

BONUS EPISODE

[INTRODUCTION]

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FT: You're listening to So Money, welcome everyone! Alright, I don't normally post on Thursdays as you know, but this is a very special Bonus Episode on the heels of my new exciting partnership with Citizens Bank. I know, I don't normally publish on this day, but it just couldn't wait. Now, just so you know earlier this fall, Citizens Investment Services introduced a new digital investment advisory platform called "SpeciFi" and I'm really honored they've invited me to join them on their campaign to educate people about retirement and the importance of investing for the future, which I know is very important to all of us listening.

And you know, I'm always for ways to making investing simple and efficient and on this show we often talk about the value of digital investment platforms but, you know, call me old-fashioned, I also believe that it can be useful to work with real, licensed professionals to help us to guide our investment planning and the great news is, "SpeciFi" delivers both of these services in one robust platform. So it's one of the reasons I'm super proud to team up with the folks at Citizens and Specifi, and to be honest, the other reason is I'm a New England girl, as some of you know, and Citizens, for those of you who aren't familiar, is one of the oldest and largest financial institutions.

Their headquarters are in Providence, Rhode Island, which I used to go to all the time as a kid. We had friends in Rhode Island just an hour away from Worcester where I was born. So, saw Citizens all the time growing up it was our neighborhood bank and I feel like this partnership has been a great way to come full circle. So, joining me now to discuss more about the ways we can all leverage investing for our goals and how Specifi can help investors, is John Bahnken. He is President, Citizens Bank Wealth Management.

John, welcome to So Money.

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JB: Good morning, Farnoosh, it's great to talk to you.

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FT: Are you — do you go on podcast a lot? Or am I your first podcast?

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JB: You are my first podcast.

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FT: Alright,

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JB: We'll see how it goes.

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FT: We'll see how it goes. Hopefully, this will encourage you to go on the podcast circuit. I think SpeciFi is incredible, it's great. It's timely and I want to learn also about you as a veteran in this financial services industry, you know, you have more than 30 years of Wealth Management experience, also investment management, Banking experience. So, John you've seen real evolution I think, regarding how we all bank and how we invest.

How would you — let's start with this: how would you characterize the financial world that we live in today specifically in terms of how we're all going about investing our money?

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JB: Yeah, so I guess, I would say Farnoosh, the way I would characterize it is complex. You know, we had many, many, solutions that can help our clients reach their goals. Whether it's loans, deposits or investments. But I think the challenge is understanding what's the best solution specifically for you and your very specific needs. So, and I think really that what our clients are looking for is value simplicity, transparency, and advice and I think all those things, they value very, very, highly.

You asked specifically about investments, and I think investing, you know, has changed pretty dramatically since the financial crisis, I think you might say our society has changed pretty substantially since the financial crisis. But I think today, what investors want to do is participate much more actively in selecting the investments that they believe are right for them. They are much less likely to delegate managing investments to someone else. They want to be part of the process. They want to ask questions. They want to do their own research. They want to understand the risk return trade-offs that they're making. They want to understand how much things cost. I think they very much understand that cost could have a substantial impact in what they're doing. So, it's — the world's a little bit more complex than it was.

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FT: It is, but you're totally right. I mean, we want to be connected, we want transparency. I think also we want to simplify the process and by that also, say, a process that saves us time. So, it makes sense that technology can serve a lot of those needs. Yet, I read that still about half of Americans are not investing their money in the stock market. And I think there are a lot of reasons for that, but I do think that technology could help, right? Can't it help us get a closer to maybe, more than a majority are investing?

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JB: Yeah, I think technology can help as you suggested and it's one of the common mistakes I think, that people make is that they have too much money in cash. You know, just to illustrate sort of the impact to that today, as you well know, interest rates are at best maybe 1% on deposits in cash that people are holding. But if you look at the equity markets, whether it's the U.S.

or global markets on developing countries they're, today, probably up more than 10% on a year to year basis here in the United States. The S&P is up probably 14% or so.

That doesn't happen every year, but I think over time it's generally safe to say that equity markets are going to generally produce higher returns than cash. And so, I think having a balanced diversified portfolio is very, very important to saving for the future and that means having a little bit of stocks, a little bit of bonds, and some cash in your portfolio. So, that's the strategy.

Technology, at the same time, I think can be a great tool for helping to achieve that means of Specifi and other, you know, similarly other digital advisory platforms help do the same things by establishing a very specific plan or what we call an asset allocation for you, for your very specific goals, what that should look like and then how do you ensure that you stay on the path to accomplishing that on in the future.

So, you know, doing those things having a right level, having a diversified portfolio, having the right level of equity for the goals that you are trying to achieve is really important to your financial health.

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FT: Sure, but then, you know, at the end of the day we're human and we're — we have emotions and as you know, you know, we make irrational choices with money often tied to our fears, our feeling of overwhelmed or confusion or lack of education and so, I think that maybe an aspect of this is also that people aren't investing because they're just worried about the unknown. You know, there are risks to investing, they're worried about making mistakes or perhaps they're thinking, "You know, it's just too good to be true." Like, it's just right now we're the Dow, I mean, has hit record levels and historically record levels, it's almost like we're worried that - how long can this last, right?

So, what's your advice for somebody who has that mentality and as a result is keeping their money, for all intents and purposes, under the mattress?

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JB: Yeah, I think it's a great question. I think there's a couple of reasons I believe that people do that and first is, I think people are a little bit overwhelmed with where to begin in building a portfolio, constructing it in the right sort of way. And then, the second thing is, having the time and investing the time to make sure that the portfolio is done in the right way. I think, we think at Citizens, that's one of the reasons that SpeciFi is such a great tool for people who want to manage their money in a thoughtful way, who want to stay on track and build for the future and want to be efficient with both their time and their money.

So, we think it's a great tool for them and that's because, you know, when you use SpeciFi, people can define their goals, develop a plan, open account, fund an account, all within between 5 and 7 minutes and that's pretty remarkable digital process that could actually lead you through that process in that period of time. But what, and you made this point earlier I was pleased to hear it, but what we're finding is that clients who start the digital process often want to talk to a person, to a human, as they're going through the process.

So, one of the things that's unique and I think special about SpeciFi, is that we offer an opportunity to literally pick up the phone while you're going through the application online and speak with the financial adviser or setup a future appointment, which you can do. There's a calendaring tool right built into the platform. You can do live chat, you can send email, you can even go in to a branch and talk to a local branch colleague about the service itself. So it's really all about how clients want to interact with us. But I think at the end of the day, SpeciFi is a great tool for helping people get started with the process.

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FT: Yeah, it's definitely a differentiator. I've interviewed a lot of founders who run automated platforms, I'm familiar with the market and this is definitely a great move, I think, to be able to offer this hybrid of services. Because, while yes, we live in a digital world, money is very — it's a high touch thing, right? You want to feel like you have at least some hand-holding and maybe not everybody needs this, but certainly I think people who are new to the investing world, or people who are just too busy and they feel like, you know, the more eyeballs are better than just one pair

on their money that they can actually go in and ask somebody questions. It helps you sleep better at night.

I'd love to go to some of the other sort of aspects of SpeciFi. You mentioned obviously this incredible opportunity to work with financial advisers in tandem with having this automated experience. Their's integrated banking and investing, so I understand SpeciFi is integrated with Citizens Bank online, which let's customers follow and manage their bank and investment accounts and this is including investments held in other institutions, which is really cool. Because that's pretty nice of you to allow you to do that, right? You can see some of your other investments elsewhere or other accounts while you're on your home page and it's all through single platform. So that's a great way to streamline. Again, we are talking about efficiency and simplicity this is great.

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JB: Well, I think this digital investing is a new way of investing and I think we're all trying to learn, Farnoosh, what's the most valuable. How do you do that in a way most valuable for our clients? Citizens, as you know, is one of the first banks to be able to offer a platform like this. There's only one and two others in the entire country that are offering a tools like these and, that's because we're sort of digitally forward organization. But there are other people that do offer these platforms and we try to create something that we felt was different and candidly more powerful for our clients based on what we understand their needs and desires to be.

So, you know, a few of the things that we're focusing on there is what we believe that customers want to be able to access all aspects of their financial lives in a seamless way. They don't want to go to multiple places and so we have basically woven SpeciFi right into our Citizen's online banking platform. So it allows clients to see their banking and investing accounts all in one place and then as you point out, not just their investment accounts that they have at Citizens today, but accounts that they have at other competitors.

So, in some levels it allows Citizens to become more of a portal for accessing that kind of information, investment information, from other providers right to your online banking page. So, we think that's gonna be important to our clients. We are seeing SpeciFi, you know, sort of this inte-

gration of banking and investing we think what really helped clients easily move money between their banking accounts and their investment accounts. I think we believe it will simplify their periodic contributions or withdrawals that they may make from their investment accounts.

A lot of people who are building for the future is, you know, like to do monthly contributions. So they'll literally just move money out of a checking account or a savings accounts into their investing account and will become invested in the SpecifiFi a portfolio then it will streamline the process of doing that as well as moving money back out. Then having access to your normal banking accounts through checks or debit cards or ATMs to be able to access all of your funds in one place.

We think that's important. Obviously the additional advantage is every time you sign on to Citizens Online Banking you'll be able to see how your SpecifiFi Account is performing. Or you'll also be able to see if the assets aren't being managed at Citizens Investments Services through SpecifiFi you will actually be able to see how your portfolio perhaps how the other competitors of ours is performing against the SpecifiFi portfolio. So, we think that's value added. All the integration of the banking and the investing all in one place, we think it will make people's lives a little bit easier, which we think is important.

You know, as you point out and we are trying to learn about this as work through sort of these types of platforms but some other digital platforms better out there limit their clients to a fully digital experience and if you want to speak to an adviser they'll often charge you with higher fees for doing this. We've not taken that approach for SpecifiFi because we do believe in customers having choice and how they interact with us. So we offer what we believe is an incredible digital experience. But as I said, if you want to talk to an adviser either by calling or setting up an appointment, the live chat features that we are speaking in a branch you can do that.

And, in fact we encourage clients to do that because we think, you know, clients understanding better how their portfolios are being constructed and then managed as they move through time is important. Then the final pieces that I would add there is we think that SpecifiFi is very cost-efficient. So, we offer, as I said, that free service. So if you simply want to monitor your portfolio is better in other places and compare them to how those investments are doing to recommenda-

tions that SpeciFi would have made for those portfolios. We do that as a free service to clients. We think it's valuable for people to understand how their portfolios are performing.

If you'd like SpeciFi to manage the portfolio you can do that with as little as \$5,000 minimum to open an account and then the entire SpeciFi service is about 50 basis points. So one half of 1% per year, and that is about half of what you would typically pay for a managed account at other providers.

So, we think there's a lot of distinctiveness in what we've tried to create here and I think we will find out as clients begin to use it how excited they are to buy it.

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FT: Well, I just like the idea of having only to remember one password to be able to see all my accounts in one place.

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JB: That's really important to a lot of people, yeah, exactly.

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FT: Let's just, let's just, tell it like it is, right? That's right; it's the little things, John.

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JB: Exactly, it is the little things.

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FT: It's great to have you on the show. You know, it's not every day that I get the chance to connect with someone of your caliber of experience in the financial services industry and so I would love to ask you, like I ask all my guests, whether you are Deepak Chopra or The Millionaire Next

Door or Margaret Cho, I always ask these questions and everyone obliges. It's — and so I'm very grateful but there are So Money questions and the first question John is. What is your personal financial philosophy, if you have one? I mean, do you have a money mantra that helps to guide your approach to money?

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JB: Yeah, I've had a money mantra for 20 years, probably more and what it really is, you know, I started saving — so I think saving and starting early, savings for the future and starting early and the way that you do that and then sticking to your plan is really very valuable from a long term perspective.

But I'd also say, I always balance that with “it's okay to splurge a little bit once in a while”. So “don't sweat the small stuff” is sort of my view of the world to get on a plan, stick to it and then enjoy a little bit as you move throughout the years.

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FT: I like that, and I'll ask later what you splurge on. But before that, is this the mindset that you adopted as a kid that you learned growing up? Is there a story from your childhood or even your younger years, maybe 10 years back or 20 years back, that has shaped your beliefs around money? As we know, the way we think about everything is rooted in something, some experience often times we can go all the way back to childhood. So, curious to know what your kind of entry into the financial world was like?

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JB: Yeah, that's, you know, a little bit of that is, sort of, I agree with you but a little bit sort of a materialistic take on life. But I think that the fact of the matter is, financial independence to me whatever that meant to different phases of my life has always been really important so I literally remember as a kid from the time I was 13 or 14 years old I had a paper route. People don't even get papers anymore. But, you know, once upon a time delivering those papers was a great way for a 13 or 14 year old to make a little bit of money for themselves.

Then, I had lots of jobs throughout high school and college. The point is I think that I didn't really want to have to ask people for things. I wanted to be financially independent to, you know, if I wanted to buy that new album when I was a kid, or buying my first car for myself, or going away on spring break. I really wanted to be able to do that on my own. It was important to me that I had the ability to do that and I can make those decisions without having to talk to other people about them quite as much and actually, I think a little of that shaped my view of life, so -

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FT: Yeah, it's so great it's one of those lost — I don't know how people don't have paper routes anymore.

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JB: I don't think they do.

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FT: Unfortunately. My father-in-law had a paper route until he was like 19 and he's a hard working guy and I feel like, I mean, there is — I think you're right, there's a strong correlation between people who have been working from a young age. Even if it's just like a lemonade stand, you don't have to like, you know, work the grind at a young age but just to get that familiarity with being accountable, earning that pay check, what goes in to it, I think is such a great life lesson. So, I encourage parents to always, even if just earning money around the house somehow can be a game changer.

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JB: I cut lawns and did stuff like that too, you know, anything to make a few bucks was good.

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FT: Yeah, when you're a kid a few bucks go a long way. You don't have to ask your parents for the money? I'm all for that.

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JB: Exactly.

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FT: Describe a So Money moment, this is when you felt as though you had achieved real financial greatness, you have accomplished quite a bit, I say, the financial stars aligned. Where were you, what happened?

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JB: Well, I guess some as I look back I would say probably I bought my first house when I was 26 years old. So just that few years out of college and I was able to buy my own house and I felt really proud of myself. That was quite a financial milestone to do that. Now, I might say when I did that it was a lot easier to buy a house than it is today. It was also a lot less expensive. But that made me feel, you know, pretty good about myself.

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FT: That's great a lot of our listeners, that's still on their to do list and I'm happy to say our listeners are very motivated and so that is encouraging. I know everything has gone up in price, right? What hasn't? But it is still something that people - it's on their bucket list to become a home owner sooner than later. So I know —

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JB: It's important because it's not only where you live and who you are, where your family is, but it's also often a great investment for the future, right?

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FT: Yeah.

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JB: You hold it over the years and it continuous to appreciate. So it's a great investment if people can do it.

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FT: If you buy and hold, it's always a good strategy. On the flip side is there a financial failure that you experienced that was very educational. It doesn't have to be, you know, a foreclosure or bankruptcy obviously not for you. But maybe even just a financial regret or buyer's remorse on anything?

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JB: Well, I would say one of the most important financial lessons that I learned in life and it was a little bit painful for me. But that was to avoid concentration. So when you invest in things diversification is always, investments and life, is always I think a really good thing. So, when the financial crisis hit back in 2008 and 2009 I had a little too much concentration in some investments that I had. I would say honestly, it took me a few years to dig out from that. Obviously I was younger then and it was, you know, I was able to accomplish that. But there is no doubt that my nest egg would be a little bit bigger today if I would have better understood the importance of diversification as I was going through that part in my life.

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FT: I think that's a very relatable story and in some ways I mean, no one could've really seen that happening, right? It's something that — I think the take away there is that you just have to kind of stick with it, right? A lot of people when markets tanked their reaction is to sell and their knee-jerk reaction is to get out of the market, but that's actually a great time to get in the market.

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JB: Exactly, and understanding that, that sort of, you know saving and investing in a systematic way like a platform like SpeciFi offers for people that encourages you to stay the course. If you look back in history, history would suggest that, you know, time will be as painful as it seems when you're going through it things do get better.

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FT: Yeah, now we all have many habits, right? And, hopefully, saving and investing on a regular basis is one of them. But what's something that you practice, John, a financial habit that you practice on a regular basis that helps you, whether it's some sort of like mindset habit or actually a tactical thing that you do to help you with keeping your money in the right places?

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JB: Yeah, and for me it's I'm a little bit boring being a banker by background, but I always try to live on a lot less than I actually make at any point in time. So, by doing that I'm always saving throughout my life and I'm pretty proud of the fact that I'm able to do that, you know, I don't know about every single month but certainly every single year throughout my life and I think that's just a good way to live.

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FT: It's the best way to live. But like you say, sometimes it's important to splurge and so before we wrap we'd love to do some So Money fill in the blanks. This is when we just, I start a sentence you finish it, don't over think it. That's the fun of it. Alright so, if I won the lottery tomorrow the first thing I would do is _____.

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JB: I would say I would start thinking about how I could give half of it away to charities that help improve education in America; I think that is something important to do.

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FT: Yeah, that's great. Because you don't really need \$600 million dollars, right?

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JB: I don't even need \$200 million.

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FT: You don't even need \$200 million, right? Oh, okay, well one thing I love to splurge my money on is _____.

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JB: I must confess, I eat out way too much. Way too physically irresponsible.

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FT: Do you have a favorite restaurant?

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JB: Oh, I live in Boston and so there are a lot of favorite restaurants up here. I'd get in trouble if I picked one over the other.

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FT: I hear you, okay. One thing I spend on that makes my life easier or better is _____.

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JB: You know, I don't know? I mean, the only thing that comes to my mind here is Amazon Prime. I mean, it's changed the way I live my life.

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FT: Oh, have you been introduced to Amazon, it's Prime Now. They'll send you something like in the next 2 hours, if you really want it.

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JB: No, I haven't tried that. Just the fact that it shows up my door, next day is generally enough for me. But I'll keep that in mind.

[00:27:12]

FT: Yeah, just keep that in mind if you ever like need something last minute, batteries or I don't know? You'll find things, I tell you. It's something that I can't — Well I have two young children so diapers and things like that are always — sometimes, they fall through the cracks. I forget to buy them. But Amazon Prime Now.

One thing I wish I had learned about money growing up is _____.

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JB: You know, I can't really think of anything there. You know, I have to admit I think my parents did a pretty good job in that area. So there's nothing that I can really think of that I would do differently do much differently.

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FT: Did your parents talk about money in the household? Was it something that you felt as an adult that you had a comfort level talking about because it wasn't taboo growing up?

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JB: I don't ever remember talking about money. I remember talking about, sort of, hard work and industrious spirit, sort of, independence. Whether not necessarily financial but sort of being an independent person those were all things that we talked about when I think sort of the work ethic was all part of that. But I don't remember specifically talking about money.

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FT: Alright and last but not the least, I'm John Bahnken I'm So Money because _____.

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JB: Oh! So, I would say, I'm So Money because I would say, advising people to spend this much time thinking about your financial life as you do for planning for your next vacation can make your life a whole lot better.

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FT: That is really good advice. Because you know what? I like planning for vacations and it takes maybe a few days to a week. So the point it's not like you have to do it all the time or think about it all the time, but you have to make a concerted effort.

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JB: Exactly. And, people often don't spend as much time thinking about, you know, building their nest egg and sort of things that are important to them for tomorrow and day after. So if you could just allocate a little bit of time for that I think life can be a little bit better, at least on a financial level.

[00:29:17]

FT: Absolutely. Before we go, John, we should mention that if listeners if you open a SpeciFi Account by the end of the year, December 31st, the monthly management fee will be waived for you for the first 3 months and the promotional period begins on the date that you have funded the account with the minimum balance of \$5,000 and then it ends after 90 calendar days. So to qualify for this promo offer your account must meet the minimum balance within 90 calendar days of enrollment. So to learn more checkout citizensbank.com/specifi.

John Bahnken, thank you so much. I really look forward for working with you and helping spread the good word about SpeciFi.

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JB: Farnoosh, it was great. Thanks so much for taking the time.

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