a fee to pay me. And nobody will pay me like that" because everybody's used to paying on Assets Under Management model.

Maddy Roche: [00:16:34] Mhmm.

Paul Allen: [00:16:34] And I really didn't believe it would work. And then I started reading a blog by Jason Osborne called Bason Asset Management and he was doing just a flat fee model and making it work. He was, actually he was killing it. And I was like, "holy cow! This could really work." So then I started to take it a little more seriously. Opened up a shop part time, opened up a tax business and a financial planning firm at the same time.

[**XYPN Radio**](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Working it in-in the hours after and on the weekends and I did it for-for two tax seasons. But, before the end of the second tax season, I knew that-that I was gonna leave my government job before the next tax season for sure, because it was just too many hours and the business was growing and I knew it was going to work. So -.

Maddy Roche: [00:17:23] Mhmm.

Paul Allen: [00:17:23] - I had all that going for me. The transition into financial planning for me... The tax business grew very fast. The financial planning business, I treated more like a hobby. I charged very low fees. I was just trying to get a handful of clients so that I could get some experience before I brought in a lot of clients at a higher fee. And that was going okay. And I thought that I might maintain that kind of business model where I wasn't really profitable. Sean pointed out - even before we merged - that, whether we merged or not, that I was actually setting my clients up for failure that way because if I didn't build a business that somebody else would want to take over some day, that eventually I would have to retire and all of my clients would be left high and dry. And that really resonated with me; I had never thought of it in those terms. I thought I was doing them a great favor by offering this really low price. But in reality, I was setting them up for, as Sean had pointed out, ultimately to be let down by me. So.

Maddy Roche: [00:18:26] Wow.

Paul Allen: [00:18:26] So that's one of the things we did immediately. You know, technically, Sean moved into a business that was existing here, but

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

we changed everything so dramatically that I look at it as a totally new business.

Maddy Roche: [00:18:39] Mhmm - so you kept the same RIA, just rebranded?

Paul Allen: [00:18:42] Yeah, we changed the name of it. We submitted a new ADV -

Maddy Roche: [00:18:46] Okay!

Paul Allen: [00:18:46] - and have updated that recently as well; Sean just fought that fight for us -.

Maddy Roche: [00:18:51] Ahaha!

Paul Allen: [00:18:51] - with the state regulators.

Maddy Roche: [00:18:53] What does that mean, Sean?

Sean Gillespie: [00:18:55] What that means is-is, as I joined the firm in July of 2018 and when we did our 2019 annual ADV update, I became the Compliance Officer.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:19:07] Mmm!

Sean Gillespie: [00:19:07] And so you know, I think... I view-I view most of the stuff that we've done is as overwhelmingly positive. You know, the only regret that I have is that I became the Chief Compliance Officer as part of the onboarding plan. You know, I understood the merit for it was, you know, every-every year when it's time to do your ADV update, you know: hey, guess what's-guess what's spooling up? Tax season! So Paul's, you know, Paul's basically zip tied to his chair, sitting at his desk up-up to his eyeballs in tax returns every year. Slogging through the ADV update is a relatively minor sacrifice. But yeah, so, you know, kept the same CRD. Changed the name.

Maddy Roche: [00:19:46] Got it.

Sean Gillespie: [00:19:46] You know, brought the subscription model into play as as our main service model. You know, we do have a couple of different options for clients to choose. But certainly the subscription model is the one that that we want people in. You know, partly as a-as a business matter, but also from a standpoint of, you know, we think that we-we deliver better service. And with the client having the ability to spread the cost out over a year rather than paying for a, you know, for example, you know, a four hour project all at once -

Maddy Roche: [00:20:18] Mhmm

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:20:18] - at, what is now - we started out charging \$150/hour - we're charging \$250/hour now -

Maddy Roche: [00:20:25] Great.

Sean Gillespie: [00:20:25] - when we do the hourly work, which is very rare, you know. So some of that was again, it was a business matter, was a little bit of a lever, you know, to encourage people into the monthly model. But also understanding, again, you know, and you've probably heard this a few times on this podcast, you know, as we started understanding the value of our work, we got we got less reticent about, you know, charging people for it.

Maddy Roche: [00:20:53] Yeah.

Sean Gillespie: [00:20:54] You know, among-among that, our success stories over the last year is, you know, we-we-we had our first prospective client, you know, walk away only because he considered the fee too high.

Maddy Roche: [00:21:09] Yeah!

Sean Gillespie: [00:21:09] And so, you know, at some point, listen to a number of success podcasts, some guy named Kitces? Kind of -

Maddy Roche: [00:21:17] I never heard of him! Haha!

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:21:18] Yeah! Yeah, but I mean, one of his guests on his Success podcast had it mentioned at one point. It's like, yeah, if you don't have, you know, about one out of every four -

Maddy Roche: [00:21:28] Right!

Sean Gillespie: [00:21:28] - prospective clients walking away because your fees are too high, you're not charging enough. We're not actually looking for a number that high.

Maddy Roche: [00:21:36] Mhmm.

Sean Gillespie: [00:21:36] But but to have that number be not zero - finally, you know, toward the end of last year - you know, was-was an indication to us that, you know, we're starting to find what we think is the sweet spot: to where we're not, you know, we're not selling ourselves short and, to the point that Paul started off with that, that we are building a firm that has a fighting chance of outliving us.

Maddy Roche: [00:21:58] Mhmm. You know, I'm still interested: you're all very aligned with your experience in the military and I can see how that that is so part of your identity. You really did have a choice to work with anyone across the board when you guys became financial advisors. And I'm wondering, what is it about the type of people that you're serving or the relationship that you two have that really tells you that this- you're on the right track with working with who you want to work with?

XYPN Radio with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:22:24] Well, I'll take that one, because I think I can explain it with a bit of a story that happened - I think was about six months ago or so. We're sitting in the office and, we don't take walk in appointments, but someone walked into the office and I heard him talking to Sean and I thought, "well, that was kind of unusual." And I could hear his voice and I thought he sounded a little... a little lost, maybe, but he was saying something about having a tax problem. So that's my niche, so I came out and it took him back into my office and said, "hey, you know what can I help you with?" He's an older gentleman, probably in his 70s or so. And he said, you know, he'd found us on the Internet because of the military connection; he was very interested in using us because he thought we'd understand because of our military background. And he said he had a problem with the IRS and he didn't understand why the IRS was harassing him. (We call it harassment because he had sent him all this information). And, he showed me this folder that he had. It was about two inches thick of information. I said, "well, let me look at that." Well - I'm going to call him Jimmy - I said, "Jimmy, let me see that." And I open it, and it was his medical record from the, from the V.A. And I said, "well, Jimmy, this is your medical record. Is this what you sent to the IRS?" And he said, "Yeah." And I said, "do you mind if I look through this?" And you said, "no, go ahead." And in there, I found that he had a diagnosis for dementia, which started to make a lot of sense. So I said, "Hey, Jimmy, are you married? Do you have children?" And he-he probably told me about his family and that he had a son that lived out of the area but was coming back to visit soon. I said, "well, you know, I'd like to meet your son. When can we can we all come? Can you guys come back together? So I'd love to talk to all of you together" because I didn't want to... I didn't know my boundaries, you know, dealing with someone with dementia.

Maddy Roche: [00:24:00] Mmm.

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:24:00] What my legal boundaries were. But I want to get there, get his family involved. Anyway, so we kind of wrapped it up there. And I was walking Jimmy out and Sean came out of his office and he kind of gave me that, you know "what's up" shoulder shrug look and I said, "well, that's Jimmy. Jimmy was a Marine reconnaissance veteran from Vietnam and we're gonna take care of him." And, Sean looked at me for about one American second and said, "that's why I love you" and turned around and walked back into his office. And that is why Sean and I work so well together, because we-we don't have to ask each other permission about who we're going to take care of or why; we just know. We just know who, who we're supposed to serve and where we can add value and how.

Maddy Roche: [00:24:43] Wow.. That brings a tear to my eye! It gives me goose bumps. What a wonderful story and what a good partnership that both of you have established. Paul, I'm interested: before you rebranded it Redeployment Wealth Strategies and before Sean was on, what was your service model and what-what had you built up until that point? It sounds like you're kind of the tax guru of the two of you, but I'm wondering, how did the service model change from when you started to now?

Paul Allen: [00:25:09] Well, so I was trying to offer as close to a flat fee as I could, but for the audience that we want to serve - which is to be able to serve sort of mid-grade E-5, E-6 pay grade in the military - we want, we wanted our service to be affordable at that level. And that's-that's a hard marker for both of us. In order to do that, a fixed model at that rate, we couldn't survive. So we have to have some kind of graduated rate where people who can afford to pay more will pay more so that our average is high enough to keep us in business. So what I had was sort of a stepped model - I think I had six different fee levels, probably ranging from

XYPN Radio with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

somewhere around \$50 a month to \$500 a month or something like that. And I picked up a handful of clients. I experimented with project work as well. I'm not a big fan of project work because I find that if somebody, you know, can take a \$400 project, they will. No matter what they actually want or need, they will take that. And then you're kind of constantly playing defense and explaining to the client, "well, that's outside the scope of what we agreed to work on." And I find that uncomfortable. I don't like to do that. I think it's just easier to only take people in for comprehensive financial planning and then I don't have to ever tell them "no, I can't answer that question" or "I can't work on that for you because it's outside the scope of our engagement." But I-I picked up around... I want to say eight or nine clients. Now I might have been able to do more. One of the reasons I was interested in finding a partner, or somebody to work with, was because - through that the tax business, which grew much faster, faster than I expected and faster than the financial planning side of the business... I had, you know, a lot of people sit across the desk from me at tax time saying, "hey. How do you do financial planning too? You know, I might be interested in that." Now, how hot of a prospect is that? I've already- they know me by first name. They're sitting in my office and I, and I felt unable to close the deal because I just didn't know if I would have enough time to work with them or not. So that was why I essentially wanted to bring in a partner. One of the first things Sean asked me, and I think he was really nervous about this answer when we were talking about merging was, "do you think I'm going to do tax? You know, is it your plan that I'm going to become a tax guy, too?" And I said, "absolutely not. I, more or less, forbid that." Right? I mean, if I have that in my power, I think it's a horrible idea. I think we have one of us that is never engaged in the tax side of the business so that they're always available to handle financial planning clients and prospects of that caliber. So...

Maddy Roche: [00:27:49] Yeah.

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:27:50] So that's how we operate.

Maddy Roche: [00:27:52] Great. Sean, I'm so interested in hearing from you about how this service model is. Really, it really works with the people that you're-you're looking to help. I also find it really incredible that this subscription model is a really wonderful way to kind of avoid any downturns in the market. And as-as we're facing our current reality, I know a lot of folks that bill on AUM are facing, not just a decrease in income for themselves, but that their clients are experiencing that as well. It sounds like your clients will be hit by your current reality, too, but that they're protected somewhat, and you and your businesses by the subscription model. So tell us a little bit about that.

Sean Gillespie: [00:28:30] Yeah, absolutely. You know, and we knew this. We knew this out of the gate. It's just that Paul - neither Paul nor I had operated in a market like this as a pro before. So, you know, I just wrapped up my 50th lap around the sun last month. This is-this is, you know, right now in the middle of the COVID-19 bear market, I am... I'm watching the end of the world for like the third time as an adult now, but never had to do it as a pro before, never had to talk clients off of ledges, you know. But but one of the things that Paul and I both understood, would be a strength to this model - not just a business strength, but also what we thought would be a strength to the service model as well - was that it's not sensitive to what the market does.

Maddy Roche: [00:29:18] Yeah.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:29:18] You know, I mean, our fee does not automatically go up when the market goes up because we are operating on a flat fee. You know, and likewise, you know, our fees don't automatically shrink when the market goes down either. And so, you know, we don't spend a whole lot of time worrying about, you know, whether or not this client is still viable for the business. I mean, that was baked in from, you know, from day one with every client.

Maddy Roche: [00:29:45] Mhmm.

Sean Gillespie: [00:29:45] So not least, it's it's been, you know, gratifying in a way that the only military people understand. I mean, you know, one of the things that all military folks, I think across all services, but certainly for the parts of the Navy that Paul and I come from, we delight in watching other people's suffering - watching-watching the firms that depend on AUM for all of their revenue is out, you know, you know, aggressively prospecting for new clients, specifically because they just took a, you know, 25-30% hit to their annual revenue. And so, you know, as-as a business matter, this is-this is a strength to this model is: you know, we're not-we're not looking for more things to do just because the market took a dip. You know, we're just digging in and doing the work. And. You know, and you know, we've-we've seen some strengths from the clients as well. It just, you know, part of what we bake in when we onboard everybody is, you know, "just-just like we told you when we started working together. You know, we're not going to produce gains for you. That's something that the market does, you know? So, you know, your plan is going to... is going to accommodate markets like this."

Maddy Roche: [00:31:02] Yeah.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:31:02] And so, you know, most of the clients that we've gotten, you know, most of the calls that we've gotten from clients have have been to the tune of, "hey, I remember talking about this. You know, I haven't touched anything." Okay, good! You know... So let's-let's get to work.

Maddy Roche: [00:31:19] Yeah, I'd love that. Paul, you and Sean have had a pretty stellar couple of years and in particular pretty stellar last quarter. I'm wondering, in light of COVID, have you experienced any clients withdraw their-their choice to work with you in this first quarter? Have you had any discussions about an interest in pausing or anything like that?

Paul Allen: [00:31:39] There's been a couple of clients who have called with concerns about, you know, are we sure that they, that we have them, you know, correctly allocated? Isn't it time to pull out of the market? Is-Should we need to run to safety? Those kind of things. Sean has has handled those and has handled those masterfully. I've enjoyed it from my office. I can hear him when he is on speaker phone with a client. And it's really been fun for me to listen to him, talk them off that ledge very, very calmly, very masterfully, and just remind them, you know, "this is the time when you use your discipline." It was easy to have discipline a month ago. Now it's hard to have discipline, but it's the most important time to have discipline.

Maddy Roche: [00:32:27] Mmm!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:32:27] And in, you know, that-that word "discipline" rings pretty innately in military people. They understand what that means. And so that's been a lot of fun for me. On... This time of year, I am mostly, as Sean said, deep in tax stuff. There has been a tremendous amount of new government programs being rolled out in response to trying to provide economic stimulus and safety and shelter for people who are unable to work because of the pandemic, etc. That has been very difficult to stay on top of. I do have... I've seen quite a few, especially small business owners, which we-we-we attract a fair share of because of our... that's-that's who we market to, that's who we publish content toward, etc. So small business owners and real estate investors have been particularly concerned about "what can they do, what should they do? Which of these new programs is the best one for them to apply for?" and things of that nature, and so you're trying to handle those questions on a case by case basis and still grind out tax returns. Fortunately, there's been an extension to the deadline to file and pay your taxes this year, at least at the federal level. So it's given us some extra time to do all, to get all this done. But, you know, there is a lot more to do right now. And I noticed that first quarter tends to be the busiest quarter for us. It was last year as far as attracting new clients. We just onboarded twelve this quarter and last quarter was our best quarter for onboarding new clients as well. So I don't know what it is -

Maddy Roche: [00:34:03] Wow!

Paul Allen: [00:34:03] - about quarter 1 and military families, but it's when they-they somehow they start to get serious. Maybe there's some New Year's resolutions going on or something there.

Maddy Roche: [00:34:12] Mhmm!

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:34:12] They decided to employ a planner and make a plan, but... but, yeah, I don't think it's going to stay this high all year. If it does, we're... Well, we're going to have to come up with some-some contingency plans for how we're going to handle that, but it's been rigorous for sure.

Maddy Roche: [00:34:29] Yeah, that's-that's awesome. And congratulations on that growth! It's really, truly impressive growth. Sean, I'd love to hear a little bit about what some of the advice is that-that you're-you're coaching your clients through - maybe the small business owners and some families that maybe have lost an income. You said you were you've seen, you know, the world nearly end three times - I'm sure more than that. But tell me about that.

Sean Gillespie: [00:34:50] Well, I mean, in terms of the end, you know what... I say "the end of the world" - I'm just, you know, looking through the market perspective there. So -

Maddy Roche: [00:34:56] Hahaha!

Sean Gillespie: [00:34:56] - you know, so... For me, you know, I was 30 when the .com bubble went-went pop. I was 38 when housing was a, was a toxic asset, you know, and now-and now this with the, with the pandemic. And, you know, so we're seeing, you know, three markets, we're seeing again, you know, we're seeing it for the first time as pros. You know, basically what-what Mark Twain tried to teach us, you know, the century before last, you know, when he said, "history doesn't repeat itself, but it rhymes." You know, sure. There's-there's a couple of different

[**XYPN Radio**](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

characteristics about every bear market around the margins, but in the main, you know, they all look more or less the same. About the same size, about the same amount of hurt before-before people tap out and before the market finds its bottom and recovers. But every bear market is - inaudible - In terms of, you for our clients, you know, because because most of our clientele is military. I mean, so, you know, across are not quite 50 clients, 32 of them, you know, 21 of- 21 out of 46 client households still on active duty. Another 11 retired military. And so, you know, with a, with a very steady source of pension income underneath them. And so it takes a ton of pressure off of portfolios. You know, when you've got that steady income underneath it. And so we haven't seen a whole lot of you know, we haven't seen a whole lot of, you know, flight or pain. You know, we've got a couple of clients here, there that we're keeping an eye on, knowing, you know, that folks that are that are purely inside the private sector, even if it's connected to military, I mean, private sector still private at some point. So so, you know, we do have a handful of clients where we're keeping a little closer eye on that. But we really haven't seen much of-of the same kind of concern that we're seeing across the broader economy. You know that-that was not a business decision. We just, you know, when when Paul and I got to work inside his field, you know, we wanted to serve our tribe.

Maddy Roche: [00:36:57] Right.

Sean Gillespie: [00:36:57] It just so happens that this is one of the features inside our tribe; is having a steadier income than-than, you know, most fields.

Maddy Roche: [00:37:06] Totally. I... That makes so much sense. Thanks for explaining that. And Sean, I know that Paul mentioned that the

XYPN Radio with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

retirement program that the military is set up is a really, really good one. And that played into a choice for you not to bill on AUM. Could you expand on that a little bit?

Sean Gillespie: [00:37:23] Sure. Yeah. So so specifically, you know, the you know, the retirement plan across most of the broad economy is a 401(K).

Maddy Roche: [00:37:32] Mhmm.

Sean Gillespie: [00:37:32] In the Department of Defense and federal. So we've you know, we've got a number, you know, maybe a handful or so of client households that are federal civil service, which is-which is very, very close to our target market. It's-it's a pretty close cousin: both in terms of the use of the federal thrift savings plan (or just TSB for short) and a pension element to it as well. The TSB in particular, you know, it's a really simple, really easy to navigate fund lineup. I mean, there's there are five different index funds -

Maddy Roche: [00:38:04] Mhmm.

Sean Gillespie: [00:38:04] - inside-inside the TSB and-and a handful of target date funds that are just made up of those other five. And so the five, real simply, it's-it's one short term treasury fund. It's one broad bond market index fund. It's an international fund that is going to incorporate emerging markets later this year. But, you know, up until now, it's been just developed -

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:38:30] Mhmm.

Sean Gillespie: [00:38:30] - international markets and then two index funds covering the United States, basically one covering the S&P 500 and then one covering the rest of the Russell 3000. So basically the extended market index.

Maddy Roche: [00:38:43] Mhmm.

Sean Gillespie: [00:38:43] Those five funds. You know - we always say hidden fees and you know, all of the hidden fees are always disclosed. It just so happens that inside the federal TSB, there are none of those. Until later in life, you know, there might be some fees, some-some transaction fees when people actually start taking money out of it.

Maddy Roche: [00:39:01] Mhmm.

Sean Gillespie: [00:39:01] But but, you know, for most of our lives in the accumulation phase, all you have is-is the internal expense ratios across those funds. The internal expense ratios across those funds is four basis points. And so this is precisely why we didn't want to be in, in a default mode of telling our clients, "well, if you want to work with us, the first thing you have to do is roll all your money out of this out of this 401(K) that costs you nothing."

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:39:30] Wow!

Sean Gillespie: [00:39:31] And so, you know, when when we made the decision to go ahead and merge our practices into the one firm, that was- that was the thing that we put the most thought and the most work into: was a service model that didn't incentivize us, you know, to make that decision. And so, we settled on flat fee fairly quickly.

Maddy Roche: [00:39:54] Mhmm.

Sean Gillespie: [00:39:54] It is not independent of assets. So basically what we were shooting for, what we were looking for was a model where we would be charging on the complexity of the planning engagement. And so the first filter that we do run through is-is through the filter of net worth.

Maddy Roche: [00:40:10] Yup.

Sean Gillespie: [00:40:10] But with an understanding - an-an explicit understanding - that is expressed in our fee formula in our ADV, and it's front and center on our website as well in terms of how, you know, how we make that determination. So at \$150,000 of a modified net worth - so we're not you know, the first thing that we're doing is we're already not counting the first hundred thousand of any kind of retirement asset. So whether it's in TSP or an IRA or wherever else, you know, we really don't start counting that first dollar until we're north of a \$100,000. Same for the \$100,000 in equity, and equity in your primary residence. From there, you know, north

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

of \$150,000. You know that-that doesn't... You know, industry average, I think is a point. You know, a percentage point on the first million in assets.

Maddy Roche: [00:41:05] Mhmm.

Sean Gillespie: [00:41:05] North of one hundred fifty thousand were at seventy five basis points.

Maddy Roche: [00:41:09] Yeah.

Sean Gillespie: [00:41:09] North of a half a million. It's 50 basis points.

Maddy Roche: [00:41:12] Mhmm.

Sean Gillespie: [00:41:12] Long story short, you know, we look at that and is like, you know, it is a million dollar portfolio more complex to manage than a hundred thousand dollar portfolio? Yeah, absolutely. Is it 10 times as complex? Absolutely not. Does-it take us 10 times as much time? Absolutely not. And so we wanted to build something that reflected that value.

Maddy Roche: [00:41:32] Yeah!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:41:32] What we figured out over the course of our first year is that even even not even all million dollar portfolios are created equal. You know -

Maddy Roche: [00:41:40] Mhmm.

Sean Gillespie: [00:41:40] - if you have, you know, if you have a concentrated position in Apple, for example, in a taxable account, you know, that's going to be a lot more complex to manage than somebody who's in, you know, purely in retirement accounts and index funds all across it. And so, you know, what we developed over the course of our second year working together was a series of about ten or twelve questions, you know, basically yes or no questions that we would run through to-to determine, "okay, where-where is this more complex and where is it less complex?" and to reduce that, you know, that modified net worth fee accordingly where we found, you know, simplicity.

Maddy Roche: [00:42:23] Yeah, totally fair. I appreciate that explanation and thoughtfulness with that. Paul, I know that you are the tax guy. Are all of your clients using you for tax preparation or is this an arm of the business? How do you- how do you handle that?

Paul Allen: [00:42:38] So in case the regulator is listening, our clients are not required to use the tax service -.

Maddy Roche: [00:42:44] Okay!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:42:44] - that is provided here.

Maddy Roche: [00:42:47] Noted!

Paul Allen: [00:42:49] Because they made us spell that out in the ADV.

Maddy Roche: [00:42:52] Oh, did they?

Paul Allen: [00:42:53] They did. It was-it always struck me as a little bit amusing. Yeah. And some do not. So some-some have come on board and already have a tax person that they've been using for years and they're very happy with them, or we have a couple of people who just need us for financial planning and they have a situation where they actually need a CPA because they have business that has accounting needs that we can't meet here. So they... It's-it's better to keep that all in one place, but-but most do. More than more than -

Maddy Roche: [00:43:23] Okay!

Paul Allen: [00:43:23] - half do. And I think that more we'll transition over and use us in the future.

Maddy Roche: [00:43:28] Sure.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:43:28] For tax as well. And we charge we charge separately for that, but we give people a price break if they are - on their tax return fees - if they are, already are a client.

Maddy Roche: [00:43:39] And Paul, where are you finding most of your new clients? Are they finding you online or are they finding you through referrals?

Paul Allen: [00:43:47] So it's a-it's a mixed bag. We've got... Sean is become very adept at finding where the people are that would be most helped by our service and would see the value in it. And in social media rooms and going in there and using the model of just give away information until somebody notices that you've been helpful an awful lot and and wants to strike up a conversation offline. So, you know, 99% of that time is not, you know, anything that's going to bring back money, but-but 1% of it is. And that's really all we need. And it's grown pretty well. It was pretty funny because for it, we went through a really a streak where all of the people were coming from social media. And so I would walk and I would walk by Sean's office and look in and say, "what are you doing? Get back on Facebook!"

Maddy Roche: [00:44:43] Hahaha!

Paul Allen: [00:44:43] The opposite of what you expect.

Maddy Roche: [00:44:45] Well, you two met on Facebook too, so it's just perfect.

[**XYPN Radio**](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:44:49] Some come through the tax business, so we get recommendations for the tax business and then people come to the tax business and then they see my CFP® certificate on the wall and they start asking questions about that. And the fiduciary hat that I picked up at #XYPNLIVE last summer. I keep that idea on display, too, so they're- they're conversation starters. A lot of people - once you get to talking about their money through taxes - it's a natural sort of segue way to start saying, "you know, well, we can provide these other services if you're interested. Hey, won't you let me introduce you to my friend Sean, and he can take you because you and I have two people in my waiting room waiting." (Back when we were, you know, had people in the waiting room. Right now, we're doing everything virtually because of the pandemic.) We get some through the NAPFA site. We get some leads through the XYPN site. We get some leads through referrals as well. So we have a couple of really strong evangelists that have been sending quite a few people our way. And we at least get to have the conversation with them, start the conversation with them that way.

Maddy Roche: [00:45:53] Sean, how has the service changed since the pandemic? Are you not seeing clients in person or are most of your clients used to seeing you in person?

Sean Gillespie: [00:46:01] Most of our clients are already used to not seeing us in person.

Maddy Roche: [00:46:05] Okay.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:46:06] Most-most of our clients: out of the 46 different households that we serve, 28 of them are not in Virginia Beach.

Maddy Roche: [00:46:12] Wow! Okay.

Paul Allen: [00:46:14] So you know... One-one of the things that we knew right out of the gate was if we were going to serve our tribe, and it's a tribe that's all over planet Earth.

Maddy Roche: [00:46:23] Mhmm.

Sean Gillespie: [00:46:23] You know, that we needed to be able to reach people all over planet Earth. And so, you know, the virtual aspect of the service, you know, that was part, in partial, to the you know, the model, you know.

Maddy Roche: [00:46:34] Yeah.

Sean Gillespie: [00:46:34] Right-right out of the gate. You know, everything-everything that we've done for the-for the planning business has-has been cloud-based and has been something that we could do just as easily through, you know, Zoom or GoToMeeting or whatever. I mean, right now we use Microsoft Teams, but I mean, we've-we've had the ability to meet virtually with people from day one.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:46:58] Mhmm.

Sean Gillespie: [00:46:58] And so, you know, the pandemic hasn't really. There's-there's only been the slightest of interruptions for the tax business. And it's been no change at all for the-for the-for the planning and investment business.

Maddy Roche: [00:47:12] Great. I'm wondering and I just love, you know, your work has now helped 46+ people and their families better plan for their futures. How do you think other planners and just folks in general can make financial planning more available to underserved communities like military folks? Do you have any tips on that?

Sean Gillespie: [00:47:34] Well, for us, it's been a lot of, you know, so, so very much like Paul described. I mean, you know, we've-we've found a lot of-a lot of our clients just by evangelizing inside, you know, a couple of different, you know, a couple of different groups online, you know, and, you know, give away 99% of our time model also came from a guy in a blue shirt.

Maddy Roche: [00:47:58] I think I knew that one! Haha!

Sean Gillespie: [00:48:00] Yeah. I didn't think that this was probably the first time that you'd heard that. And so, you know, again, we bake that in and, you know, typically, you know, inside a Facebook page, we're just-we're just talking to people.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:48:15] Mhmm.

Sean Gillespie: [00:48:15] And-and, you know, questions come up. We give answers, you know. And when-when we find people, you know, when-when we talk about finding business that way, you know, that's people that are coming to us at that point saying, "hey, I would like to hire somebody. I've noticed that, you know, you've been very helpful inside this group, you know? Are you still taking new clients?"

Maddy Roche: [00:48:37] Mhmm.

Sean Gillespie: [00:48:37] So, you know, and we're not, you know. Yes. 46 you know, leaning, leaning into 50 here real soon, you know? 46 families that we serve. There's a lot. But it's not it's not enough to where we're telling people "no" yet.

Maddy Roche: [00:48:53] Right.

Sean Gillespie: [00:48:54] And you know, and to the point of, you know, the quarter that we just had was a good year for for some firms in terms of bringing new clients aboard. You know, a January 1st. We thought we might need to hire somebody before the end of the year. Before March was over, we knew that we needed help yesterday.

Maddy Roche: [00:49:12] Oh, interesting!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:49:13] And so, you know, we're-we're down a path right now with, you know, who we think is probably-probably our strongest candidate to come on board for for just 10 or 15 hours a week.

Maddy Roche: [00:49:24] Oh, wow. Great!

Sean Gillespie: [00:49:24] Now, for starters, you know, but somebody who is looking for some part time work while she finishes her CFP® studies at K-State. You know, and she's, and she's a member of the tribe. You know, she's she's the spouse of a retired Marine. And so she knows- you know, she knows the life. And so you know, and. And she's comfortable working virtually. So, I mean, we're here in Virginia Beach. She's just outside the Cherry Point Marine Corps Air Station in North Carolina. And so, you know, we think our first hire is probably going to be a virtual, you know, basically a virtual paraplanner.

Maddy Roche: [00:50:02] Great! Great. Congratulations on deciding on making a hire. That-that's a big, big choice. Paul, you and I first met at #XYPNLIVE, and I'm wondering: how have you leveraged a community over these years and what role does a community play? Especially when you have such a willing and able wonderful partner like Sean to bounce ideas off of. You're so involved. Otherwise, I'm wondering: what-what does it give you?

Paul Allen: [00:50:28] Where to start with that.. So, yeah, we've sort of met at #XYPNLIVE. I mean, you're kind of walking down aisle taking selfies and I ended up in one of them.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:50:36] Hahaha!

Paul Allen: [00:50:36] But, that was a lot of fun, by the way. I was-I was unsure before I went to #XYPNLIVE if I was going to be worth my time to go and I made my reservations to go to the next one the day after I got back from this one.

Maddy Roche: [00:50:54] Yey!

Paul Allen: [00:50:54] I found it very, very valuable, so if anybody is wondering, there's a lot of great stuff that goes on there. One of the things that happened there that I think is going to bear the most fruit for-for me for the rest of my career is-is I met some other people who specialize in this field. I didn't even know they existed - frankly, that there are other people out there who were CFP® or CFP® candidates who were working in the space of serving military families. Ran into quite a few of them out there. We-we got a group together - thanks to the work of some of the, shall I say, younger crowd who know how to work that-that conference app a little better than I did. You can reach out and grab people and say, "hey, we're gonna have this meeting." We ended up having lunch together. There were 12 or 14 of us. We've stayed in touch since then. We have weekly meetings via Zoom. Had some of them facilitated by XYPN. Had some guest speakers come and give a little bit of training on some topics that are of interest to all of us. And we've decided to launch something that we're calling the "Military Financial Advisors Association" and the website is just about to launch, so by the time -

Maddy Roche: [00:52:05] Wow!

[XYPN Radio](#) with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:52:05] - this airs, hopefully it will be launched.

Maddy Roche: [00:52:09] Okay!

Paul Allen: [00:52:09] Sean and I were looking at the prototype earlier today, and we're pretty happy with it. So I think we're going to be ready for primetime here by the end of the month. So it'll be <http://militaryfinancialadvisors.org/> - that's advisors with an O. (If we can get that in the show, notes that be wonderful.).

Maddy Roche: [00:52:26] You got it!

Paul Allen: [00:52:27] And it's a place where people who want a financial planner, who is-who is familiar with military issues, can come and find one of us; or if you are military and you're thinking about making a transition to becoming a financial planner, you can get some mentoring from one of us; or if you just have some questions, we plan to have some content that can answer sort of simple common questions, maybe, you know, sort of FAQs. But, you know, the content will come over time. But that's our long range thinking. Currently, one of the requirements for membership, by the way, is membership at XYPN. So -.

Maddy Roche: [00:53:08] Yey!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:53:08] We defaulted to letting you guys screen all our applicants for some of the basics that we want.

Maddy Roche: [00:53:14] Good. We can do that for you!

Paul Allen: [00:53:16] Maybe in the future we will grow beyond that. But for now, we're more than happy to concentrate on what's most important, which is trying to get the thing up and running and making sure that we've got the right people doing it. And we think XYPN does a great job of attracting those people. So we're very comfortable letting you guys run that part of the show for us for now.

Maddy Roche: [00:53:37] Well, kudos for making the initiative to get to know other folks. You don't have to do that as part of membership.

Paul Allen: [00:53:44] That's true. I would go through a list these people by name, but I would do them a disservice. But I want to mention a couple of them. One is Scott Vance, who has been coordinating all of the the monthly meetings that we've had so far. And another as Dan Kopp, who couldn't be a nicer guy and a great American if you ever get a chance to meet, to talk to him. It was at the XYPN mixer to go back and tell the whole story. Sean went to FinCon, which was the week before #XYPNLIVE. I went to #XYPNLIVE, so we kind of split up and went to two separate conferences. Dan Kopp went to both, so he came up to me at the XYPN mixer and went, "You're Paul Allen. You're Sean Gillespie's partner." I'm like, "Yeah. Do I know you? Who are you?"

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:54:25] "Who are you?!"

Paul Allen: [00:54:25] Yeah. He's like, "I met Sean at FinCon." and, of course, we hit it off right away because he's just a tremendous individual. And he's been really instrumental in getting this Military Financial Advisor Association off the ground, so we give him a shout out too.

Maddy Roche: [00:54:39] Awesome! And I'm happy to help you guys. Anything you need to set that up. If you can believe it, we're rounding out our hour together. Sean, I'm interested in your advice to maybe someone who is in your position 20 years ago thinking about you or less than getting out of the military and starting a new career: what questions would you ask yourself? What things would you have folks consider before they jump into starting their own financial planning firm?

Sean Gillespie: [00:55:05] Well, so-so as as we've covered over the last hour, both Paul and I got into this by just jumping in.

Maddy Roche: [00:55:05] Yeah.

Sean Gillespie: [00:55:12] If-if I-if I had to do this over again - and just-just like Paul didn't, I didn't either, know that there was such a thing as a fee-only model. You know, I only knew what I'd been exposed to as a consumer. And-and in particular, you know, if I had if I had this to do over again, I would have found a way to do this someplace where I would have spent my first couple of years learning the craft.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Maddy Roche: [00:55:35] Mmm. Good advice.

Sean Gillespie: [00:55:35] And-and knocking out the-the academic stuff before I started taking on any kind of real heavy client facing responsibilities, and certainly before I took on business development responsibility. You know, I jumped in the way a lot of people jump into the industry: which is to take my series 7, my series 66, and then immediately go start finding clients. And I think that that that model is specifically why the larger you know, the broader industry has about an 80% attrition rate inside the first three years.

Maddy Roche: [00:56:12] Mhmm.

Sean Gillespie: [00:56:12] And, you know, certainly we military folks, you know, we're- we tend to be a little bit more analytical than average.

Maddy Roche: [00:56:18] Mhmm.

Sean Gillespie: [00:56:18] And so, you know, if-if I had had this to do over again, I would have I would have spent a little bit more time looking for a firm where I could. Learn how to do the work first.

Maddy Roche: [00:56:31] Mmm!

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:56:31] Because, you know, for as much as we say - and we all say this. I mean, most most of the people in the fee-only space, I think have this this outlook - is we don't think of ourselves as salespeople. But if you are going to be in this as a business, you're going to have to learn to sell the service, because if you don't learn that, you're going to have a very, very expensive hobby.

Maddy Roche: [00:56:55] Hahaha.

Sean Gillespie: [00:56:55] And that, you know, and that's a nice, clever way to brief it. But I mean, like. No kidding. You know, if you want to do this and-and make sure that your marriage stays strong and healthy. Let's talk about how we do that. You know, where you inch in, you know, and you might have a couple of exit ramps along the way rather than, you know, just jumping into the deep end of the pool right away and and learning to swim, you know, by just not sinking.

Maddy Roche: [00:57:24] Mhmm. Mhmm.

Sean Gillespie: [00:57:24] You know, find-find some ways where you can get into this and and not just survive, but thrive at it right away before you start taking on the responsibilities of finding clients, before you start taking responsibility for actually running a firm.

Maddy Roche: [00:57:40] Yeah.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Sean Gillespie: [00:57:40] If I could do it over again, I would do it that way. You know, now that I'm here, no regrets. But that doesn't mean I wouldn't do it different.

Maddy Roche: [00:57:48] Hahaha! Good advice. Paul, how about you?

Paul Allen: [00:57:50] Well, Sean and I had the luxury of the-of the- of the long runway way. So we both have wives with good, productive careers and we both had military pensions. So, you know, we could make our household budgets work without bringing any money home from this business. And that provides you with a tremendous amount of flexibility to get it right.

Maddy Roche: [00:58:12] Mmm!

Paul Allen: [00:58:12] So I don't you know, I wasn't trying to bring in a lot of clients in the first year because I needed to make my mortgage payment. I was... I-I was potentially going to bring in a fixed number of clients, a half dozen or so, and then work with them and learn what I needed to learn about how to run the business, how to build my processes. I don't have any regrets for the fact that I that I just kind of jumped in because I had that long runway.

Maddy Roche: [00:58:41] Mhmm.

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

Paul Allen: [00:58:41] So I guess my advice would be to build yourself a long runway, either-either build up a big nest egg or marry well, like Sean and I did. Or do a military career and have your military pension ready for you. And if you're military and you're thinking about jumping into this business, get your-get your education done while you're on active duty and start knocking out some of those credentials because it does not get easier. And to some degree, it's a necessary evil. But there's also a lot of good things that you learn along the way. So when I first started taking CFP® courses, I thought I was pretty smart about financial planning. Well, I was really good about- I was really smart about my financial plan. But my facts of circumstances are not identical to everybody else's.

Maddy Roche: [00:59:23] Right.

Paul Allen: [00:59:23] I mean, there are a lot of things that people deal with that I never dealt with that I had to learn about from books.

Maddy Roche: [00:59:30] Yup.

Paul Allen: [00:59:30] And so I highly recommend going that route and getting your education done.

Maddy Roche: [00:59:34] Oh, well, listeners, I hope you've enjoyed this interview as much as I have. I've learned so much from you, and from Sean and Paul. Thank you both so much for joining me this afternoon. Congratulations on building such a productive and wonderful firm and for

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

serving the folks that you do and of course, for being wonderful XYPN members. I hope you all have a great rest of your day.

Paul Allen: [00:59:56] Thank you.

Sean Gillespie: [00:59:57] Thanks, Maddy!

[00:59:57] -- swish --

Maddy Roche: [00:59:59] Avocado toast. Selfies. A mountain of student loan debt. Gen Y is anything but traditional, and with over seventy five million people, it's a population you don't wanna ignore. Learn more about how to serve this unique population in our guide called "Attract and Profitably Serve Millennial Clients in your RIA." Discover three key ways to tap into the millennial market and six things that they want from their financial advisor. Visit xyplanningnetwork.com/millennials for your free copy.

Maddy Roche: [01:00:30] Be sure to join our VIP community at xyplanningnetwork.com/VIP to hang out with other #XYPNRadio listeners, ask questions for future mailbag episodes with Alan and Kitces, and finally, to find a community of like minded financial advisors. Thank you so much for joining me today. We'll see you next time.

Narrator: [01:00:47] You are not alone and you are not crazy. It's scary starting, building, and growing your own financial planning firm. And that's

XYPN Radio with Maddy Roche

Ep #252: The Importance of the Monthly Retainer Model and How It Withstands Market Volatility

<http://www.xyplanningnetwork.com/252>

why we put together a free private community just for you, the cutting edge financial planner. Go to xyplanningnetwork.com/VIP or text XYPN Radio to 33344 and join a network of thousands ready to change the lives of Gen X and Gen Y clients.