TREVOR L. VERNON
MBA, RIA, CTA

#1 BEST SELLER

PILOTING YOUR RETIREMENT

First Class or Coach?

ARGENT CAPITAL

PILOTING YOUR RETIREMENT

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DEDICATION

"For Cheryl, Coco, and Pearl, all of whom are better people than me, even though two of them are dogs and can't read this."

INTRODUCTION

Let me start by expressing how much I admire airline pilots and aviation professionals. You have one of the most stressful careers on the planet with people's lives literally in your hands. All it takes is a mechanical issue, bad weather or a simple flock of birds to turn a routine flight into a dire, life-threatening situation.

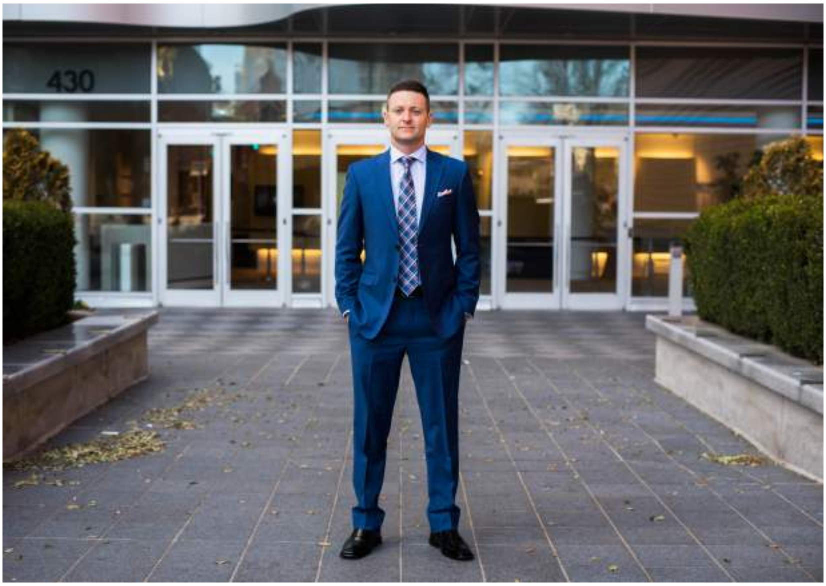
You're highly trained, highly skilled, and in many cases, highly compensated. However, that compensation can be fleeting and can evaporate in a heartbeat. Literally. Every professional pilot is always just a routine medical exam away from being grounded.

Therefore, making smart financial decisions and planning for retirement is critical to your financial success; regardless of where you are in your career. But, with so much information swirling around, how does someone know what's accurate, what to believe and what's important and relevant to you?

Wouldn't it be great if you could talk to other pilots who understand and identify with your specific situation? Or engage with high-level aviation industry executives and experts? But, how do you find them, and what questions would you ask if you had the opportunity?

Well, I did it for you. Because I work with pilots and aviation professionals every day, I understand your unique concerns and challenges. That's why I created this book. I interviewed pilots and airline industry professionals and asked them the questions you would ask. They shared their experience, insights and most importantly, their knowledge. And as you will read, there was a lot to share.

I learned a lot and had a lot of fun doing these interviews. I hope you enjoy and learn as much reading them.



Trevor L. Vernon
August, 2019

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WHO IS TREVOR VERNON?

Before you hear from the pilots and other airline industry participants who were so willing to share their experiences and insights, I'd like you to hear a little about me. Just who is Trevor Vernon? Why is he, a fiduciary financial adviser and portfolio manager, doing this book? And why is someone who's not a pilot trusted by so many pilots when it comes to navigating their finances and path to retirement?

So, who is Trevor?

I'm an entrepreneur, fiduciary adviser, portfolio manager, speaker and author. I am very proud of this, my first book, Piloting Your Retirement: First Class or Coach.

I am also a Registered Investment Adviser (RIA) and a Commodity Trading Adviser (CTA) and previously held designations of Certified Financial Planner (CFP) and Certified Management Accountant (CMA). I have an MBA from Winthrop University in Rock Hill, SC and a Bachelor's in Corporate Finance and Financial Planning from Western Carolina University in Cullowhee, NC.

As a financial professional and fiduciary, my client advisement process and investment approach challenges conventional, antiquated norms. I employ a data driven, experienced based decision-making process to yield actionable strategies that accelerate growth while maximizing and protecting wealth. It's anything but ordinary.

I've also built several very successful companies over the years as well as held executive level positions with Fortune 100 companies and multinational firms, including: RBC Bank, Lockheed Martin, Boral, General Electric, and Synchrony Financial.

Let's start with how I grew up, because I believe the challenges I overcame, and the hard work I put in, made me who I am today.

I grew up in a family of entrepreneurs, businesspeople, and hard workers. I learned early on that nothing comes free and life isn't always fair. Standing on stools to run cash registers, tagging along to industry conferences and shows, and watching my parents manage employees, interact with customers, and negotiate business as a kid provided me invaluable experience early on.

I also went to three different high schools in four years. Two in Florida, where I was born and raised, and one in North Carolina, where I moved to my senior year. New schools located in different states where I knew nobody. It was extremely challenging to say the least.

However, all of those experiences and events taught me many lessons. Not the least of which being how to successfully interact with different people from different walks of life.

It really boils down to building rapport, a cornerstone of which is building trust. In the financial industry, trust is critical. Clients entrust me with their finances and future. Gaining and keeping someone's trust requires a strong belief in me and my values. I take that extremely seriously.

I believe presenting information in a clear and concise fashion conveys my depth of experience and knowledge and is a solid way to earn trust and confidence. I've found success by boiling down information to demonstrate my understanding and experience while at the same time informing my clients of what is important to them and how it affects their unique situation or path.

With respect to pilots and aviation professionals, it’s the same for me if I’m in their world. If I stepped into a cockpit, they can't speak to me in pilot terminology. I don't know what that means. Therefore, the message must be tailored into terms I would understand as a non-pilot while still addressing the specific information I seek; whether that be details or just the highlights.

Some people ask detailed questions while others just want the highlights. Either way, I delight in being prepared to engage in whatever discussion or navigate any curve ball the markets or policy makers throw our way.

So how do I do that? Well, when I’m not working, I’m still working. I don’t follow sports, I follow business and financial markets. It's what I enjoy. I live and breathe this stuff. I find enjoyment in possessing the tools and information to make the best decisions possible for my clients in real-time.

A little background on me

I've supported myself since a young age, including putting myself through both college and graduate school.

During my undergraduate studies I became active in the financial markets using my AOL dial-up connection (*for those old enough to remember*) and my ETrade account. Thanks to a bull market and my persistent pursuit of knowledge, I was able to generate enough profits to supplement my tuition and living costs.

I also worked a lot throughout college. Mostly waiting tables; which gave me great experience in all that comes with dealing with people. Two semesters before I graduated college I began my career in banking. Not an internship but a real job! It was the bank where my family and I did business in Franklin, North Carolina.

I started with Centura Bank in 1999, which was later acquired by RBC Bank (Royal Bank of Canada) when they entered the US market. Over the next couple of years, while working I successfully obtained my Bachelor's Degree and became a CFP (Certified Financial Planner) and a CMA (Certified Management Accountant). A few years later I went on to obtain my MBA.

During this early part of my career is also when I met my wife, Cheryl. We just celebrated our 16th anniversary [December 2018]. Our kids have always been four-legged and furry. We have adopted multiple rescue dogs over the years. They're our babies.

So how did I get from small-town banking to big-time investment management and financial planning?

Well, after a successful run in banking I struck out on my own to co-found a company, Towne Corporation. The company evolved into a full service financial services firm focusing on financial planning, residential and commercial real estate lending, and investment management. That small company became really large, really quick growing to many employees and multiple locations. We were managing customer's financial assets, as well as underwriting and funding our own loans.

The firm did very well financially but quickly began placing excruciating demands for both time and resources to fuel the exponential growth. During this period, in the early and mid-2000's, the industry changed, the market changed, and our business changed. Everything changed and I became burned out.

Then came the financial collapse of 2008. Surely, we all remember what happened then.

After navigating the firm through the financial collapse of 2008, and working even harder than when growing the business *(I didn't even think that was possible at the time!)*, we wound down the company and reassessed the business, the industry, and life in general. I kept a small, select roster of clients and created a private client investment group, just working with that small group.

Seeking a change of pace, I leveraged my corporate and strategic finance experience for engagements with Fortune 100 companies and multinational firms, including: Lockheed Martin, Boral, General Electric; and Synchrony Financial. At the same time, I continued operating the private client group to stay in touch with my true love of financial planning and investment management.

I've always been in the financial management and investment side of the world, whether on a larger or smaller scale. I like change and the dynamic environment of finance and business. Revisiting the corporate perspective gave me a different vantage point and clarified a lot of things for me. Ultimately, however, I decided it was time to get back to my roots in full-on Trevor-style.

Rise of the fiduciary

My greatest differentiators are rooted in my upbringing and experiences and they separate me greatly from most other financial advisers. Unlike many in this industry simply peddling the flavor of the month, I actually plan and manage portfolios by utilizing a strategic decision-making process.

I'm not affiliated with a large brand brokerage house so I'm not locked into their proprietary products. I'm not mandated or incentivized by public company Boards of Directors or commission payouts. In fact, I couldn't take a commission if I wanted to.

My business is structured as a fiduciary. I get paid by "fee only" as an RIA, as commissions are not even allowed by our regulatory body. As a CTA, I participate in the gains I generate for clients; I only get paid if I make them money. This means I am beholden to only my clients and I'm only incentivized to put their interests first, not my employer's; unlike the industry at large.

I'm not saying there's anything wrong with those big firms; especially if you are looking for traditionally mundane and antiquated products and service offerings. The publicly traded firms do some things well and they have good people working there. But that's not me. I do my research, roll up my sleeves, and ensure my clients are positioned in the best way possible. When their portfolio does well, I do well. I'm putting my money where my mouth is. Novel idea, right!

Additional client benefits of working with me as a fiduciary is my use of ETF's over mutual funds. With ETF's there's no middle man mutual fund manager taking a cut off the top of your money. Moreover, because of my approach, I have more contact with my clients than most advisers do. I don't put your money in a mutual fund and call you once a year. We talk often and proactively.

I take an evergreen approach to investment management and financial planning. The portfolios I manage are designed to outperform rising markets and fall less when markets are down.

Being in the business for many years, my client base evolved to include a large percentage of pilots and aviation professionals. Many of them are still with me today. As a result, I've gotten to know that area of the industry, and the unique challenges they face, quite well.

Additionally, my wife always wanted to be a commercial pilot and holds her private pilot license. I love flying with her.

Being plugged into the aviation industry means I know the vernacular. Typically, pilots see value in having a specialized resource specifically skilled to perform a dedicated job. A lot of them will say to me, "You don't tell me how to fly a plane and I won't tell you how to manage investments. You do what you do and I'll do what I do and this will go great."

That mindset is great, because what I like most about doing this is helping people get where they're trying to go, and often further. Helping them understand that they can probably go farther than their initial targets if they put a plan together and stick to it is extremely rewarding for me.

There are a lot of things within our control as financial advisers and it is important to me to have a plan for how to handle what is both within and outside our control. For instance, insuring against unforeseen events is a way planning for something outside our control. To me, an important part of that is managing the downside against unexpected market pullbacks. I believe If you manage the downside, the upside will take care of itself.

When markets are rallying I get a lot of questions like, “Why are we worried about the downside? Why are we hedging? Everything's just going up.” Of course, my answer is, “That's exactly why we're doing it, because nothing goes straight up or up forever.” Remember, the tech boom of the late 90’s and the real estate boom of the mid 2000’s? Both ended in spectacular and painful fashion. As famed investor Warren Buffet says, “When everyone else is looking up, you should be looking down.”

That’s something I bring up a lot with my clients who are business owners. Because I come from a broader finance background, I can go beyond just how much they are saving every month, and how are we going to grow that into more money in the future. I can also analyze where the money is coming from. Are there leaks or inefficiencies in their business that we can look at to leverage out more money?

As for my individual clients, it seems I help a lot of people through divorces. They've been going along, making a lot of money and maybe or maybe not saving a lot. Life is great. Then, all of a sudden, half or more of that money is gone in a divorce settlement and they have a big bill to pay every month, whether it be alimony or palimony, or child support. How do you rebuild? I’m able to help them realize, “This is not the end of the world. We can fix this. We have to change our approach and dig in.” It’s valuable advice, which pays off when they follow it.

Sage advice.

The best I’ve ever received, which I continue to be reminded of throughout my life, is “Don't judge a book by its cover.” I've dealt with extremely wealthy people that could barely read or couldn’t read at all. Many people see somebody approaching in dirty overalls and quickly make a judgment. However, you don't know as much about them as you think you might just by looking at them. That’s why I love talking to people and hearing their stories and learning who they are.

Not judging a book by its cover extends further than just appearance. The size of someone’s portfolio is not the determining factor of whether I take them on as a client. This industry has a reputation that if you don't have a million bucks, an adviser doesn’t want to talk to you. You're not worth their time.

Not me. I enjoy helping those who want to be helped. I like working with all clients, large and small. After all, smaller clients usually turn into larger clients over time. Additionally, smaller clients often provide wonderful referrals because they appreciate not being judged or treated differently because of the size, or lack thereof, of their portfolio.

There have been people who came to me after some other adviser or company told them they didn’t meet the minimum threshold. I relish working with people like that. They’re engaged, they want to do well, and they want someone to help them. Often, those smaller clients are the ones who tell me they never thought they’d be able to stop working, or pay for their grandkids’ college, or buy that boat. I love it when we get people to the destination we targeted even though we knew it was a stretch. It’s real teamwork and an amazing thing.

Unfortunately, many large clients become small clients by making big mistakes. For example, chasing asset bubbles. I've lived through my share: 90’s tech stocks, early 2000’s real estate, 2007 stock market, and most recently, cryptocurrency and Bitcoin, and there will be many more to come.

The problem is that bubbles burst. But until they do, the "me too" mentality infects many people and they get caught up in

the frenzy. They don't know why, they're just doing it because everybody else is doing it. That's not a plan. It always ends badly. It’s my job is to keep my clients on solid ground, and not chasing the bubbles.
Everyone wants the best return on their investments. I work hard to make sure my clients get that. But I also want to give them this: Confidence and peace of mind. Many people are focused solely returns. The percent they get each month, each quarter, each year. Instead, they should be looking past the numbers, and thinking more about how they feel about what’s happening.

I’m confident in the plans and portfolios I produce for my clients. I want them to feel that way as well. A financial strategy is like a diet plan: If you're not committed to it, it's not going to work. The only way you're going to be committed and dedicated to it is if you’re confident in the direction you’re headed, the results you’re seeing, and your expectations for the future.

I believe my own confidence is contagious for my clients. One of the reasons I’m so confident is because of what I’ve had to overcome. As I said earlier, I’ve supported myself since I was young. I've had to do everything for myself. I wear that as a badge of honor. I learned that I can push through when things get tough. I’ve had to do a lot without a safety net. I’m proud of my successes and I’ve had my share of stumbles along the way. But, I’ve worked through them and kept pushing forward.

I like working hard. I’m always learning something new, improving my knowledge or my experience. That's what I like to do. I don't watch football. I don't work in the yard. My family comes first with my work a close second, but only because I like it so much. It's fun for me.

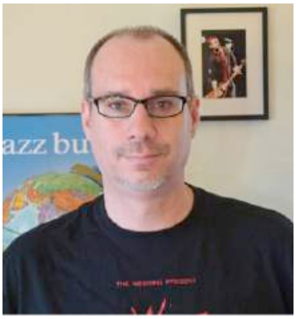
It was also a lot of fun to create this book and conduct these interviews. I learned a lot. But that's not why I did it. I did it for you. The pilots and aviation professionals who are reading this book. There's a reason I work with so many pilots and aviation professionals: I understand what you're dealing with. I understand your unique financial circumstances and situations. From being forced to retire at age 65, to knowing that you're always one squiggly line on a medical report away from being grounded. Your career and your income can come to a halt very quickly. I know how important it is to include that into your personal financial plan.

That's why I chose these people to interview for this book. They're sharing their experiences and their knowledge in a way that will benefit you as you plan for your future.

So, if you take your finances and future seriously, get ready to get the benefit of their stories, perspectives, and insights. Fasten your seatbelts and prepare for take-off!

Chapter 1

PATRICK SMITH



Patrick Smith is an airline pilot, bestselling author, and the host of www.askthepilot.com.

Patrick took his first flying lesson at age 14. His first job with an airline came in 1990, when he was hired as a copilot on 15-passenger turboprops earning $850 a month. He has since flown cargo and passenger jets on both domestic and intercontinental routes. He currently flies the Boeing 757 and 767 aircraft.

The author's self-published punk rock fanzines and poetry journals of the 1980s and 1990s are considered among the more curious works of literature ever produced by a native of Revere, Massachusetts.

Patrick travels extensively in his spare time and has visited more than 80 countries. He lives near Boston.

Trevor: Hi Patrick Smith from AskThePilot.com. There's some really good information on your site, and I like the style in which you communicate. It's very relatable and easy to read.

Tell us a little about you, the site, and your career.

Patrick: I've been flying commercially since 1990 – on and off, if you factor in the airline bankruptcies, furloughs and such.

I've been passionate about commercial aviation since I was a little kid. It was a path I intended to follow right from childhood. There were some interruptions in that process when I was younger, but starting when I was around 20, I committed more or less full time toward pursuing a career path to become a pilot.

Nowadays I'm a pilot for one of the larger commercial carriers, and have been since 2001. That's 16 years in full, but about six of them were spent on furlough. Those would have been prime earning years, when I was in my late 30s. It was during that sabbatical, for lack of a better term, when I started writing and blogging, and kind of developed this second, part-time career.

It started as an online column, and then it became a blog site. I've also written two books. This moonlighting gig has not, by any stretch, made me rich, but it's not something I do for the income. Let's call it a mildly profitable hobby. I do it for the enjoyment.

Trevor: Doing something you love is great, and getting paid whatever it may be just makes it better. So, getting into aviation, obviously, was a desire of yours with maybe some variables along the way.

Patrick: I can't even tell you how old I was. I mean, second grade I already was an airline geek.

Trevor: I read that on your site. You could point out the difference between the 727-200 and the 100 aircrafts.

Patrick: I collected timetables, postcards – anything I could find with an airline logo. Instead of doing my homework, I would study route maps.

In this respect, it wasn't necessarily flying, in and of itself that I was passionate about. It was the airline business in whole: airports, airplanes, and the places they flew. I describe it as the “grand theatre of air travel.”

This, in turn, led me to develop a strong interest in global travel. I started relatively young, just taking off and visiting foreign countries on my own. I was 19 when I went off to Tahiti, Australia, Singapore and Hong Kong one summer. There's a strong relationship between my interest in travel and my interest in the airline business. Obviously, in some respects, they go together, but among pilots you don't always see that. For a lot of pilots, it's the seat of the pants, hands-on thrill of flying the airplane that they're passionate about, and they really couldn't care less where they’re flying to. For me, the experience is bigger than that.

Trevor: That's really neat. So now you split the time between flying and writing?

Patrick: Yes, I do. A lot of my free time is taken up writing and blogging and working on the books.

But let me back up a little and take you through the different stages of my career. I came up through civilian channels. I got my primary licenses, my commercial certificate, and so on.

Trevor: You did that on your own, not through the military?

Patrick: Correct. I worked as a flight instructor, from around 1987 through 1990, making poverty level-wages. Then I went to work at three different regional carriers. I don't think I ever made more than $30,000 in that six or seven-year span.

The first airline went out of business. The second company was a horrible place to work -- a stressful and confrontational environment. I left there and went to a third regional carrier where they hired me as a direct-entry captain, where I could make a little bit more money. But again, at any regional carrier in those days, it was a high-stress, confrontational environment, with a lot of unpredictability and instability. None of these was a comfortable place to be. On top of that, you made no money.

Trevor: You're not the first person I've heard say that.

Patrick: It's a little better now than it was. This was the 1990s. The regional industry was probably at its nadir then, as far as working conditions and salaries. People were paying for their own training. It was terrible.

Trevor: That's tough to do. That's a very expensive education to undertake on your own.

Patrick: Then I got a bit of a break. I got a job flying cargo jets with one of the bigger freight companies. That was my first, for lack of a better way of putting it, “real” airline job. I was there for four years and I think I made around $65,000 at the most. This was from '97 through 2001. Considering what I'd gone through to that point, that seemed an insane amount of money to me.

My first regional job in 1990, my starting pay was about $900 a month, gross. I did four years at Northeast Express, and a year each at American Eagle and TWA Express. If you averaged out my pay over those six years, I was probably making about $25,000 a year.

Trevor: Wow. So, saving was probably barely an option, if at all.

Patrick: No, not even an option. I had a small savings account. I think around the time when I went to DHL, the cargo company, in '97, finally putting the regional thing behind me. I may have had $10,000 or $15,000 in it. They had a 401(k) program, but at the time I didn't even know what that was.

Trevor: It wasn't in your vocabulary, right?

Patrick: It wasn't anything that I ever had reason to be concerned with to that point. During our orientation, someone at the company said, “Here's how you contribute to a 401(k),” and it went right over my head. It didn’t seem important. I was grateful just to be somewhere where I’d be making a salary that I didn't have to be totally embarrassed about. That was the important thing.

Trevor: You bring up a great perspective, because in the financial industry, we preach all the time, “All you have to do is save $50 a week. Start at age 22 when you get out of college, and you'll have all this money later on." What we, as an industry, often overlook is that it's just not an option for a lot of people that early in their career.

Patrick: Especially in aviation, coming up through civilian channels. And especially if your luck is bad! I think I'm an outlier, in a way. My resume is unusually long and complicated. That's mostly because of bad luck and the way the hiring cycles were working at the time. My timing was out of phase with the hiring trends. Today there are guys being hired at United and Delta at 25 years old, and they're skipping all of that instability and going right into a high-paying job with a major airline.

It's not by a virtue of them being smarter or better pilots or anything beyond. They just got lucky, timing- wise, hitting the industry at exactly the right cycle.

But going back to where I was. Four years flying freight, making around $60,000. I was in my mid-thirties. Then in 2001 a major carrier hired me, finally. I left DHL for essentially what was my dream job. Getting on with one of the big carriers is, to make a baseball analogy, the major league. And here I was, finally going from triple-A ball to the New York Yankees.

To play some more with that analogy, being a flight instructor is a single-A ball. Flying air taxi or doing some charter work, that's double A. The regionals are triple A, and the major carriers are the big leagues. If you're flying cargo, or something that's in that weird in-between, that's playing in Japan. Sort of the big leagues, but not really.

Trevor: And the guys that fly the banners over the beach, is that like playing in Europe?

Patrick: That's low, low A-ball. That's single-A.

Trevor: Okay. That's funny.

Patrick: So, I was 35 and I got my dream job with the big-league team, and within about 60 days, 9/11 happens.

To be fair, the industry was starting to go sour even before that. 9/11 was mostly just the catalyst that pushed things over the cliff. Things were going to get bad anyway.

Trevor: 9/11 accelerated it.

Patrick: Yes. And I was laid off before I was even finished training. I was out for five and a half years.

Meanwhile, what makes aviation tricky -- and I'm not sure how many people realize this -- is that when a pilot loses his job, temporarily or otherwise, you don't transfer sideways into another position. Because of the seniority system and the way the industry is structured, you go to the bottom and you start over again. Whatever experience you've had -- whatever past jobs you've had, however many hours you've accrued -- none of that matters. It's useless currency. You go to the bottom as a junior co-pilot and you start all over again. There are virtually no exceptions to that, unless maybe you luck out and you find a nice job flying corporate somewhere. But if you want to stay in the airline industry, you're essentially beginning from scratch. This is why pilots, once they've made it to a certain level, rarely, if ever, change jobs.

So, there I am unemployed. The last thing I wanted to do is go back to a regional airline again as a new hire making $15,000 a year and start the process all over again. I said the hell with that. And that's when I started the blogging, and writing books.

Trevor: Did that sustain you for those six years?

Patrick: It paid the bills. With help from the woman I was living with. But the important thing was, I didn't have to go and work a lousy job and make myself miserable. I had another talent set that I could fall back on, and although it wasn't a comfortable living, it kept me afloat.

Trevor: You just said "talent set." Did you know that you had that talent set or was it more like, "Well, I've got nothing else going on right now, let's try this," and it just worked? I've always found those stories interesting.

Patrick: Well, I had always had a latent interest in writing. I had done music reviews, music fanzines, and poetry. I've always had a creative side, which I think I inherited from my father. But it wasn't anything I thought I could make money from, let alone survive on. Until suddenly, I didn't have a job. I decided to give it a go, and it worked. Not that I'm particularly talented. But I had a niche: here was an airline pilot willing to write publicly, on the record, about this mysterious industry that everybody has questions and concerns about.

Trevor: You had experience in something that has a large barrier to entry for those people. Most people, all they know about flying is because they fly on vacation. That's the extent of it.

Patrick: It's an industry that so many people have questions about, and at the same time it’s shrouded in mystery. There's a fear element too. Meanwhile I had all this experience in the field, and at least a modicum of writing ability. So, I was able to put those things together and make something useful.

Trevor: Well, kudos to you for that, because I'm always inspired by people that make it happen. I’ve been on my own from a young age. I double majored in college and the school of hard knocks. I love hearing stories like this.

Patrick: Finally, in 2007, I was called back to the airline, and have been back ever since. And it's from that point through today -- 10 years, basically -- that I've been working what most people would consider to be a lucrative full-time job. But that didn't start until I was 40 years old. You could say I have a lot of catching up to do.

Trevor: Even the guy you described that's 25, who gets the big job at the beginning of his career. Life is great. But he might be thinking, "This is easy. I don't need to worry about it, because I'm just going to make a bunch of money forever." You and I both know how your career can end with one bad medical event.

Patrick: Or one airline bankruptcy. Or one geopolitical event.

Trevor: Or a divorce, for that matter. There are a lot of people in that position. Step outside the airline industry, and I can tell you most of America is in that position. They have school loans to pay off. They're in their mid-30s before they can say, "Okay, I can breathe and what is this 401(k), retirement thing?" It wasn't on their radar before because they couldn't afford it.

Patrick: I was 40, back from furlough recall, before I could even tell you what a 401(k) was. I'm still not entirely sure. I'm too busy enjoying the fact that I have, what to me, is more money than I ever expected.

That I finally made it. And because it took so long, and because I'm trying to wring the most enjoyment out of life, I'm hesitant to put the brakes on and say, "No, no, no, I have to tighten up my finances and start planning for my retirement." I don't want to play that game yet, because I feel like I shouldn't have to – that it's not fair. Which I'm sure is a bad way to think.

I want to have the fun, now at 51 that I was supposed to be having when I was 30 or 35. I get stubborn about it. I know people are shaking their head saying, "No, you're going to regret this." But then I think, hey, my mother died when she was 65. Who knows how long you're going to live? I want to make the best of it, right now.

Trevor: It is a delicate balance. Because you're working hard, and worked awfully hard to get where you are, and want to enjoy life. You want to enjoy your money.

Then the other side is, "There is a future out there, and I know I can't fly forever. I can’t work forever."

Patrick: It’s mostly over the past year that I've started to think more in that direction. That coincided with turning 50, I suppose.

Previously, whenever I thought about such things, they’d just freak me out or make me anxious, and so I wouldn’t think about them. It's the past 12 or 24 months where there’s been a change. Although, thinking about it doesn't mean I'm really doing anything about it. Maybe I'm just worrying about it more.

Trevor: With pilots, that is a very common theme.

Patrick: I go to work and a lot of my colleagues are talking finance. I just can't relate. All these terms and numbers – the jargon goes in one ear and out the other. I come home and I think, "Am I supposed to know what all this stuff means?" These people are my age and it seems like they've been up on this stuff for years. And here’s me, living in a rental apartment and who can barely define a 401(k).

Trevor: Tell me that you're at least utilizing the 401(k) and getting the company match.

Patrick: Yes.

Trevor: Okay. At least if you're doing that. So, I think I have a good grasp on your situation, and more importantly, your outlook. It sounds like your mindset has shifted over the last year, or couple years. What is keeping you up at night?

Patrick: My 401(k) right now has a sizeable amount in it – all of it from the past 10 years. I don't know how it stacks up to other people my age. I have no idea if what I have is good or bad, or somewhere in between. Or what might happen to it.

Trevor: I can show you some nasty statistics that the average 55-year-old American has less than $25,000 of liquidity to their name, including retirement. So, don't feel bad about yourself. You're actually doing really well. Especially for that 401(k) being only 10 years old, that's really good. I always make a joke, money is like air, you can never have enough of it, but you can definitely not have enough.

Patrick: I also have a savings account with a respectable amount in it. This is mostly because I have no expenses. I don't have a kid. I have no credit card debt. I have no student loan debt. A huge percentage of my income is disposable income – or for me, income to shove into savings and ignore because you don’t understand what you ought to be doing with it!

Trevor: That's great. You've made great financial decisions with what you just described.

Patrick: Most of my savings would be gone in an instant if I bought a house. Whether that's considered spending or investing, I guess, depends how you look at it, but there's something comforting to me, psychologically, knowing that I have that money in cash. My friends will say, "You're a complete idiot for just having it floating around, doing nothing constructive with it." And I’ll say okay and hang up the phone, because I don't want to deal with it. And because I have no real fluency in finance.

Trevor: So, what worries do you have? What keeps you up at night regarding the money and the retirement?

Patrick: Nothing specific. Just a vague fear of not having enough money later in life. I worry about something happening with my job between now and then. Getting sick, the airline going out of business, World War III. It doesn't keep me up at night, but it's a concern. Fingers crossed, hopefully I can go the next 15 years more or less on the path that I'm, and then retire with enough to last.

There's no guarantee that that's going to happen because this is the airline business. I think the industry has learned to stabilize, and will avoid the wild swings of profit and loss that have plagued it in the past. However, it’s still at the mercy of so many outside forces, from fuel prices to geopolitics.

Trevor: I tell people that their financial lives typically fall into two buckets. One bucket is you're concerned about return on investment. Those are the guys you talked about at work. The other bucket, and unfortunately there are fewer people in this bucket, is the return on life people. I would put you in that bucket. You know you're making good decisions. You have no debt. You're extremely liquid because the money is available, you could go get the money tomorrow if you wanted. You’ve saved a lot of money, so that's great. But you're not worried about return investment. You can say, “I'm not worried. My return on life is really good." That's what it sounds like to me.

Patrick: That’s fair to say. Part of that is intentional. Maybe I've done it without realizing it, but I'm very downsized. I rent a small place in the city, so I don’t need a car to get around. Little things like that shave away expenses.

But then, I’m in Boston, which is probably the second most expensive place in America that you can live. So, you can say I've made a good situation worse! But I grew up here and I like it here. It makes me happy, and I can afford it. Maybe someday I'll pack up and move to New Mexico. I don't know.

I think being furloughed in the prime of life taught me to be suspicious and skeptical and to live simply. Not to say I don't have guilty pleasures that I blow a lot of money on -- like flying first class to Mauritius last year.

There’s nothing like dropping $10,000 for an airline ticket. But that makes me happy. That's my big guilty pleasure in life.

Trevor: Regarding the resources you're using, having the 401(k) and the savings account, and keeping your expenses low. With those three things, you're in great shape. But you said your mindset is starting to change a little bit, thinking different thoughts. Is there something you wish you had or wish you knew more about?

Patrick: I think you know the answer. I wish that there was somebody who could manage my money for me, and come up with a way that my returns would be more than just the lame monthly interest on a savings account. But maybe that takes liquidity away?

Trevor: Not necessarily. So, my last question is what would you go back and tell your 20-year-old self about finances, approach to money, whatever that may be?

Patrick: That's a great question. The changes I would make wouldn’t be changes to the way I handled money. The money didn't exist, so, I wasn't able to do anything stupid with it.

Rather, the changes I’d make would be with respect to certain career decisions. The single biggest mistake I made was not finishing up my college degree quicker. I dilly-dallied on that for a long time. I had an associate’s degree, and then finally I finished up a bachelor's degree through a correspondence program so that I could “check the box” on the airline applications. If I had done that five years sooner, I likely would’ve been hired by a major carrier earlier, and wouldn't have gotten furloughed. I’d have been making good wages instead of being on the street for five and a half years. If I’d been hired in, say, 1998 instead of 2001, my seniority, and my earnings since then, would be tremendously different. We’re talking about hundreds of thousands of dollars.

Trevor: That all makes perfect sense. It's amazing what a few years make.

Patrick: Yes, a few years. But that's how the seniority system works; a year can mean a thousand numbers. That determines what plane you fly, your upgrade possibilities, etc., and there are dollars attached to all of those things.

Trevor: That's right. Well Patrick, I can tell you, you are doing great. You're doing all the right things. No debt, keeping expenses low, and return on life. And you've saved a great sum of money. Kudos to you and give yourself a pat on the back.

Thank you so much for sharing.

Key Takeaways from this Interview:

- Pursue your interests and wring the most out of life. Things may not always line up but stay positive and good things will happen.
- Don’t miss out on a 401(k) match – it’s free money.
- Keep both expenses and debt low.
- Don’t compare yourself or your situation to other people’s. Stay your course.
- Most people are just one layoff, injury, or bad luck event from upheaval resulting in financial ruin. Plan for “rainy days” because they do happen.

Chapter 2

SANDRA PINEAU-BODDISON

Sandra Pineau-Boddison is a highly accomplished senior airline executive with more than 25 years of success in the airline industry. She has held key corporate leadership roles with United Airlines and Continental Airlines.

As Senior Vice President, Customers at United, Sandra focused on delivering an industry-leading travel experience with responsibility for the carrier's customer experience, customer contact centers, food services and lounges. She's currently a Senior Consultant at Oliver Wyman, a leading management consulting firm.

Sandra serves on the International Flight Services Association (IFSA) Foundation Board, and is a past President.

Trevor: Sandra Pineau-Boddison, tell me a little bit about yourself. What you're doing now and how you got there. Sort of a career elevator pitch.

Sandra: I completed my undergrad in 1990 and moved to the big city of Houston. But my timing was a bit off as it was very difficult to find a job during the oil and energy crisis. I was hired out of college by Chelsea Catering, which at the time was a subsidiary of

Continental Airlines. I hoped to stay in Houston, although once I completed my training I was offered to work in either the Los Angeles or the LaGuardia Chelsea Catering Kitchen. So I opted for better weather and moved to LA.

Shortly thereafter Continental Airlines declared bankruptcy so I decided while still working for the company it was an ideal time to go back to school and get my graduate degree. I thought, “What am I going to do if the company does not emerge from bankruptcy?” I'm out here in LA living paycheck to paycheck and I needed a back-up plan. So I went back to graduate school at night and got my master's degree in finance.

And then in '93 the company came out of bankruptcy. Thankfully Gordon Bethune arrived and through his amazing leadership and our incredible employees, we turned the company around. That was the Continental Airlines’ story *From Worst to First* and I was proud to be a part of it. Once we emerged from bankruptcy, the airline-catering subsidiary, Chelsea, became a division of the company with a much brighter future. So, in '95 I moved back to Houston for an opportunity as a regional manager in the Food Services Division.

Over the years I worked in various roles including operations, financial controls, planning and design and customer experience, to name a few. There were a lot of different turning points in my career where I had great opportunities. Some of them during very challenging times like September 11th. When the airline was restructuring and downsizing, I was very fortunate to be offered a new role.

Early on, I held quite a few different positions such as manager, senior manager, director and senior director. Then in 2005 I was promoted to Vice President of the Food Services Division for Continental Airlines, which included dining services, and the Chelsea Kitchens, about 3,000 employees. I had that role until the merger in 2010 with United where my position and opportunity moved to Chicago. Everyone pretty much interviewed for their jobs and I was offered the same position in Chicago for the merged company.

After about a year and a half, I had the opportunity to move to a totally different area: customer contact centers which included reservations, customer care and refunds. I did that for about a year and a half and while it was one of the most challenging transitions for me, I truly learned a great deal which helped round out my experience and prepare me for future roles. Next, I was Senior VP of United Express, so I had responsibility for all of the regional partners and ground handlers that operated as United Express. I did that for a year and a half and then in 2014 moved on to my most recent role with the company as Senior VP, Customers. I had responsibility for food and onboard services, lounges, customer experience and the customer contact center teams.

The last six years with the company was a whirlwind of change and I was extremely fortunate to have such incredible roles. I had moved to Chicago with the merger in 2010 while my husband still lived in Houston and essentially we saw each other mostly on the weekends. And so, in November of 2016, I had the opportunity to retire after 26 years with the company. I came to a pivotal fork in the road after an amazing career with Continental and then United Airlines.

There had been quite a bit of change so this provided the opportunity for me to move back to Houston and live under one roof with my husband after six years of living apart. The right decision for us at the time.

I've been with one company pretty much my entire career so it was both frightening and exciting at the same time to completely shift gears. I took some time off and just sort of decompressed a little bit, traveled and spent time with family. Then in June, I signed on with a leading consulting firm, Oliver Wyman, and am working in consulting right now. I am still open to other opportunities as well although I'm enjoying this chapter of my life. While I've retired from one company, I still have a lot of energy and am interested in exploring projects where I can make a positive difference. I can also now focus on things I want to do that interest me without the same type of pressure early on in my career where I had to work. I'm in a good place to step back, balance my life and consider what's next.

Trevor: Well you've definitely had quite a career on the hospitality side of the business. My wife actually has a degree in hospitality management, and has been on that side of the world, so I understand that. Congrats to you on such a dynamic career, and of course, retiring.

Sandra: Thank you. My husband and I have been married eight years this past November so we both married later in life. I really focused on my career the first part of my life and so now it's a good time to rebalance. It's been a great ride. I loved my work and the company and have been very fortunate in my career. No regrets.

Trevor: No regrets are good. Now you said you started in Houston, went to LA, went back to Houston, then to Chicago, and now back to Houston. Where did you grow up?

Sandra: I grew up in Central Texas, Copperas Cove to be exact. My dad was in the military, my mom is German and I was actually born in Stuttgart, Germany. We lived in Germany the early part of my life and then moved to Texas near Fort Hood, which is the largest army base in the states.

Trevor: Where did you go to school? You said you did your undergrad and went back and did your Master's. I did the same thing, which can be very hard to do, so congratulations to you making that decision and following through with it.

Sandra: Yes, same to you. I would recommend working for a period of time and then attending graduate school, it was definitely more relevant for me. For my undergrad I went to Texas State University. Growing up my parents worked very hard and while I never wanted for anything, they could not afford to fully pay for me to go to college. Essentially, I was the first one to go to college and paid for it myself through scholarships, loans and working.

Trevor: That is great. Kudos again to you.

Sandra: Thanks. Today it's Texas State University, although at the time I attended, it was Southwest Texas State University. I had an academic scholarship for four years. For grad school I went to California State University, Long Beach now known as Long Beach

State. I did it at night so it took about three years to get my master's degree.

Trevor: Again, congrats to you. I think that's the best way to do it, go to work and then go back, but wow, it's hard.

Sandra: It can be hard and rewarding when you go back to school while you're working because you're balancing quite a bit with school and work. I definitely think that you're more in the learning mode as you're focused on meeting milestones and getting projects done.

Trevor: I agree with you. I feel like you retain more and you get more out of it because you have a little experience, and you can actually apply it, or figure out how it fits into your life.

Did you set out to be in the airline industry? It got its hooks into you. But, was it by design, or did it just kind of happen and you liked it?

Sandra: It's interesting. When the company first pursued me I actually didn't know exactly what the company did, except that it was called Chelsea Catering. I honestly thought I would end up working in marketing or a related field as that's what I had majored in for undergrad. I didn't have it all figured out at the time nor did I have a grand plan. I had decided to move to Houston as I had a friend that lived there, and expected to find more opportunity in a big city. As I was searching for a job, I decided to attend an FDA class that was offered downtown. The Food and Drug Administration had a class on food safety so I thought in my free time I would attend this class and further my skills. I had worked in restaurants both in high school and college so this was a good opportunity to add to my knowledge in this area.

A representative from Chelsea Catering came to the class and was recruiting for assistant managers in the kitchens. They were looking for individuals with a college degree and were very interested in me, although they couldn’t guarantee I would remain in Houston. After a couple of weeks of back and forth I decided to join the team. They told me there was a 95% chance I'd be offered a position in the Houston Kitchen, and my training was four weeks.

So, I signed on with them, and when I finished my training I was offered LA or LaGuardia. At that point I was pretty much invested with the company already, so I moved to LA. As mentioned before, Chelsea was a subsidiary of Continental Airlines and became a division after the bankruptcy. I sort of fell into the airline industry by association and through attending the FDA class which I initially did to further my chances in finding an opportunity in the hospitality industry. It’s interesting how doors open, while you may have a grand plan it’s also good to explore the unknown as you never know where it will lead you.

Trevor: Things definitely worked out.

Sandra: Definitely. There are forks in the road where you may not know exactly what you want to do, but you do know exactly what you don't want to do. While moving to LA was a bit overwhelming at first, it was also a leap of faith as I needed a job and this was an opportunity to work and gain experience.

Trevor: You said two things that really resonated with me. Number one, I'm an ex-restaurant waiter myself, that's how I put myself through college. I say everyone should have to wait tables for six months. Just to learn how to treat people, and how other people treat other people. So, I totally understand that. The other thing is, I'm like you: I still don't know what I want to be when I grow up. I'm 40, and I have a very long list of things that I *don't* want to do, but I'm still not sure what I *want* to do.

Sandra: Right, exactly.

Trevor: So, being with the company that long, and during that time frame, you had access to the 401(k) and you had that thing that's a rare animal now, a pension. Very few people have them anymore. Did you participate in all the things that were available to you? Did it take you some time to figure out, "Hey, I need to do this?" Tell me how that materialized?

Sandra: In the beginning, obviously money was very tight, so it's tough to consider planning for retirement at such a young age. The company offered various plans once we emerged from bankruptcy. I probably started participating within a few years of starting with the company, which was the earliest I could financially. I'd say I was probably 24 at the time and had been in LA for a few years. Fortunately the company also offered a pension, which is not as common today.

So I did start as soon as I could. It's pretty much 101-advice, but start investing as much as you can in the beginning. I couldn't max out contributions although I did ensure I put in enough to receive the company's match.

Trevor: That's the biggest thing I tell people. You have to do that. It's free money. Forego the Starbucks a couple days a month. Good for you identifying that early on.

One of my favorite questions is always, "What would you go back and tell your 20, 25-year-old, 30-year-old self, about money management?" Same for retirement and the future?

Sandra: In looking back I probably would have told my younger self to sign on with a financial advisor sooner than I did. When you are in your 20s you're not thinking of retirement although it's never too soon to start.

I think there are ways to get financial advice either through an advisor or to really educate yourself more on your options through the company. Sometimes it's hard to see that when you're just living paycheck to paycheck or buried in credit card bills. In the long run it will pay off and far exceed the cost. No matter how small your investment, I think the sooner you get expert advice the stronger your retirement plan will become. Choosing the right financial advisor is also important, as you want someone that always has your best interests at heart.

Trevor: I think that's great advice. Because people think, "Well, I don't have a million dollars." And unfortunately, many advisors don't want to spend the time on those who don't, and that's a whole other problem with the financial industry. But you'll never get to the larger dollars if you don't plan out the smaller dollars.

Sandra: Right. You've got to start somewhere.

Trevor: You told me what you would tell your younger self. Now tell me what's the best choice you made, as far as saving and planning? And maybe the worst choice?

Sandra: I'd say probably the best choice I made is investing in the 401(k) as early as I could and maxing out the company match portion of it. So, whatever is available to you in whatever role you are in, take advantage of it. Whether it's 401(k) or something else. If there's not a 401(k), consider IRA's or other options. It's never too early to plan.

My worst choice was probably not paying off my credit cards every month. It's tough early on to keep your debt down, although it's a good habit to fully pay every month and avoid the interest and fees. It was never outrageous for me but I do think that I probably could have done a better job.

Trevor: I totally agree with you there. And it's amazing, you hear the statistics about what the average American credit card balance is, and it's sad, quite honestly.

So you did the 401(k) and the pension plan, did you diversify much outside those things? Specifically, did you focus on real estate? Focus on saving other places outside of those? How did you approach where you put your money?

Sandra: In the beginning, I would say that my 401(k) is what I considered the main source of retirement savings. After some years when I had additional dollars that I could spend I did diversify into real estate, and my husband and I currently own rental properties. We formed an LLC to support this part of our investment to ensure our expenses, liability and other costs related to the properties are separate. Friendly word of advice based on my experience; do not purchase real estate with friends. While every situation is different, I've found it's just better to keep those relationships separate. In addition, other traditional savings options include managed accounts, annuities and outside investments, which we have considered as well.

Trevor: You have definitely diversified and engaged in different asset classes, so good for you. I love to hear that you have a managed account because that's something unique I introduce people to as a Commodity Trading Advisor (CTA) with my firm, Argent Capital Trading, LLC.

Sandra: With today's technology and various Apps, I love that you can monitor your investments every day while the experts manage them.

Trevor: Exactly. So, talking about the managed account, talking about the 401(k), which you rolled over into an IRA. Do you use mutual funds or ETFs? You said you have an annuity. What kinds of investments do you find yourself investing in?

Sandra: Since we are not fully retired yet, we're still a little bit more on the aggressive side versus conservative for our investments. We also diversify who we work with and have a few investment companies involved including our main financial advisor. We find that it provides varying strategies and points of view when it comes to our portfolio. Certain accounts are managed more actively day-to-day than others to address market trends, tax impact, capital gains and related factors. Other funds, bonds and annuities are more conservative although still provide reasonable returns. It’s a good balance and we like not having all our eggs in one basket, for now anyway.

Trevor: So, you retired at a young age and you're looking for next opportunity. At this stage, what worries you about retirement or the future? You mentioned you've got another career in you, so that makes me think that you'll work another 10, 15, 20 years, maybe more. But, all that being said, what worries you? Do you worry about running out of money? Do you worry, “I think I've saved pretty well, but now I look at the runway ahead of me and is it enough?” What keeps you up at night?

Sandra: I think one important note is not to live outside your means. Enjoy life of course, although maintain budgets and plans. My husband and I are both that way. Since we did not grow up with families that were well off financially, we tend to be fairly conservative with our own finances. So retirement does not worry us as much as making sure we are there to take care of our parents. While we do not have children, we are fortunate to have our parents and are very focused on being there for our family.

Trevor: I love that. I'd say you’re a fellow “tight fister.” I'm one of them because my wife and I have gone through some tough financial times. Nobody gave us anything, that's for sure. 2008 was very painful for us. When I was a little kid, my grandmother lived in central Florida. I didn't know at the time, but she had significant assets. But she would not run her air conditioner. Because she grew up in the Depression, and she'd say, “I'm not going to spend money on that, I might need that money.” I didn't understand it then.

You have to go through some of those times to learn it, and then you become a “tight fister.” Because a lot of people say, “You know what, I've worked hard for this money, and I'm going to spend it.” That may work great that day but after a while it catches up with you.

Sandra: On the flip side, you have to make sure you balance and enjoy life as well. For example, we love to travel and so we will plan for vacations and getaways, as this is something we enjoy doing. It’s a fine balance between “live to work” and “work to live”. You have to find that sweet spot based on what you prioritize in life.

Trevor: It becomes more of a science. You mentioned having a financial plan. I’m curious, how comprehensive is it? How often do you revisit it with your advisor?

Sandra: Yes we do work with a financial advisor and have a comprehensive plan for our investments, legal services, estate planning, etc. In addition to quarterly meetings, we have a very versatile online program that allows us to update assumptions including investment strategies, retirement age, economic factors, etc. You can determine what risk factor you are comfortable with, where you want to be for retirement and what you need to do to get there.

Trevor: Very cool. Sandra, I'm very appreciative of your willingness to talk to me. Is there anything I either did not ask you that I should have, or one last thing that you want to let the world know, to get on the record?

Sandra: It’s great you are gathering insight from different people on their experiences to shed light on financial planning. As mentioned before, it’s never too early to start investing and getting advice for retirement. I have my Master's in finance although don't consider myself an expert by any means. I'm a firm believer in actively working with a financial advisor. Even if at first you're a small fish in the pond, hopefully, with the right advisor that will change over time, which benefits everyone in the long run.

Trevor: Very well said. Sandra, thank you so much.

Key Takeaways from this Interview:

- Be open to different experiences (jobs, locations, and people) - get outside your comfort zone.
- Identifying what you enjoy doing is just as important as identifying what you don't enjoy doing.
- Start saving early and always take advantage of a 401(k) match.
- Seek advice from experts like advisers, your future success depends on it.
- Pay credit card balances off each month and live within your means.
- Diversify your investments.
- Be careful when doing business with friends as relationships can be ruined when money becomes involved.

Chapter 3

CHRISTOPHER DANE

Chris Dane brings over 40 years of experience in the travel industry to his role as President of Hickory Global Partners.

Chris spent more than 20 years in the airline industry with American Airlines, Frontier Airlines and Eastern Airlines, holding field and senior staff positions in passenger sales.

He has consulted in a wide range of capacities for a variety of travel-related entities. His roles include interim COO for two dot-com travel-related start-ups, and consulting on strategic planning initiatives for Sabre, Travelport, and other mega-corporations in the travel sector.

Other projects have included developing and directing sales, marketing planning and implementation functions for a number of other travel-related companies. Chris has also held key executive positions in the travel agency, tour operator, and consortia sectors of the travel industry.

Trevor: Chris Dane, can you give me the thumbnail on you and your company, and where you are in the industry? Basically, the elevator pitch for Chris Dane?

Chris: So I turned 65 years old a month ago. I've been in the travel industry my entire working career, since I was 21. I started with Frontier Airlines out of college, was laid off within six months due to the oil embargo and the economy was in the tank. I then went to work for a management consulting company as an efficiency consultant. I hated it and quit after three months. I was then hired by American Airlines in 1977. I left them five years later, as a result of my midlife crisis at age 29 and 30. I left American because I was told I wasn't going any further with them, and thought I was ready for my next promotion. I had been promoted a little less than two years earlier and thought I'd accomplished everything I wanted to. The airline wasn't growing, and they said, "You need more time in the job", and of course, being a cocky 29-year-old, I thought I was smarter than that.

Trevor: I think we can all identify with that situation at some point in our career.

Chris: So, I left, and went to work for the largest travel agency at that time in Dallas-Fort Worth. I ran it for the two owners. But, they got crosswise with one another and I was stuck in the middle. I contacted my mentor at American and asked how they would feel if I wanted to come back. He called me back and said, "Yep, you're coming back. Here's what you will be doing. So-and-So's going to call you." It was surprisingly quick. I spent the next 15 years there.

But again, in my career, I felt I was ready for a promotion. They said I was doing a good job but they were frank with me and said, “You're not going to go any further. We're going to pay you more and we're going to give you stock, etc.” In the process, I got divorced on about the 8th year of that 15-year stint with American. Even though they said I wasn’t going anywhere with the company, I thought to myself, "Well, I can overcome this." There were two jobs I wanted to interview for and they wouldn't consider me. So, I said, "I guess these guys are serious." One job was running AA Vacations and they said, "No." The other job was running the western division that came open and to which they also said, "No."

As luck would have it, I was hired by Delta Airlines Vacations to run that company. Delta outsourced that function to a third party in Fort Lauderdale. I did that for about a year. At the time, I was dating the woman who is now my wife, and she lived in the New York City area. As luck would have it, I had an opportunity to be one of the founders and investors in a company that was backed by a venture capital firm to buy and roll up a bunch of consortiums in the leisure travel space. We did that over the next two years and as the EVP of Operations I was responsible for integrating all the acquisitions. We bought seven US and one Canadian consortium and rolled them all together.

Trevor: Wow, that sounds like a really dynamic opportunity for you.

Chris: We ended up selling the company to Amadeus in 2000. After the sale, they said, "Look, since we're not going to acquire any more consortiums and we also have a COO, we no longer need an EVP of Operations, so we're going to just buy out your contract." So, I left them. Once again, as luck would have it, a friend of mine called me. He had sold his business for a reported $250 Million to American Express. He and his wife made an investment on his wife's insistence, on what he said was “a stupid company but they're very bright young Harvard MBA's.” The chairman had just sold his last company at the ripe old age of 32 to Yahoo, when Yahoo was a high flyer.

My friend asked, "Could you help these guys?" I met them, and ended up working for them as a consultant for about three years, part-time. I did other consulting things as well. And, they gave me equity awards and an hourly rate. Yet again, as luck would have it, that “stupid company” was… tripadvisor.com.

Trevor: No kidding!

Chris: So, my first consulting gig ended up, being by far, my most financially rewarding. And, of course, I said, "This consulting business is easy, I'll just take equity and a lower hourly rate.” But I never earned another dime on the equity granted in any of my other consulting gigs.

Then I went to work for, ironically, a predecessor of the company I'm running now. It was a small company that was inside a larger company that was publicly traded on the UK Exchange. I was there a year and they fired me because I was sharing how my little three million-dollar company was doing against our budget. They were building timeshares, so we were a rounding error in the scheme of things. They said somebody would buy or sell their stock based on our little company’s performance and that's insider trading, so they fired me for that. Long story short, they wanted to get their own guy in, since some of the leadership had changed including my boss.

Then I went to work, shortly thereafter, for HRG, at the time the fourth-largest travel management company in the world. It too was a publicly traded company on the UK Exchange and they were starting up an affiliate program in the U.S. and I was responsible for developing and implementing. Later, they were integrating an operation that HRG had purchased in Washington, D.C. and once again, I knew once it was integrated I'd be out of a job. It was supposed to last six months, but it lasted 27, so that means I'm either very good or very slow. Probably a little of both.

I left there, and became a consultant with this company, which as I said, is a predecessor of the previous company and now own 20% of the company. And the rest, as they say, is history.

Trevor: Chris, you've had a pretty interesting and dynamic career. You've been in the travel industry your entire life. Did you set out to specifically get in the travel business or is it just kind of where you landed?

Chris: No, my father was with Eastern Airlines, so I was also accustomed to traveling. You have to remember, this was back in the 60s and 70s, and air travel was still a very glamorous.

Back then, you wore a tie and you dressed up. Planes were maybe half full on a good day. So again, being lucky, I went to work in the airline industry. But when I came out of college there was a fuel shortage and airlines were laying off people in the industry, so I didn't think any airline would hire me. So, I was out looking at companies like Sears and McDonnell Douglas, companies that were in St. Louis or were recruiting in St. Louis. And, as again luck was on my side, this sounds strange today, but I saw a want ad in the newspaper.

Trevor: Many people today don't know what want ads even are.

Chris: I have Millennials and you start talking to them about that stuff and they look at you all glassy-eyed.

So this want ad said a regional airline was looking for sales reps. At the time I was a campus rep for Eastern Airlines in college, as a part-time job. I asked my supervisor at Eastern if he could he find out who it was, and if he could he help me get in the door, rather than sending my resume to a blind post office box. He did and that was Frontier Airlines and that's how I started.

Trevor: Wow. That's really neat.

Chris: I wanted to be in travel. I didn't think I could be, but ended up there, because of timing and luck. You see back then, there was a fuel shortage which included gas lines, and mortgage and automobile interest rates were 17%, the economy was in the tank. I didn't think it would happen because it was a very tough economic time. But I got very lucky.

Trevor: That sounds like it was a good fit, and it really worked out well for you. So from a savings and retirement planning approach, you've been on both sides. You've been on the corporate side, where there were retirement plans, 401(k)'s and pensions, which nowadays don't exist. And then you were on the self-employed side, that being consulting. How did you manage that savings component as you straddled both sides of that fence, going from one side to the other?

Chris: When I was working, the 401(k) was easy. You just did it. I think I was 32 when my 401(k) started. At that point I was married with a child on the way. I was with American so I had a pension and 401(k). When I went to Delta Airlines Vacations, which they outsourced, there was no pension plan, but a 401(k), and I participated in it. Likewise, with vacation.com. I started our 401(k) plan at Hickory, my current company, because we didn't have one and needed one to attract employees. We match the employees' contribution up to 2%.

When I was a consultant, I didn't do a great job because consulting is only as good as your last gig. The problem I always had with that was trying to do the project and trying to find the next gig at the same time. I just wasn't very good at that. When we sold vacation.com, I had an argument with my wife about what to do with the proceeds. I wanted to invest it; she wanted to pay off the mortgage. I got tired of arguing with her so we paid off the mortgage. And then in about '02 or '03, the market crashed. I didn't have anything in the market other than what was through my 401(k)'s that I had rolled over and IRAs. We had paid off the mortgage and our house had doubled in price, so I won. My vacation.com colleagues took the money and invested in the market. They lost a bunch.

Then we sold that house when the kids were in college, and we moved up to Connecticut. We bought a bigger house, but for the same price. We still live in it today. In the meantime, my wife had some rental properties. She had owned a travel agency, and bought the building where her business was located. It was a four-store strip plaza. She sold her business, but still owns the building. She now also has her mother's home, which is in the Bronx. We rent it out. It's not in my wife's name, she gets it upon death, but we get the rental income and the expenses.

Trevor: It sounds like your composition was essentially the retirement account, but your money outside of that has been concentrated in real estate.

Chris: Yes. We do have a small mortgage now for a townhouse that we bought in Florida. My office is in Florida, so I have a townhouse near my office. I'm down there, typically, a minimum of a week a month and sometimes two.

Trevor: What would you go back and tell your 25-year-old self now? What do you know now that you wish you knew back then, about savings or planning for retirement, or anything else?

Chris: Between us, my wife and I have four kids: 33, 32, 31, and 30. I have the 33 and 31-year-olds. She has the 32 and 30-year-olds. What I tell them is that my personal goal is to work another three years because I like working. And frankly, with three in-laws living with us, working is a refreshing relief. If the in-laws are still alive then, I'll continue to work.

But I'd like to just to get out of the big house and downsize. Even though I still enjoy working. I still enjoy the contact, the challenge, the thrill of victory, and the agony of defeat. I tell my kids, "65 gets here pretty quick and it gets there a lot faster than you ever imagine." My son is going through a divorce. He has a nine-month-old child. I told him, "When your mother and I got divorced, I didn't think you would ever get to 18, it was so far in the future and you were six years old. It happened overnight." I tell the kids, "I can remember thinking, when I began my career in 1974 that 2017, which was at that time, the so-called normal retirement age of 65, was so, so far in the future. And all of a sudden, I'm there." That's what I tell them. I guess you always want to save more. But, with your generation, Trevor, and my kids' generation, there's more instant gratification, although there's a lot of it with my generation as well.

Trevor: Yes, it started with the baby boomers and has really taken a turn in Generation X and now with the Millennials.

Chris: Exactly. And so, I would say the same thing. I have been fortunate in that I have my first mortgage in probably 15 years, which is a small mortgage. No mortgages on the other properties. My wife and I keep our stuff fairly separate so that her kids are cared for and my kids are cared for separately when we are gone. So, she does what she does, I do what I do and we just kind of go through and talk through what we're doing.

Trevor: You've been through some economic cycles. We're obviously in one right now that is probably coming to its end over the next 18 to 24 months. Being that you were more invested in real estate than financial assets, looking back, would you have changed it or are you glad you did it that way?

Chris: Not that we're real estate moguls, by any means, obviously we're not. And, not that we're the smartest people in the world because we're not. When I lived in Dallas the second time with American, I got into the rental home business and, at one time, my partner and I had six homes, and he ended up giving them all to me because they weren't worth anything. They didn't appreciate and we really didn't have any cash into them other than the rental income and expenses. It was back in the days when you could buy houses for zero down and take everything off your taxes and it was more of a tax play. My wife and some other friends in the real estate business taught me, I wish instead of buying homes, I had bought retail/commercial space. It's just easier. Although at the time, it was huge for income taxes.

Trevor: I've been in both arenas myself and I actually have the same outlook you do. The commercial side has always been easier, less maintenance, less to deal with, and typically more stable. You might make quicker money on the residential, but in my opinion, in the longer term, it's definitely more stable.

Chris: And in Texas, when I did get rid of them, I never made any money on it. The tax laws changed, the houses didn't appreciate in value. And I was moving to Florida, and I knew I couldn't manage it from another state. As we sit here today, I want to live in Florida. My wife and I were talking this week about selling the building and the houses, selling everything in the Northeast and invest it in Florida, where the infrastructure is better, the construction is newer, the costs are cheaper, etc. Those are longer-term plans.

Trevor: So, for managing your financial assets how do you approach that? Meaning, are you reviewing it once a month, once a quarter, once a year? Do you use outside help, like a financial advisor? Do you just do your own Internet research?

Chris: So, going back to the mistakes that I made. You just reminded me of a huge one: trying to buy stocks based on friends and colleagues' advice. I don't do any of my own research. And I don't buy stocks myself, per se because I have lost a lot doing it on my own. I have two people, plus an accountant and lawyer. My wife has one that manages hers along with our accountant and lawyer. One of the mistakes I made, when I was younger, is I played the options game for a while. I did very well, but of course at some point, you're going to get caught and I did. I made a lot of money and lost a lot of money. When you add it all up, I made a little money.

I realized I wasn't smart enough. So, to answer your question, I look at the statements monthly when they come in, she looks at hers quarterly and doesn't spend as much time on it as I do. So, I have a guy up here and a guy in Dallas.

Trevor: Good deal. Is there something I didn't ask you that I should have, or is there something else you want to get on the record?

Chris: Well, you asked a great question, about the mistakes that I made. When you're in your early 30s particularly, and it's especially true today, nobody has a long-term view and I certainly didn't have it then either.

When I had the rental homes, it was strictly for the tax play and that came to an end and I wasn't smart enough to know the real estate business. I was in a market like Dallas where it's going to always go up, ever so slowly, you're probably not going to lose because Texas is a booming economy and so, I didn't know what I didn't know. I'm lucky if anything. And that would be true in my career and everything.

Trevor: I think we all have some of that. Chris, this has been great, and I really appreciate it a lot.

Chris: It's been my pleasure, Trevor.

Key Takeaways from this Interview:

- Don’t burn bridges. You never know what future opportunities will develop from your network of relationships.
- When one door closes another opens.
- Always take advantage of a 401(k) match.
- Diversify investments.
- Enjoy your work, life’s too short not to.
- Retirement comes fast, start saving and planning early.
- Seek advice from qualified advisers and beware of tips from your buddies.
- Be thoughtful about instant gratification purchases. Understand the long-term impacts of today’s spending.
- Explore commercial as well as residential real estate investments.
- Take a long-term view, beware of short-term bubbles

Chapter 4

DAVID HERSEY

David Hersey is a Boeing 737 pilot for United Airlines. He is also a licensed mechanic, ground instructor, and flight instructor.

David has been in the aviation industry since 1985, with more than 17,000 flight hours in jets and helicopters.

He served three years in the U.S. Army in Germany as a helicopter crew chief. David has a bachelor's degree in Aeronautics, and an associate's degree in Aviation Maintenance Technology.

Trevor: David Hersey, tell me, how did you get into the airline business? When did it become an interest to you?

David: It came about from the military. I did three years over in Germany. I loved it. I think that was the best time of my life. I was young and dumb. I only did three years and that's one of my biggest regrets.

I wish I could have stayed in. I didn't stay in because I had my future wife back in the states. She's now my ex-wife. I wanted to get back to the states and finish my term. Get out and come back to the states. That's what I did, unfortunately. So, that's probably one of my biggest regrets. Not necessarily financially, but personally.

After I got out, I found that in order to be a mechanic in the outside world, I needed an Airframe & Powerplant (A&P) license. So, I found a school that offered an A&P license. It took 12 months. It was full-time school, Monday through Friday, eight to five. I completed that, got my license, and was hired at United right out of school.

Trevor: That’s who you work for now. So, you've kind of come full circle.

David: Correct. I was hired by United in November 1989. I did 13 years there and resigned in 2012. While I was working as a mechanic at United, I started my flying career. I realized that flying is what I wanted to do. While I was there, I got all my ratings on my own dime.

Trevor: So, your training came out of your pocket.

David: Out of my pocket almost every week. I did use part of my GI Bill, but that was for my helicopter training. I'm also a helicopter pilot. But I couldn’t use it for my regular flight training.

So, as a company mechanic we were allowed to have preferential interview invitations to United. It was an employee perk, a warm and fuzzy kind of thing. The problem is, once you get through that door into the interview room, you're up against everybody else. So, if you don't have the experience they're looking for at that time, you don't get the job. I had three interviews, no job.

Trevor: Because you didn't have the experience, correct?

David: I very well understood that. I'm not angry about it. I didn't have anything to offer. I just got the interviews because I was a mechanic there. So I had to make a decision in 2002, to either stay or go. I resigned to pursue my flying career. Now, I was already hired at Mesa Airlines in 1999, so I did both jobs for three years. United was very good about allowing me to come and leave when I wanted. They were awesome. In fact, they did things they shouldn't have. The union was not happy with them.

I knew I was out anyway. Management had the final say. I was not cheating the company because I was hourly. Whether I worked one hour a week or 40 hours a week, I got paid for the hours I worked. I wasn't taking advantage monetarily, just of the situation. I was just being resourceful. So, I left in '02 and stayed at Mesa until they closed shop in 2014. No one saw that coming.

So Charlotte dissolved. You could either transfer to Dulles or DFW. I picked Dulles from the beginning and started the commute. I wasn't going to commute for Mesa. I would, however, commute for a bigger airline. So, it was kind of a good thing, a silver lining.

Trevor: It motivated you.

David: That's exactly what it did. Had Charlotte not closed, I'd probably still be at Mesa. It wasn't a bad place; I will never say a bad thing about it. I just worked hard and made very little money. But I was home based. Which is huge from a pilot perspective. On the list of wants, it's kind of like buying a home.

So I started putting stuff out to Southwest, Delta, United, and American. Obviously, American because, they're now here in Charlotte. I finally got an interview with United at the end of 2015. So, it took me about a year. But that brought me here.

Trevor: What are you flying now?

David: A Boeing 737, 700-800-900. Basically, when I sit in the cockpit, there's very little difference. One is short, one is way longer. And they have different flying characteristics. Like, the long one, you have to worry about a tail strike because it's so long. The short one is just like a little sports car. It's fast and maneuverable but doesn't carry a whole lot of people.

Trevor: Do you like one over the other?

David: I like the 900. It flies more like a bigger jet. It feels better flying, and it's newer. All the 900's are newer, newer meaning all within 10 years old.

Trevor: So, it sounds like you always wanted to be around aviation, but you didn't know necessarily that you wanted to be a pilot. Or was that always in the back of your mind?

David: It wasn't in the beginning. The idea evolved. But from the start, I knew I wanted to be in the airline industry.

Trevor: My focus, of course, is investment management and financial planning. You mentioned that with Mesa closing down, that gave you a push. Because you had non-financial perks, right?

David: That's correct. I was here. I drove to work versus commuting to another city to then start my route.

Trevor: Okay. In my business, everybody's minds go to returns. Like, "How much money are you going to make me, over this guy?" No one ever thinks about the bad days, and says, "How much risk am I taking, to get those returns?" Everyone gets blinded by the number, the return on investment. But, they don't think about the quality of life.

So, talk to me a little bit about how you strike that balance. "Okay, I stayed here and made less money, and have these other perks." How did you approach that in your life?

David: It didn't faze me a bit. Because, I made enough to live perfectly fine. You know, paying all the bills and still putting money in savings every month. And the 401(k). Now, my wife makes a ton of money. Even if I lost my license and couldn't work, she makes enough for both of us. Obviously, we wouldn't be saving as much as we are now. But the dollar sign was never what I was striving for.

Trevor: So, you really did take the holistic, the "return on life" approach.

David: Yes, correct. I guess I didn't care about the money. I told my wife as long as I had one dollar in my checking account after I get done paying all the bills and putting a little bit in savings, I'm fine. I'm not chasing a dollar.

Trevor: A lot of people do chase the dollar. They get tunnel vision and all of a sudden, they wake up and they say, “I don't like my life.”

When talking about a holistic approach to managing your money, what structure do you have? Do you do it all yourself, does it go into a 401(k)? What is your approach to it? Some people have a specific number, whether it be a million dollars in retirement, or do you have a target?

David: I have no target. As long as it's going up, and I know it's going to go down.

Trevor: But you're adding to it?

David: Yes, we've seen this movie over and over again. I'm not scared about it. I have time; I have another 15 years to retire. Unless I lose my license. So, even if it goes down, it's most likely going to come back up again. We had diversified from one advisor to using two. However, shortly after that, we had our quarterly meeting with our original advisor. They criticized me for that, saying “You can’t have two different people managing your money, trying to do the same thing. It can be counterproductive.”

Trevor: Well, I’m telling you it can be done if it's what you want to do.

David: I called and sheepishly told the second advisor, "I have to dump you". He understood and was gracious about my situation.

So, we have what’s called a 2035 fund. That is in my pile of retirement account funds. That is exclusively to

United only. I can't contribute to it. It's kind of their new pension plan.

Trevor: That’s their new version of the old pension plan, right?

David: That’s exactly what it is. Pensions went away in the 80's. With the 2035 fund United puts 16% of your income into this fund. I don't put a dime in it.

Trevor: That's nice. 16% is a big number.

David: Yes 16% is pretty good. So that's in its own little fund. 14% of my pretax goes into my 401(k), which is great.

Trevor: That's about triple what most people contribute. For those that even do it. A lot don’t.

David: And I've got it set up to go up 2% every year.

Trevor: Oh, that's great. That’s a smart move.

David: I have no problem with that. Then my wife has a fund through her employer. I think she does 16%, and they match 2%. Also, she used to work for the government, so she has a retirement coming. She did 20 years in the government.

We have very little debt. She still has her law school loans, which is not much, and it’s at very low interest, which is why we don't pay it off. We have one car. It's a 2014. The whole interest on the loan was around $250. So, I keep it and make my payment every month.

Trevor: That is a good problem to have.

David: We have a mortgage too.

Trevor: It’s quite smart to keep low interest debt like a mortgage for three reasons: 1) The interest paid is typically tax deductible, 2) The interest rate on the loan is typically low, and 3) Instead of paying off the low interest rate debt you can typically invest those funds for a higher return than the low interest rate is costing you.

David: That's what we figured. Even our advisor said, "Don't pay it off, just let the car loan go." Same with the house, we only owe $200,000 on it. It's going to be paid off in six years.

Trevor: So, you're paying it down fast?

David: We refinanced it for a 15-year loan, instead of 30. For the lower interest, and almost the same payment. As far as credit cards, we pay it off every month. I give myself a $1,000 limit. And I will not go over $1,000, at all, no matter what.

Trevor: You’re a rare breed, and in a good way. You’re contributing to your retirement, and you’re limiting your credit card bills. Most people say the opposite. “I was making $50,000, and now I'm making $60,000. That means I get to spend it.” That is how 98% of the population works. Pilot or not.

What do you like and dislike about the savings program you have, what your current advisor does for you or what United does for you? Lack of communication, or too much? Too many investment choices or not enough?

David: Well that's what it is. That's the biggest thing for me. I understand nothing about it. I rely on other people to tell me where to invest. Like the 2035 plan, or our advisor is saying, "2035 is what you want to do."

Trevor: So, do you feel like you're getting the information? Or are you thinking, "I don't want to know, just make it work"

David: I don't want to know. I mean if there came a time where I wanted to, of course I would look into it and try to understand what's going on. Right now I have no desire. And maybe that's a bad thing but everything seems to be working. So I don't mess with it.

Trevor: So, it's return on life, the sleep at night factor?

David: Right. I assume if I decided to do this myself, I might be able to get a bigger return. But, I have a job. This is not my job.

Trevor: And it's not your interest?

David: It's not my interest at all. That's the thing. So, that's my reason. And I leave it to our advisor. Typically, every quarter we get together with them, they call and say, "Hey, let's go, come on in." But we haven't done that for a while. We had three appointments that we had to cancel for various reasons. So, it is our fault that we haven't been in. Typically, when we get there, they say, "You guys are doing great, don't change a thing." I think if we were in financial peril, they would say, "You guys better stop doing this, stop doing that. Sell the house, downsize, get some extra money."

Trevor: So, what would you tell your 25-years-ago self?

David: Well I'm telling my daughter now, “Start your 401(k) now.”

Trevor: Yes. And max it out.

David: As much as you can. Some of it is free money that your employer will match. The other is pre-taxed so it doesn't make a whole lot of difference. That's the only advice I could give. And this has been my philosophy from when I was younger. I was very savvy. I had no debt, any time in my life. I always paid cash, right out of high school.

Also, when I grew up, I had grandparents that were well off and we were given money periodically so I had money to do it. A lot of people don't. A lot go into debt. I've been very careful about spending.

Trevor: People can go one of two ways. They can think, “If I need anything I'll just go ask for it. I don't have to worry about anything.” And it's spend, spend, spend. Or, the opposite. “Hey, I have this, I really need to make the most of it. I need to be smart about it.” Which is the way you were.

David: Yes. Which was my direction.

Trevor: This is a two-part question. What’s the best advice you received, for savings, budgeting, investment, or any type of money advice? And what’s the worst?

David: Obviously saving is the best. Not everyone does it. I mean, here's a good point. When I go to our financial advisors, they’re not going to be happy about how much my wife and I have in our savings accounts. They're going to say, "Well, if you were to put this $80,000 in your stocks you would have had this much, instead of this little amount of interest."

If I didn't like to see so many high numbers in my savings account, my advice would be invest it more. Especially at this time, with stocks doing so well. Everything's doing so well. So, my worst thing is, I probably save too much.

Trevor: There are a lot of worse problems to have.

David: Yes, it's not a problem where "I've got to sell this house to make a payment." Also, every day or two when I gave my morning coffee, I look at my savings account and credit cards to make sure nothing happened.

Trevor: So, you're not only keeping an eye on your spending, but you're keeping an eye on your identity being stolen.

David: Yes, correct. And I will know it within 12 hours. If someone got into my stuff, it's not going to be for long. I'll turn it off. So, I think just the fact that I'm cognitive of my financial situation is a good thing. And I'm not just spending money. I'm keeping track. My checkbook is to the penny, each and every day of my life. I don't write checks now and worry about the register later.

Trevor: Your accountant must love you. What is your biggest fear about the future, as far as retirement? Is it not saving enough, running out of money, having to change your lifestyle?

David: My biggest fear is just the stocks. You know, if we go into a depression.

Trevor: So it's things out of your control.

David: Exactly. Because I don't know enough to sell everything. I don't even know how to sell.

Trevor: So, what was your conversation back in 2008? When the bottom fell out.

David: I had a guy that did all my stocks. He was really good. He was very hands on. We would talk, I would say, once a month. He would call and say, "This is how your stock is doing." I was still young, so we said, "Don't worry about it, it's going to come back up again." And sure enough, it did.

Trevor: Thank you so much for taking the time to speak with me, Dave. You provided a lot of great information.

Key Takeaways from this Interview:

- Don't just chase the dollar, enjoy your life too.
- Keep your debt low.
- Contribute to your 401(k) to get the company match.
- Monitor your credit report.
- Periodically revisit your finances and investments with an adviser to stay on track.

Chapter 5

DWIGHT WALKER

Dwight Walker is the CEO at Tiger Enterprises and Trading, Inc., which he and his wife, Bonnie, own. The company supplies aircraft parts, supplies and services to airlines, OEM's, US Department of Defense and DOD subcontractors, foreign militaries, authorized repair stations, and after-market suppliers around the world.

He's also the co-owner of Aeroproducts, Inc., an aviation parts holding company.

Dwight has more than 40 years experience in the aviation industry in management, sales, operations, purchasing, production control and project management.

Trevor: Dwight Walker is the CEO of Tiger Enterprises. Dwight, you're located in Greenville, South Carolina. I actually lived there several years ago. Have you always been in that area?

Dwight: No. We moved down here eleven years ago. We were up in Connecticut before that.

Trevor: What brought you to Greenville?

Dwight: Just so we could move south. We wanted to get out of the cold weather, and it was part of an exit strategy to have the business somewhere where if you sold it, it would be in a place where nobody would want to pick up and move it.

Trevor: Very smart. So you own the business.

Dwight: My wife and I, yes.

Trevor: How long have you all been in the business, and what got you into it?

Dwight: It’s been 24 years. It was just a business that started up in one aspect of industrial type work, and then transitioned into aerospace. I had actually been in aerospace for 18 years prior to being at Tiger.

I worked for a company called United Technologies Corporation. The Hamilton Standard division, manufacturer of propellers, air systems, and field controls. They've evolved quite extensively since then.

Trevor: So it was a natural transition into the supply business?

Dwight: Right. I teamed up with my wife who had started the company with her father and then transitioned into the company.

Trevor: So you had a corporate background, and now you’re on the self-employed side. Tell me about the transition from corporate, where I'm sure you had some sort of 401(k) and/or maybe a pension, since it was 20-plus years ago.

Dwight: I've actually just started collecting on my pension from UTX. I cashed in the 401(k), so the only thing I have left from that side is the pension part. From that, I transitioned into the private sector where my wife set up 401(k)s, IRAs, and other investments.

Trevor: So you had to manage that on your own. Did you find that tough? I mean, I'm sure in the first few years it's probably a little harder to fund those aspects.

Dwight: Actually it was the other way around. The first five or six years it was extremely easy to fund those.

As a private business, we were caught up in the 2001- 2002 pickup, after 9/11. Then the 2008 financial crash hit us hard, because that had a very aggressive, adverse effect on aviation. So, we actually pulled out a lot of our 401(k) money and a lot of our investments and put them back into the business. It was a matter of survival at that point.

Trevor: Absolutely. A lot of people can't understand that, and can't handle it, so kudos to you guys for making it out the other end. You're true entrepreneurs.

I didn't ask, with Tiger do you supply mostly commercial airlines? Or is it smaller firms?

Dwight: We handle expendable, consumable parts. We have about 120,000 different part numbers on the shelf with a fair market value appraised about a year and a half ago at about 40-plus million dollars in value.

We supply mainly the repair shop side of the market, the MRO, maintenance and repair organization, so we're in the market of fixing parts that go onto airplanes.

That's the main sector that we're in, and then we're in a project sector, where we handle the US government and foreign militaries in supplying parts, materials, repair management and project equipment for foreign militaries and the US government.

Trevor: Very interesting. Moving back to the investment management side of the conversation, you guys were fortunate in that you were able to put some money away for a rainy day. Which apparently was the way it worked out. So I imagine that would probably be one of your better investment decisions. What's one of your worst investments that you made, or piece of advice that you received?

Dwight: That's a good question. One of the growth positions we took was to set up a distribution firm for our company. We hired three people to set it all up. One of them was an attorney. We invested around $150,000 to get that off the ground. But after a year and a half, the lawyer decided he wasn't going to continue with us. He wanted to go back to law. And then the other manager I hired decided to retire.

So we were in a position where we basically had to close it down. And, we had also set up a retail division that handled some of our non-aviation products. We set that up as a kind of a joint venture with another gentleman. We ended up shutting that down too. Both of those were losers. They were outside the core business of what we did. We basically lost several hundred thousand dollars in that venture. You know, other normal investments with financial managers have never been a problem, other than the crash of '08. But we pulled all our money out before the crash.

Trevor: Well, that's good. You said that through the business you had set up 401(k)s and IRAs. Do you manage those yourself, or do you use an outside firm?

Dwight: No, Bonnie uses a financial advisor company to handle that.

Trevor: Okay, and so what drew you to them? What do you like about dealing with them? What was lacking? What do you wish that you had more of?

Dwight: Well, I kind of am off to the side on those management issues, because Bonnie handles that. But, from what I can see, we've had several financial managers over the course of our careers. And none of them are really aggressive, other than taking money, putting it somewhere and sitting on it. Maybe you talk to them once a year. You know, that was one of the reasons that we pulled it all out in '08, because it was cookie cutter investing. We looked at each other and said we can probably make more money on self-investing in the company, and trying to grow revenue and profits internally, and then taking the money to build the business to a point where, right or wrong, the business is the retirement fund.

Trevor: I was going to say that’s really your retirement fund, not a 401(k).

Dwight: Right. Unfortunately over the last seven or eight years after '08, it's been a struggle. The economy has been a struggle, aviation has been a struggle. And we had a bad partner on a large project. That ended up being a legal issue, but we were able to navigate through that. Then last year we had two employees sabotage us financially and steal from us. Which were a $250,000 cash loss and a $500,000 revenue loss, immediately.

These types of situations, you wouldn't run into if you worked for another firm or you were an employee somewhere. As a business owner, you're on the end of those things. Now, we've had a decent 12 months recovering from that situation. But we’re still working on several leftover issues, and everything costs money. Especially in the legal world. So, as far as that goes, a lot of investment opportunities over nearly the last two years have been hampered by the non-recurring expenses that we've had to recover from.

Trevor: Wow. I’ve got to tell you, as a fellow entrepreneur, I can identify with having to take those punches to the gut. A lot of people can't handle them. Kudos to you and to your relationship, because sometimes the business may make it but, especially in a husband and wife situation, the relationship may not.

I give you guys a big hand for that. My wife and I have been through it too. And it makes you feel less alone when you know somebody else is going through it too.

Dwight: Definitely. I just turned 60, and you know, my wife thinks she's 15 years younger than me, but she's only one year younger. What we've tried to do, especially with what happened last year, is to say, "Okay, what is our retirement strategy?" We're creeping up on those years where you're looking forward to retirement, to not working so hard. We've brought someone on board, and we're going to finalize the golden handcuffs with him. Bring him in as a very minor partner to be able to secure the future of the company through not having our top, key people leave or steal from us. We're preparing to finalize that and then take the next step for our normal growth opportunities and pursue those to where we can start looking at investment opportunities from other people into our company to slowly exit out. We're in a business where that could be easily done. But there's also the economy and everything else. We look at the next four years and that's the key. The next four years, or less, that are left, of this administration, of maybe having some positive impact with taxes, with the economy, and with getting us to a point where we'll be at the max point to sell the company, or at least divest 51%. Then, that's our retirement.

Trevor: It sounds like you're setting up a timetable for that liquidity event. Which in your area of the economy should work out pretty well, so I would say good job and good luck. That sounds like a great strategy.

Now, I have a two-part question. What would you go back and tell your 25-year-old self about, not necessarily about saving for retirement, but saving in general, or money management? The second part of that question is what would you tell yourself as you were transitioning out of corporate life into entrepreneur land? What are the two pieces of advice, and maybe they're the same, that you would give to yourself back in the day that you know now?

Dwight: Well, from the corporate end, I was an entrepreneurial spirit in a corporate world. I feel I had the wherewithal to make the transition easily because working for yourself is a lot easier to absorb than working for somebody else. You're not getting paid the extra time and you don't get rewarded for the successes you have in the corporate world, and that's fine. I fit right into the corporate side and I loved it, and I don't have any regrets. I just took my ambitions and directed them towards a privately held company, and it worked out very well.

On the financial end, looking back now, I was 38 years old when I transitioned out. I probably would have put a lot more time into understanding investments, retirement future, and what I needed at 55 and 60 and 65 years old, versus just ignoring it and working hard.

Even though my wife handled the finances, we never took a look at the future. We always looked at the present, so the future and strategizing your financial plan at a young age is very important. We have a couple of young, 20-something year olds here, and as a management team, we’ve actually sat down with them and said, "Here's what we're going to recommend to you. Start off and get an investment account. Save money. Do this, do that." We kind of helped them with a mentored plan. This is what we recommend so they’re not 50, 60 years old, looking back and saying, "Where are my life savings? Where's my retirement?" Especially in this day. We used to have a profit sharing 401(k) program at Tiger. We ended up eliminating those. It was the end of the Bush administration. And then Obamacare ruined our healthcare plan, so we're a small eight to

10-person company with no benefits because of policy decisions, government decisions, and healthcare decisions. So it's tough to get employees that are willing to work and stay with you when you don't have those things.

But back to finishing up, I would have put a lot more effort into long-term investments than looking at short-term investments. Hindsight's 20/20.

Another thing was we invested heavily in real estate. That was part of my future retirement plan. Basically, we lost it all. A lot of that had to do with the 2006 and '07 crash that happened in the real estate market. We were way high on investment in real estate with good properties and when that happened we were working under the same guise of, "Oh, you buy something then put what you have up for sale."

We got caught up in that 2006 and '07 transition, extremely upside down with a couple million dollars, so my retirement went out the door. I did plan in a way. It just was in assets versus hard financial investments.

Trevor: That makes perfect sense.

Dwight: You can't fix those things. You can't tell somebody about that and they'll understand it in today's day and age.

Trevor: No, you can't. You're right. I really commend you for working with your younger employees to help them think about the future. I do it every day. You say, "Look guys, you've got to think about it. If you spend as much time each year planning your retirement or your savings as you do planning your annual vacation, I promise it will be time well spent."

Dwight: It's not only that. It's just your everyday paycheck. I mean, again, society is paycheck to paycheck rather than looking at a budget and saying, "Okay, this is what I'm definitely going to put into my retirement or into savings, and yes, I might have to skip going out to eat four times a month and not get a Starbucks coffee every day, and not do this stuff, but I'll have that money down the road." I see that a lot with young people, even around here and in my own family. It's all about what I need today and yesterday with no income to support it tomorrow.

Trevor: That's right, and as soon as I get whatever it is, that thing that I want, I want the next bigger and flashier one, right?

Dwight: You know, I think the other thing is I wish my parents and my wife's parents had tried to educate us a little more in that arena. But you were always left on your own for things like that. And yet both my in-laws and my parents retired as millionaires. By that I mean over a million dollars of assets. They had their pensions, their 401(k)s, their assets, their houses paid for, so they're living off an income that they had saved all their life, and in their 80s and they're very comfortable. I can't see that for me right now. You know, maybe in two years, yes, but as of right now I can't see that for me and that's the scary thing.

That's what entrepreneurship brings, a risk factor that sometimes you have no control over the events of society or your country, or finances, or the economy, or anything to control all of it. No one's got the crystal ball.

Trevor: That's exactly right. I always joke my crystal ball is still in the shop. I still haven't been able to fix it. Dwight, I really appreciate you talking with me about these items. Thank you.

Dwight: It has been a pleasure.

Key Takeaways from this Interview:

- Have money set aside for a “rainy day”, especially as an entrepreneur.
- Consult with professional advisers for financial investments and 401(k)’s, don’t go it alone.
- Get an adviser that understands your financial goals as well as your risk tolerance.
- Always have an entrance and exit strategy when entering an investment.
- Understand your investments and your investment strategy.
- Diversify your investments.
- Sacrifice short-term purchases for long-term benefits.

Chapter 6

ABIY BEREHE

Captain Abiy Makonnen Berehe is the founder of MakSim Aviation Consulting Group, which provides pilot and flight engineer training, crew resource management training, leadership training and more throughout the aviation industry.

Abiy is also an accomplished FAA-rated Airline Transport Pilot, Crew Resource Management Instructor, and B737 Jet Transition Instructor. He has served as Flight and Ground Instructor in several flight schools, and has flown for Executive Flight as a Line Pilot and Instructor.

Abiy's love for aviation began at a young age as he watched his father and older brother fly. His passion to elevate and enhance the aviation industry in Africa drove him to establish MakSim. In addition to serving as MakSim's President, Abiy serves as Vice President and Chief Operating Officer of Hulet Lions, LLC and as Vice President of Kodin International LLC.

Trevor: Today we are speaking with Abiy Berehe of MakSim. Let's start with your background. You're not originally from the U.S. You were born and raised in Africa.

Abiy: I immigrated to America 38 years ago, when I was only 18, after finishing high school. Everybody says it’s “The Land of Milk and Honey", but that’s not always the case. When I came here, a good friend of my dad told me, "Let me tell you this. Your dad and I have been friends for 20 years. I told him that I would take care of you for about a month, put you on your feet, and after that I'll tell you that you have two choices: America will either make you or break you. To break you is easy.” This was Los Angeles in 1980. He said, “You can go down to Skid Row or downtown Los Angeles and they'll give you all kinds of stuff to kill you with. Or you can work hard, you can plan, you can go to school and make something out of yourself." He asked me what I wanted to be, and I said, "I’ve always wanted to be a pilot, just like my dad.” My dad was a pilot for 41 years. My brother is also a pilot. He’s been a pilot for 41 years like our father, but he’s planning to fly for five more years, so he will surpass our dad.

I left Ethiopia, which is a country in east Africa. And my dad is one of the originators of Ethiopian Airlines. Ethiopian Airlines right now is the number one airline in Africa, for size and routes and everything. He was one of the five originators of Ethiopian Airlines with TWA. So, he would always come to St. Louis. In 1974, Ethiopia became a communist regime overnight. They took over the country September 11th. So that was a bad date for us too. They deposed the king, killed all his cabinet, and took over.

For 17 years, Ethiopia went through a communist regime. Everything was nationalized, meaning everything that you own was nationalized except your home and your car. If you had businesses, they were gone. If you had banks, real estate, anything, it was gone. The government owned it.

I came here during that era. Because my dad had a lot of connections with the American government, he said, "Give my children shelter. That's what I want." So I left a place where I lived in an eight-bedroom house and I went to a very upscale private school. Then, here I was in America, 18 years old, in my own apartment sleeping on the floor.

That's where I started. I went to flying school here. My brother stayed in Ethiopia and went to flying school there. But eventually he left too, and since 1996 he's been flying overseas.

I've been in aviation since I was a kid. I don't remember my dad wearing anything but his uniform. I thought that was just his daily form of apparel. I love aviation. But through the years, I've been inspired and gone into other businesses. Right now, I'm part of three companies. I'm trying to get in a fourth one but I'm saying to myself, "No Abiy, don't go in there, because if you have more than three priorities you don't have any."

Trevor: I can understand that. I'm the same as far as biting more off than I can chew. That is a fascinating story. I always love talking to people, because when you hear their backgrounds that's how you really get to know somebody. And yours is one of the more fascinating stories I've heard. Congrats to you for picking the "make you" path and not the "break you" path that your father's friend warned you about.

So, tell me a little about how you approach money management, saving for the future, saving for retirement. What's your view on it and what are some of the steps you've taken along the way to try to ensure that?

Abiy: When I came here at 18 I didn't even know how to write a check. I didn’t even know how to wash my own clothes. Somebody had always done it for me. But they did teach us money management in high school. And when I tell you this, please don’t get it wrong like I’m trying to put myself on a pedestal. America runs one of the largest economies in the world, it is out there to help everybody. It's a trillion-dollar economy. But, one thing that blows my mind away is the financial literacy of the country.

I’m an Ethiopian. You’ve seen the children from Ethiopia on TV. “Send one dollar so one kid can eat." Ethiopia had three wars on three different corners. During those wars a lot of people died. Some were even quarantined to starve. And some reporter would sneak through there and take pictures and bring them out and say, "Here are the hungry kids of Ethiopia." During wartime, 10 to 13 million people could be in famine.

So for a long time, people made money on us and squandered it. I never believed 50% of what these non-profit government organizations were saying. They're pulling all this money, and maybe 20% of it is going to the needy. 80% goes to themselves.

It just blows my mind to understand a country with 17 trillion dollars of an economy has almost 70% of its population that are financially illiterate. Or, there are statistics that say there are almost 150 million Americans who wouldn’t even have $400 in their bank account if they had an emergency.

Trevor: Yes, I'm very familiar with those statistics. It’s sad and it's amazing. Many of the people I talk to virtually every day are very accomplished, very successful people, and they are living on nothing but cash flow. If they missed a paycheck for a week they'd be destitute, and the concept of money is not even a concept for them.

Abiy: One of my mentors tells me all the time, "Abiy, there's no more American Dream whether you like it or not. It's not there. The American Dream, where you'll have an education and a good job and work till you’re 60 or 65 and retire on your pension or 401(k), is no longer possible.” You know what I believe? To be honest with you, there's a cyclical and cynical way of this economy for the American people. There are people that pull the triggers. People that will look at the economy and say, "You know what? Let's call out something that the American people completely fear," because that's what American people do. We live in fear. For years and years, they've kept us with fear, which is false evidence appearing real to you every day. The Dow’s somewhere about 22 thousand. So they might say, "Hmm, you know what? Let's freak them out. Let them run into all directions." Recession! Boom! Every American freaks out. Everyone goes in every direction. And the DOW will drop to 6,000 or 7,000. Americans will lose their 401(k)’s and everything they’ve done. Or they'll back to the level where they started. And here you are. The cycle begins again for another eight, nine, ten years.

That's a cycle that I've understood. And how can you come up from that cycle? You have to be financially literate. You cannot depend on someone and go to sleep hoping that person is going to handle your accounts for you. You can't.

Trevor: That's exactly right. You actually segued into one of my favorite topics when I talk to clients. Everybody wants to talk about the returns. "How much money can I make?" No one ever talks about how much they could lose or how they would react when they do lose. Because to your point, it happens. Every five to ten years there's a severe economic contraction. The markets drop and everybody freaks out. So, I always ask people, "You have to make a choice and decide, what's more important? ROI, return on investment or ROL, return on life?" The reason I say that is, if you prepare and you hedge, and you understand your exposure to the downside, the upside will take care of itself. But, you would freak out if you wake up and see the Dow down 3% overnight then you're being too aggressive, and you're overexposed for what you feel comfortable with. But Wall Street jams everybody into, "buy, buy, buy and don't worry about it, we'll take care of it," which is a horrible place to be.

Abiy: Yes. And I'll tell you this, Trevor, it's just society. Society is evolving into "I'm going to live today and whatever happens tomorrow, let it be. Who cares? Even the scriptures tell me to just live today." But the scriptures are actually telling you, "No, no, no, I'm not telling you just to live for today. That's why I tell you, love your God and love other people." That's what I want to tell you. Leave a healthy generation.

Here's something I'll never forget. I was in consulting, in the automotive industry. I was with Toyota at the time. And I met this man. I'll never forget him. I asked him, “You're buying two 4Runners. Are they for you and your wife? Are you going to retire and go in the blue yonder?" He said, "No, no, no, I’m buying them for my grandkids." I said, "Wow.” He said, "You know what? In 1960 I was thinking about how my life was going to evolve. I took this money and I put it aside and I said if I ever have grandkids, I’ll buy cars for them with this money. And this money came through where it is today, and I am comfortably writing a check for two cars."

I teach a class, and when we’re talking about savings and thinking about the future I always say, “I have this box. It just sits there. I always take out the change that I have in my pocket and just throw it in, and move on with my life. And the time will come when the box is full. I’ve taken $200, $250, as high as $325 out of that box. And I've done something special with my wife. And that's what savings is all about.” Warren Buffett will tell you that. It's your choice. And that's how we live. Life is a matter of choice. You wake up every morning and you say, "Will, I or will I not?" It's sad to say the 80/20 rule just rules. 80% of people will get up and say, "I'm going to live for today." Sometimes circumstances will make you live for today. That is a pilot's life. I ask everyone that has been in aviation, “Why?” 99% of them went into aviation because they're passionate about flying.

Don’t look at these handful of airlines that have the top tier veteran captains that have been there 20 years and make about $200,000. One of the things that I inherited from my dad, which I'm fighting all the time, is he was a diabetic. That's why he stopped flying. His last 15 years he was in management. His flying days became over because he couldn't hold his flying medical license.

I'll tell every pilot, when I sit and talk to them, I got tired of it in 2009. I have to fight with the FAA all the time to keep my license. That’s because I honestly came out and told them, “This is what I have. I'm a pre-diabetic. I'm controlling it and taking my medicine.” Pilots have two doctors. Their private physician, and their FAA doctor. But then they have a third doctor. That’s the one who gives them the warning, that third doctor will say, "I’m looking at an elevation on your blood pressure. If it goes above this, we have to administer medicine. If you're diabetic, and your number goes over this, we have to administer that." Do you think he'll go and tell his family physician? No. His family physician will look at this chart and say, "You're controlling your blood pressure, you're controlling your diabetes fine." Then he sends it to his FAA doctor, who gets the reports from his doctor and says, "Oh, everything is good. Here's your license. Fly."

But every pilot knows his flying career is one day away from him losing his medical clearance. A doctor can operate with high blood pressure or diabetes. An engineer can do his job. You, as a financial guy, can go in and do your job if you're a diabetic or if you're taking high blood pressure medicine. But we, as pilots, we can't do that. We'll lose our medical clearance. And that career is over.

Trevor: That brings me to more of a tactical question. Knowing that any day or time in the future your job and therefore your source of income could stop, or at least be severely impacted, what steps did you take?

What would you recommend others do to prepare for and insure against that? Because, as you said, it's going to happen at some point whether you age out or whether it becomes a medical license issue. So how do you prepare for that?

Abiy: First, let me say I'm about to be married for 33 years to my sweetheart. I feel she is my pride and joy, my everything. We have three beautiful children and I'm just so grateful. We’ve had our ups and downs, there's no doubt about it. You will not come to great things without having any friction. But we taught each other lessons and we learned from that, and here we are 33 years later.

But it is so sad for me to tell you 80% of pilots are maybe on their second, third, fourth marriage. Why? Because of the nature of their business. I am impeded from having just flying as my living. I sat down and I said, "Abiy, you have to diversify. You cannot only depend on this thing. Look at your dad, he's going to die from being a diabetic. He's on dialysis right now. You've got to do something. You have to because you're of his genes. It's going to come to you."

So I diversified to go into a different business. People that were around me helped me understand there's something other than piloting. So I went into entrepreneurship in 1994, and did a lot of different businesses. I got involved with a lot of different people and they took me on a different route. I started my own company, and here I am now, 20-something years later, and I say, "God, thank you." Because I saw my sons grow, I saw my daughter grow. My first son graduated from Texas A&M. My daughter graduated from Texas Tech. My youngest son, got a degree in Aerospace at UT Austin. What more can I ask of the decision that I made? If I was a pilot would I have been able to do that? If I had talked to my kids out of a hotel room on a daily basis would this have happened? No. I'm telling you Trevor, it wouldn't have.

Trevor: That's a very good perspective. Unfortunately, most people don't learn that perspective until it's too late.

Abiy: Yes. And most of them are, like I told you, on their second or third marriage. So many of them.

Trevor: I have clients I have worked with for years, and divorce is one of the most expensive events in anyone's life.

Abiy: It can take away everything you have away. Your 401(k) will go out the door.

Trevor: There is some truth to that.

Abiy: When I go to the guy who's running our financials, I never, never ask, "How much money did we make?" I always ask, "How healthy is our investment?"

Trevor: That goes back to my question about return on investment versus return on life. You just answered that with a good question. “How healthy are we?” Not, “How much money are we making, how aggressive are we?”

Abiy: That's it. Again, I'm not trying to brag, but I have five homes. All of them are paid off. I get rental out of four of them. That's quick money that goes in.

I'll never forget something that happened when I was young, in my 20s. A friend of mine who's been in money for a long time and been very successful, he works for Berkshire, asked me, "Abiy, how much are you worth? If you liquidated everything you've got, how much cash would you have in your hand?" I lost sleep over that, Trevor. I lost sleep.

And I'll tell you this, financial illiteracy is an epidemic in America, not because we don't have the financial institutions that can teach us, financial people like you that can teach us, financial outlets we can learn at, even Google or anything you want. That's not it. It's the choice. It's the willingness. It's the people we're spending time with.

I see a lot of pilots that will retire poor, ones that have not diversified themselves like myself. Or they'll suffer. Because when high blood pressure hits you, when you become a Type 1 diabetic, it doesn't come just like that. It comes from the accumulation of what you've done to your body. And these guys don't think that something is going to happen, so it's party all the time. They go from city to city and hotel to hotel. That's no life. But I'll tell you as an entrepreneur and business guy I've learned all kinds of business acumen, and they're the easiest people to convert. They're the easiest people to sell a policy. Because, people buy for hope for gain and fear of loss.

One of the best salesmen I've ever seen is a guy selling you a burial plot. This guy will sell you to the moon. I saw a friend of mine spend $18,000 because he wants his wife to look at the garden. I can't tell him he's paying too much, I'll be his enemy for life. He thinks he's doing the right thing. He says, "She wants me to do that for her, doesn't she? This comes from fear of loss.

Trevor: You're exactly right and that's where people grossly misjudge. Where I've counseled my clients for years is you've got to understand risk and exposure. And they're not bad words. You just have to understand them and you have to understand how they impact you. Can you sleep at night, et cetera? Because it's going to happen, and you've spoken to that.

You are a very multifaceted person. You've got your fingers in a lot of different pies. It sounds to me like you've found success through diversification, financial literacy, and keeping your sights on something bigger than yourself. Not just what impacts you today. Would that be accurate?

Abiy: That would be hitting the bullseye. Steven Covey says, "Think with the end in mind." And I want to see the end of this. A good friend of mine owns a ranch and he tells me, "I go out on my tractor, and I'll mow my grass and I'll look back and that's instant gratification.'" And he's right. You see that lush green thing and you go, "Wow." But life is not like that. If life was instant gratification everybody would be mowing lawns.

I'll tell you this, Trevor, you couldn't have come at a better time, to write a book about pilots retiring. To be honest with you, the only airline that withstood the era of the up and down of the American economy was Southwest Airlines. And why? Because Southwest Airlines belongs to the employees.

Other than that, all of them, we know it through history since 1980 since the regulations by Reagan where everything went belly up. People Express, Braniff, TWA, Eastern, Pan Am, all these guys went belly up. I got out of pilot school and couldn’t find a job. All these captains with 10 or eleven or 14,000 hours were trying to get the jobs that we were trying to get with two, three, four, 5,000 hours.

Trevor: You bring up a really good point about when that happened in the 80s with Reagan, and this is something that I always reference with people. Until that time, throughout American business history, there was always a pension for employees. Pensions went away in the mid-80s. When everything got turned on its head, it was a way for corporations to dig themselves out of the hole faster. “Now I don't have to fund your pension for the next 30, 40 years. I just have to match a little two or three percent that you're going to put into this 401(k) savings account.” That's a whole lot cheaper on the corporations.

Abiy: You hit it right on the money. You can tell pilots, "Guys, listen. This is going to happen again." Why do you think American and USAir merged? If they didn't do that they would have been bankrupt. Look at Northwest when it sold to Delta. A lot of people lost their shirts. The ones that survived it were the ones that diversified their investment with other people handling it for them. But anything that the airline handled, it just went down. And what happened now? American Airlines stock went as low as what, 60 cents, a dollar? What do you think happened to your retirement? It just went away.

So do you put all your money, all your trust, in a company? Or do you put it with somebody you can talk to? A pilot that came out from flying school, either from the Navy or Air Force, or he came out of a nine-month training and went through the regionals is now making $39,000 trying to pay all this debt. Who's going to think this is ever going to happen until he becomes a captain and now his six-figure income starts?"

Right now, they have to trust it because of the famine. First Africa used to pay $19,000 a year. I'm telling you, you need to go and look at some of these statistics.

Trevor: I do know that a seasoned flight attendant, many times makes more than a starting pilot.

Abiy: Yes. Like I told you, it's about hope for gain and fear of loss. That's how people manage and go through life. Every day you're negotiating. People always tell me, "I don't want to negotiate." Are you kidding me? You're negotiating every day. Every second you're negotiating with life. I'll tell you, this is the best time. This is the best time where American merged with USAir and Northwest with Delta and United with Continental, and all that. This is the time where the ones that can afford have been left. The other ones, they're gone. But, I'll tell you one thing, the armed forces have gone through Congress and said, "We need you to pass an act for us where these airlines cannot take pilots from us." They went in front of Congress and they said they couldn't poach them anymore. Because if there's a war tomorrow, you won't have enough pilots to fly.

Trevor: I knew that was true in the industry but I didn't know that it had actually bubbled up to that level where they actually went up to the government and said, "Hey, stop it."

Abiy: They went to the government and said, "Hey, stop it." As it is right now, all of the Middle Eastern airlines, they're all flying with American and British expat pilots. They don’t have their own pilots. And guess what? From now to 2025, one million pilots will be needed.

Ask any college graduate, anyone who's heading to college, and they’ll say, “Go fly a kite. With all these student loans and everything, why should I go out to earn $19,000, $20,000 a year? That's not going to make me anything.”

This is the time. This is the best time to call on pilots and say, "Look, you're going to retire in 10, 15 years. Maybe even the next five years. Your financial stability, will that carry you all the way with all these ups and downs that have happened?” With all these mergers, have their pensions gone away? The only ones that have gone through the hard times are FedEx, UPS, and Southwest Airlines. When Southwest's stock went up, most of the pilots went into the blue yonder, they retired. They said, "I'm not going to fly this." Because Southwest had mostly shorter routes, and when you go up and down like that you're doing damage on your body, going up and down changing all that pressure on your body.

That's what I did. I teach on crew resource management. I'm a crew resource management instructor for the Navy. So, I teach that. I teach about how the frequencies of the flying they do is so detrimental to their health. They may not feel it now, but they will.

Trevor: What you just said makes a lot of sense, but I've never heard anyone talk about that.

Abiy: Yes. Let me tell you this, a lot of these pilots that offline Transatlantic to make the $250k and the $280k salaries; you know what they're doing for themselves? To get to Europe faster, they're making them fly over the polar routes. When you fly closer to the polar routes you're picking up radiation. You're picking up all kinds of stuff because you're navigating. And I've been there. At 35, 37, 38,000 feet you're closer. And you're attracting it with an aluminum that can attract anything.

Trevor: Right, a big magnet.

Abiy: You're a magnet in there and you're bleeding air from the engine and cooling up all yourself. Your airplane is heated at 65 and 80 degrees negative. You're heating this thing and you are slicing through these radiations, you're breaking them up. And you wonder why these pilots at 65 or 70 are picking up Alzheimer's and all that. It is so empirical that these guys think about their future.

And also for you to think that you picked the right time. This is the right time for you to go on these pilots that have merged through all these different airlines right now to come together, which has made them a better entity right now than what they were. But, with this shortage that's coming up, with the future of flying, where it's going, trust me they need your help. 80% of them right now don't even know what they're going to do when they retire.

Trevor: Thank you so much, Abiy.

Key Takeaways from this Interview:

- Unfortunately, schools fall short in teach financial literacy.
- The American Dream is becoming less and less of a reality.
- Don’t be short sighted with your finances, beware instant gratification.
- Diversify your investments.
- Strive for financial health, not just performance returns.

Chapter 7

GLENN JOHNSON

Glenn Scott Johnson is a seasoned aviation executive with more than 30 years experience, and expertise spanning finance, operations, customer services and intensive change management.

Glenn's leadership experience includes serving as President of Horizon Air Industries, Inc. and several senior-level executive positions with Alaska Air Group, including Chief Financial Officer and Executive Vice President. He began his aviation career with Alaska Airlines in 1982.

Glenn serves or has served on numerous boards, including Erickson Aviation, Republic Airways, and Central Washington University.

Trevor: Glenn Johnson, please give me a quick introduction on what you do, and how you got into the industry.

Glenn: Okay. I retired a couple years ago from Alaska and Horizon. My last role was as President of Horizon Air and Executive VP for Alaska Air Group.

I started my career as a CPA with Arthur Andersen, out of the University of Washington with a business degree with a focus in accounting. Practiced with

Arthur for a couple years and then in 1982 I went with Alaska Air Group, Alaska Airlines at the time, as a staff auditor. We had 15 airplanes and 15 cities and 1,500 people, so a very different company than what it is today.

I worked my way up through the finance accounting area, ultimately becoming the Director of Revenue Accounting for Alaska. Then we acquired Horizon Air in 1986 and they made me CFO at Horizon, which was held as a completely owned subsidiary, but completely independent at that point. I was the CFO there for about 10 years and then they offered me the opportunity to move into operations, so I took over customer service airports and inflight for Horizon. I did that for a couple years.

Post-9/11, they asked me to come back to the parent company. All the other legacy airlines were going through bankruptcy of course, and we were trying to avoid that, so I joined the team that was navigating through avoiding bankruptcy. We were successful in avoiding a bankruptcy filing. We were the only legacy carrier to be able to make that claim. I was the VP of Finance then.

I did that for a couple years then went back into operations as the Chief Operating Officer for Alaska Airlines. I then became the Chief Financial Officer for Alaska Air Group, when Brian Tilden was promoted to President from CFO. Then ultimately, back over to Horizon as the President and CEO, but still an Executive VP with Alaska Air Group. So that was a 32-year career. I kind of bounced all over and did finance ops, customer service, the whole nine yards.

Trevor: Wow. First of all, you had a great career with a lot of progression, Congratulations on that. But it's neat to be able to step in and out of the bean counter world. I can say bean counter, because I am one too. It takes one to know one, right?

Glenn: I think that actually is the best place to start with a company. Honestly, you learn everything there is to know about the company, particularly in the audit function. You can take that knowledge and translate it into the leadership function almost anywhere, if you've got the right skill set.

Trevor: Yes, it's a transitional skill, it can take you to any business and any function and hit the ground running.

As we talk about your approach to finances and retirement planning, you started during the time when they had those what are now rare birds, called pensions. I assume you had one and probably a 401(k)?

Glenn: Yes, I have a defined benefit plan pension. Then when I went to Horizon, because that was a post-deregulation carrier, we did not have a DB plan there. My defined benefit plan froze at Alaska. I went into the 401(k) on the Horizon side. Then when I came back to Alaska, I was actually able to rejoin the plan even though they'd frozen it by that point, because I was grandfathered in. So I got some more service with the Alaska plan. There was also a generous 401(k) at Alaska in terms of matching in addition to the DB plan. Then there's a separate officer supplemental plan that I was part of from 1990 until I retired.

Basically, just to close the gap between what you could put into a 401(k) plan and the income limits on the supplemental plan.

Trevor: A benefit for executives. What would you go back now and tell your 20-year-old self whether it's saving for retirement, or just your overall approach to money and saving?

Glenn: I was actually really lucky. My parents were a little older. I had a brother who's 12 years older than me. My parents were World War II and Depression era kids and so they had a very strong philosophy around not using credit, not overextending yourself, and saving. I came into my young adulthood with that imprinted on me and have always believed in that. I think if anything, I'd go back and congratulate my 20-year-old self on having learned that lesson early, as opposed to scrambling when I was 50, trying to figure out how to plan for retirement. My husband retired when he was 50 and I retired when I was 55.

Trevor: Congratulations to you both because unfortunately that's a rare story.

Glenn: Again, I was real lucky because I became an officer at 30 and had a healthy income during that 25-year period.

Trevor: It may have been luck, but I'm sure you worked awfully hard to get into the position to have that luck. As you planned and saved for the future, did you primarily focus on financial assets, 401(k)'s, and mutual funds? Did you diversify into real estate?

Glenn: We really didn't until more recently. After we retired, we became involved in a couple of real estate partnerships run by people that we know, so it's not quite as “alternative” as one might think when looking at a real estate investment. We do not directly invest in real estate, for example, and rentals, property management, whatever. Neither of us has the interest nor the inclination to do that, but we decided to do some real estate investments and some startups since retirement, basically just to either help friends out or ensure we're as diversified as we can be.

Trevor: Now that you’re a few years into retirement, what is your biggest fear about the future for yourselves? Is it running out of money or another financial collapse, something out of your control?

Glenn: Yes, those kind of things, all those forces are always out there. I think back to 9/11 and it's about the only time I inserted myself. We have special money manager teams who do a lot of this for us, and are pretty involved on a weekly basis at least looking at things.

The only time that I've gone in a different direction from them is the day after 9/11 where we moved almost everything into cash and left it there for nine months until the dust, literally and figuratively, settled.

Generally, we are diversified enough and financially secure enough that I don't worry about what we call the normal cycles and up and down bumps. But a truly cataclysmic event like 9/11, or if a massive earthquake wiped out half of California, or something like that, would be concerning from a financial wellbeing perspective.

Trevor: You're pretty comfortable with your diversification.

Glenn: Just our absolute wealth portfolio, quite frankly. We're very fortunate to be in the positions that we were, earning a fair amount, setting aside up to 30% of our salaries every year, and then having it invested in a way that has set us up really comfortably.

Trevor: You’ve obviously done very well. Do you have an actual financial plan? Do you utilize a financial plan and revisit it every six months or so?

Glenn: Yes, we kind of do a mid-year update. We work with a husband and wife team. They have some proprietary software that they run for us with Monte Carlo simulations, and everything that we look at in detail once a year. They review in less detail quarterly. Then I have some stuff that I’ve built on my own, spreadsheet-wise, that I can run some pretty quick stuff on demand if I need to.

Trevor: Whether it's working with the advisors you're currently engaged with or even on your own, what do you not have that you wish you did? More information, more communication, more education, resources?

Glenn: Probably what's starting to become apparent to me, particularly in light of not working for the last three years, is just how fast the world is changing, and information about the markets and the intricacies.

When I was the CFO for Alaska, I was immersed in that from the company's perspective on a daily basis. Now, I have to go study and figure things out on my own. More likely, what I do is rely on our financial advisors to screen stuff and provide me the information that I need for our portfolio from their perspective.

Trevor: What was your best and your worst investment moment as you think back over the years?

Glenn: My full stock investment in Alaska Air Group, as from the perspective of it being my career and also a good portion of time, particularly over the long term. With a significant portion of executive compensation being in stock, you end up with a very non–diversified portfolio. By the time I was 45, 80% of our investment portfolio was in ALK, which was scary from a diversification perspective.

But as it turned out, the company did extraordinarily well over the 32 years that I was there in terms of stock appreciation. Although it's a special case, that was certainly a great decision. I remember when I first met with Alaska. I described it to you as this little tiny airline with 15 airplanes, and they'd nearly gone bankrupt in the decade before I joined them. I remember my friends and family looking at me, telling me I was crazy to give up a great position with Arthur Andersen to go to this little, almost bankrupt, regional airline based in Seattle. But it turned out okay.

Trevor: I would say so.

Glenn: Then the worst, we certainly had investments in the portfolio that just kind of completely died, and we took losses on them. But within the kind of construct of being diversified, there was nothing that was particularly painful or damaging.

Trevor: That's good to hear, and of course your commitment to diversification helps.

Glenn: Yes. Now my parents invested in CD's and money markets and did nothing more exotic than that. My dad was a sales manager, my mom was a homemaker, and they had a very modest lifestyle. But they got talked into an insurance annuity back in the ‘70s or ‘80s that went bust, and took 10% of their retirement portfolio. That was a huge worry for them. That probably imprinted me with even a bit more cautiousness about anything that I didn't really understand. That was part of the problem with them. They didn't entirely understand the risks of the annuity they were investing in, or the company behind it.

Trevor: That can be quite a blow to just sustain something like that. The last question I have for you is, what resources do you employ? You obviously you have a relationship with financial advisors, and you utilize a financial plan. What else do you use?

Glenn: I was actually thinking about that when you were talking about meeting the financial planner. We routinely, on a monthly basis, meet with our financial advisers. They're in Seattle now, so we do it over the phone. But we also have a tax accountant, and an estate and legacy planning lawyer and we meet with all three of them. In fact, our annual meeting is next week up in Seattle. We'll go through the financial plan, go through our wills and our directives and everything, and go through the tax implications.

We moved to California this year, so there are a bunch of things to consider in terms of the tax implications and being California-based versus Washington-based with no income tax. That's been a part of our practice for the last 10 years or so, in addition to the review of the financial plan, sit down with tax legacy and financial plan and look at it kind of holistically with all three experts in the room.

Trevor: You used the word I was going to, you've taken a holistic approach. Which is great, because no matter how well you plan the investments, if you gave it all up in taxes, that's no fun.

Glenn: Right. That's another thing on the horizon. What is tax reform? What is really going to happen, when is it going to happen and what are the implications? Because, what you're seeing coming out of DC right now is all the rhetoric, the shrill voices on either side, talking about the extremes. And somewhere in the middle is the meat of the plan, and it'll be interesting, and perhaps troublesome, to see what that means for folks in our income bracket.

Trevor: Yes, it's going to be quite a ride.

Glenn: Or nothing might change.

Trevor: Well said. Glenn, I'm sincerely appreciative of you taking the time to talk to me.

Glenn: Great, thanks so much.

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Key Takeaways from this Interview:

- Don’t overextend yourself and use credit sparingly.
- Start saving early and diversify your investments.
- Seek professional advice from advisers and monitor your investments.
- Understand what you’re investing in.
- Don’t overlook estate planning (Wills, Trusts, Power of Attorney, Advanced Directives).

Chapter 8

ALEX SANTUCCI

Alex Santucci is an accomplished aerospace professional with significant experience in Operations Management, Program Management, Developing Quality Management Systems, Budgeting, Lean and Six Sigma Methodologies, Manufacturing and Process Engineering. He is a strategic hands-on problem solver who executes with urgency across all levels of the organization, with extensive experience in both military and commercial aviation OEM, aftermarket, repair and program support. His areas of focus include commercial and military manufacturing as a tier-one manufacturer, repair and overhaul and build-to-print.

Trevor: I'm talking with Alex Santucci, in Chandler, Arizona. Alex, let's jump right into it. Tell me a little about yourself.

Alex: Well, I have nearly 30 years of experience in aerospace manufacturing. I'm a private pilot, myself. I have never really worked in the airline industry, just in the aerospace manufacturing arena. I have 18 years with Honeywell under my belt. I have another 12 years with a company called Acme Aerospace, where most recently I was the general manager for the last three years. And nine years prior to that, I was the quality assurance and process engineering manager.

Trevor: When I first got out of school many, many years ago and was getting started in finance, I worked for Lockheed Martin in a finance capacity. I can understand the sector you're in. Where did you grow up? Are you originally from Arizona?

Alex: I'm from back east. I'm from Connecticut originally. I lived there until AlliedSignal, which is now Honeywell, moved me to Arizona in 1996. I’ve been here ever since.

Trevor: Tell me how you got into the aerospace industry. Was it by design or by luck that you found it?

Alex: Well, I guess I wouldn't say I was predestined to do it, but it was just something that always interested me. I can remember back in third grade being sent to the principal's office because I couldn't draw worth anything, so I was having a war on a piece of paper using stick figure airplanes and shooting bullets and whatnot. A teacher saw me and thought I was drawing swastikas on a piece of paper and sent me to the principal's office.

Trevor: Oh my goodness.

Alex: As far back as third grade, I can remember being intrigued by airplanes and interested in them. My dad actually worked for a company called Avco Lycoming, which turned into Textron Lycoming. They were a jet engine manufacturer back in Stratford, Connecticut.

My first job was with them. I started with Textron Lycoming back in January of 1988. I worked there until AlliedSignal purchased them, and in 1996, they moved me out to Phoenix. I have a Bachelor's Degree in Aviation Maintenance Management. I'm a licensed aircraft mechanic as well and I have a Master's Degree in Operations Management. I went to college at Embry-Riddle Aeronautical University down in Dayton Beach, Florida.

Trevor: No kidding? I have a ton of family down in that area. I also have a friend who's the director of training at Embry-Riddle. He actually was my wife's flight instructor when she got her private pilot's license. It's a small world. You said you have your private pilot's license?

Alex: Yes. Just single engine. I just do it for fun.

Trevor: That's us too. From a career path point of view, you mentioned that you came up through the quality side of the business.

Alex: Yes. I started out as a supervisor in engine tests because of my mechanics background. I was only 24 years old. It was a union shop and it was a pretty interesting environment. I had these older guys that had been there for 30 plus years and their attitude was, "Look, I don't listen to my kids. Why should I listen to you?" I cut my teeth that way. I was supervisor at an engine manufacturer doing manufacturing inspection. I became a quality engineer and then a program manager. Over the years, I've gotten my Six Sigma Black Belt, as well as Lean Master Certifications.

Trevor: Very impressive. Now, I'd like to understand your approach to saving, investing and retirement planning. More specifically, what steps have you taken along the way that have gone well for you and what missteps were there?

One of my favorite questions is always, "What would you go back and tell your 25-year-old self about retirement planning?" Whether it's retirement, just saving for a rainy day, or money management overall.

Alex: I would tell myself that I did it right. This is where I get this from. Again, my dad was very blue collar. He was a machine repairman, so very risk averse. I had a professor at Embry-Riddle. His name was Dr. Pope, and honestly, he was my first business professor. I'll never forget what he told me on day one of the first class I took. This was August of 1984. He said, "I'm going to tell you right now. Social Security is broken. It's not going to be there when you need it. You need to pay yourself first." I took that very literally.

Bear in mind I was a little older when I went to college because I got my Airframe & Powerplant ratings right out of high school. So I didn't start college until I was 21. I didn't start at 18 like most people. I took his advice very literally and on day one, when I had the opportunity to put away money in a 401(k), I did as much as I could. I'm pretty well set for retirement, whether or not social security is there. If it is, which I expect it to be because of my age, it'll just be an added bonus.

Trevor: That is awesome. Good for you. It's funny, the people who feel comfortable about where they are and where they're headed, have that same "pay myself first" mentality. I say that because many of the folks I talk to who aren’t comfortable with where they are, don't know about that or don't understand it. But that approach is consistently successful.

A lot of people have a threshold. For example, “I want to have $500,000 or $1 million, or $5 million. Or they say, "I want to have X amount of guaranteed income. I know that I can have this much." What does that look like for you?

Alex: The number that I've worked up with my financial advisors is $2.5 million by the time I retire.

Trevor: I’m curious, do you feel you're going to hit it?

Alex: Yes, I do. I should be there by 60.

Trevor: That is great. Congratulations to you. What are some of the challenges you've had to overcome in your quest to stay on the path of hitting that threshold?

Alex: Actually, I wouldn't say I have. I've never reacted to market fluctuations. I've always been in it for the long haul. I've understood that. The people I've worked with have also said, "Don't look at your stuff every day. That's what your job is. To rebalance things as necessary and make those moves for you, if you can."

I'm not risk adverse. Let's put it that way. When I was younger, one of the things I really did was have the pedal to the metal. I couldn't take enough risk. Well, I've really backed off that. I've become somewhat more conservative.

I still don't believe in bonds. I'm much more diversified than I had been in my younger days. I guess that's something I would tell myself to look at if I went back, to make sure the portfolio is diversified and also think about what the fees are for each of those funds.

Trevor: Absolutely. Are you invested more in mutual funds, ETF's, individual stocks?

Alex: I have some, I'll say "play money," that I deal with just individual stocks, but all of my retirement funds are in ETF's and some funds. Some international stuff. Most of it is ETF's.

Trevor: That's great to hear. ETF's have changed the world. I exclusively use ETF's because of the cost structure.

Alex: You don't realize how much it erodes your earnings away.

Trevor: You're gaining, give or take, 1% right off the top when comparing the ETF with an equivalent mutual fund because of the cost structure. I strongly advise using ETF's whenever possible in place of mutual funds.

Now, this is always a fun one. What is the best and worst investment advice you have ever received? I'm assuming the best would be from that professor that said, "Prepare and pay yourself"?

Alex: Absolutely. As for the worst advice, nothing that I took any action on, thankfully. But from a personal standpoint, I'd advise people, don't fall in love with a particular stock.

I've done that in the past. I got into Applied Materials at one time. I think I bought it for about seven dollars a share. This was back when the tech stuff was going crazy. It doubled and it doubled. Now I had maybe a $1,200 investment, so I'm not talking a lot of money. But around 2001, 2002, I'm thinking, "All right. I'm going to buy my next Harley with this." Then the next thing you know, it just tanked. Even though I was still up because of all of the splits that had happened, it went from around $30,000 down to a little more than my initial investment. I did not play that one right at all.

But it's doing quite well again now. It's back up to around $52 a share. I still have some.

Trevor: Well, we all have those stories. I think most people go through that at some point.

Alex: Unfortunately. You learn the hard way. I'm one that will tend to learn the hard way from time to time, but I'm only going to make that mistake once.

Trevor: That's the important part. Mistakes are okay as long as you learn from them. Talk to me about your financial advisor. You told me you have a target. Have you gone through a formalized financial plan process?

Alex: Yes. It's very formal. Very formalized. I meet with him twice a year.

Trevor: Good deal. What other resources or tools do you use? Whether for retirement or any funds. Websites, calculators, astrology? I'm kidding about that last one.

Alex: Thankfully 'no' on the astrology. I do try to stay up on what's happening technology-wise in the market, where the next big thing is going to happen. I think right now, it's the self-driving car, all the sensor technology that's going on. That market is just in its infancy. One of the funds that I've been following closely is called XT, Exponential Technologies, to see where that's going because of all this additive manufacturing and 3D printing and things like that. It’s really still in its infancy stages.

Trevor: I agree. Tesla has changed the world. Everybody laughed at them at first. Now everybody is getting on board.

Alex: Yes. They have to or they're going to get left behind.

Trevor: That’s very true. It's funny how everybody thought they'd never last and now everybody is playing catch up. You hit on this one a little earlier, but we'll walk through it quickly. I have a term I call Return on Life versus Return on Investment. One of the discussions I always like to have with people is what's more important to you, ROI or ROL? I would say out of the shoot, you were all about ROI, but over the years, you’ve turned to more Return on Life. You want a solid return, but you don’t want to worry about waking up and having a 30% drop overnight.

Alex: Absolutely. That’s absolutely true.

Trevor: Is there anything I didn’t ask you, or that you would like to talk about?

Alex: Just the suggestion, again that you should be in it for the long haul. Forget about market fluctuations. Just look at, historically, what the market does and go from there.

Trevor: This has been great, Alex. I really appreciate your time and being willing to have this conversation with me.

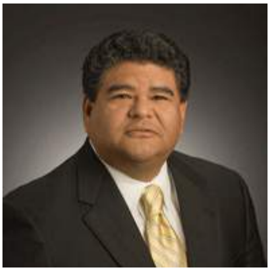
Alex: Thank you very much, Trevor. I appreciate it.

Key Takeaways from this Interview:

- Pay yourself first.
- Work with an adviser and develop a financial plan.
- Don't overanalyze your investments, monitor but don't watch them daily.
- Take appropriate investment risk for your age and goals.
- Diversify your investments.
- Don't fall in love with an investment.
- Learn from your financial mistakes.
- Think long-term, don't get distracted in the short term.

Chapter 9

PETE GARCIA



Pete C. Garcia is a global marketing and revenue development consultant. He's President of Pete Garcia International, which provides services to a wide range of organizations, with emphasis on cross-border business development for US and Latin American companies. His client list includes AeroMexico, Continental Airlines, and Air Panama.

As VP, Latin America for Continental Airlines, Pete was the key force in driving revenues tenfold in this region, from $250M to $2.5B. He reversed a negative trend in revenue for AeroMexico as a revenue and route capacity consultant, helping to generate a 50% increase in revenues over the previous year.

Pete was handpicked to head up the newest chapter of the prestigious United States-Mexico Chamber of Commerce, a Bi-national organization with nine chapters in major US cities and another nine offices in Mexico's major business markets. He is immediate Past Chair of the board for AVANCE Houston, a non-profit dedicated to helping families and children improve their education.

Trevor: Pete Garcia of Pete Garcia International, why don't you tell me a little about yourself? It looks like you have a few different fingers in a few different pies.

Pete: Yes, I do. International business development is the majority of what I do. I split it between aviation and helping other companies establish their businesses internationally.

Trevor: So what does the aviation piece of that look like?

Pete: It’s based on the experience that I have had over the last 30 years. I've spent most of my time in developing new routes into Latin America. Latin America was my focus. I was the Vice President of the Latin American division at Continental. So, at a time when Continental was just starting to establish itself in the marketplace, I was primarily in the route development, marketing, and the sales area. But then also into the catering and what we're going to provide as far as inboard service and types of aircraft that we were going to use. So, I was pretty well-rounded in really establishing the brand in Latin America.

After 30 years I retired, and today I still help companies do pretty much the same thing, more geared on route planning, revenue, and sales marketing.

Trevor: Very interesting. So, are most of your clients here in the US, getting into those Latin American countries or the opposite?

Pete: Actually it's both. We've got Avianca, Copa, and Southwest, so it's a combination.

Trevor: You told me how you got here after 30 years with Continental. What got you into the airline industry in the first place? Was it by choice, by design, or by luck?

Pete: It was by choice. I had grown up in South America, in Cali, Colombia. I did missionary work down there when I was a teenager and just getting my career started. When I returned to the US, that's what I wanted to do. I started from the bottom and worked my way up, answering the telephones for a company called Braniff International back in '76. Then, I came to Continental and was there for 30 years, and just kind of grew up through reservations. Then the sales and marketing side for our Pacific division, and then our Latin American division, and was pretty much international the whole time.

Trevor: So you’ve seen money management and planning from both sides. You've seen it as a corporate employee, and now you’re on your own in your own company. Tell me a little about how you approached it when you were an employee. What do you feel you did right, and what things would you change if you could go back and make a different decision?

Pete: Having been there 30 years, you see a lot of management changes. Of course, at Continental, we were seeing a new CEO almost every other year. So, at the time when the airline was growing, also acquiring new airlines, that caused a lot of those changes. Actually, I started with a company smaller than this called Texas International, which purchased Continental during the early years of deregulation. Then Continental became Texas Air Corporation. Which bought Eastern Airlines, and Frontier Airlines, and People Express. They had another airline called New York Air that they incorporated into Continental as well. And it was primarily a domestic carrier with the exception that Continental had routes into deep

South Pacific, into Australia, New Zealand and those markets.

But then those new CEOs came along and just had a different vision of, “Okay, we'll close the Denver hub and we'll open one in Charlotte. We'll spin off and try to do a low-cost carrier.” So here we were now, an airline operating internationally with a brand, and then operating domestically, and then operating at a low cost. Well, it was a low fare, high cost which is not the correct version. It should be low cost and low fare. But they're still paying the pilots the same amount. Still buying the aircraft and using a lot of the resources that Continental had which were set on fixed, high cost. So, it didn't work and $600 Million later they decided to close down what was then called Continental Light.

But they weren't the only ones. United did the same thing with their airline they called Ted. And then Delta did it with an airline called Song. None of them ever seemed to work because it was the same problem: high costs, low fare. They don't work. You’ve got to have the low cost. That's part of the reason Southwest has survived so long and is doing so well. Then there's another thing. When you're using pilots to fly a low-cost airline, they're still under the same labor agreement. So you're looking at the 1922 Railroad Act, which requires that airlines have and provide funding for a pension. That was the problem with all the major airlines, they all fell under that law.

Well, it doesn't really matter unless you get to an age where employees are retiring. In the case of Southwest, they just turned 40 years old. Now they're starting to retire people. In the cases of American or

United or Delta or Continental, they are now 80 and 90 years old, so they a have high percentage of employees that were being paid a pension.

And that's what really is part of the high cost in terms of labor. They're still starting the employees at the same price, at the same hourly rates. They're starting pilots out at the same rates. But when you've got retired pilots and retired flight attendants that are on a pension, that was part of the reason they all filed bankruptcy. Continental did that when it couldn't negotiate with its unions. Eastern Airlines was the same, "If we can't work with the union, we'll just renegotiate through bankruptcy." Then 9/11 happened and everybody started filing for bankruptcy again. The primary reason was to renegotiate contracts.

Trevor: What you just described is why even beyond the aviation industry, that's why pensions went away.

Pete: You saw it happen to the auto industry. The Big Three in bankruptcies, and renegotiate those transportation laws. Unions became so big, well it's hard to fly an airplane without a pilot so let's go negotiate. But that's why it's always tense. Negotiations are always so tense because one side wants more than what the other can provide consistently. Airlines' revenues fluctuate according to the economy. But you can't fluctuate your fixed costs like labor, and then fuel. 60 or 65% of the costs are fuel and labor. It is not the airplanes.

Trevor: Which is the opposite of what most people think. Because they see how much an airplane costs. So how does that affect you, having 30 years with the company? Going through those bankruptcies, was your pension affected and in what way?

Pete: Oh yes, for sure. They were reduced. But very early in, I moved up to management. I was only an hourly employee for four or five years, and the rest was all management so pension doesn't come into play. Only hourly and unionized employees have that benefit.

Trevor: I understand. So then you had to transition into taking on the burden of preparing for the future yourself. How did you do this, just with a company 401(k), or on your own?

Pete: Yes, 401(k) and my own savings.

Trevor: Good deal. Tell me what your approach was to that. Did you max out the 401(k) and then try to set a specific amount, or percentage of your income per month that you were saving? How did you approach saving?

Pete: Yes, I did both. Of course the concern I had with 401(k) is you're limited to what the company may be offering, and that goes with any company. There's a company match, so I would maximize the company match, but then I had my own personal investments, whether it be stocks or bonds and treasury notes. So, I didn't expect the 401(k) would be my sole retirement income.

Trevor: Okay, that's smart.

Pete: And I wanted the flexibility to invest in what I wanted, other than what was offered to me by our 401(k)s.

Trevor: So how did you then, and even now, go about managing those options? You had typically less performance in the 401(k). So, did you take on more risk on your own?

Pete: Absolutely, yes.

Trevor: That makes sense. And has your risk tolerance changed over your career, over your savings?

Pete: Oh yes, you know when I was younger it was far more aggressive and riskier. As I got older, I got into more moderate, lower risk and that's where I try to keep it today. Now I'm 62. At my age, it's not like I can go out and make the same money I used to make, so I try to be very conservative.

Trevor: Okay, so now do you manage your money on your own?

Pete: I use a money manager. I've gone from Merrill Lynch to UBS, and have frequent meetings with them.

Trevor: Do you go through a formal financial planning process, or is it more just investment management?

Pete: It's a formal process. We sit down and discuss where I want to be in terms of risk and depending on what's going on the marketplace. You know, "Okay, let's do more things that are going to be tax exempt or tax free, or minimize the tax implications." The best way to save money is to pay the least amount in taxes and fees. That's the way I look at it and my advisors agree.

Trevor: So, what would you go back and tell your 25-year-old self now, about money management, retirement, preparing for retirement?

Pete: I would probably do it the same way except I would try to put more into savings and less into material things. It used to be 10%. Sometimes that is all you can go, depending on where you're at financially, and what's going on at the time. But I would have preferred to have gone and put a higher percentage into it and also learned more about the stock market. If I look back at 25, I remember I was not as in tune with the marketplace and how it was doing as I am today. So that’s what I would encourage a 25-year-old to do, learn more about how to manage the money. They don't teach kids in college how to do that. They really don't. And I think it's one of the reasons if you look at the US, we are underfunded in terms of savings. And Social Security is probably not going to be around for 25-year-olds. So, you need to do it yourself. There are fewer retirement plans. There are no pensions out there. So you've got to learn how to manage your money at a very young age.

Trevor: I joke with a lot of my clients that if you would spend as much time annually planning your retirement or thinking about your retirement and everything that it encompasses, that you do planning your vacation, you'd be shocked at how well you’d be doing.

Pete: I totally agree. Or entertainment. If you spend less time on entertaining yourself, and more on learning how to manage your money. I think, too, it's hard to find financial advisors unless you have a million or two. I mean like a UBS or Merrill Lynch, they wouldn't even take you unless you have two million dollars.

So, use financial planners at a very early age, because they don't get paid by the funds. And learn how to get your total worth, your total value, and your net worth. Usually you don't have to do that until you’re 30 and you’re buying a house. Well, you should already have done that.

Trevor: What do you not get that you wish you had? Is it access to more information about different strategies, or investments available? Is it more access to reporting and understanding risk tolerances? If you could have whatever you want, what would it be?

Pete: I have both the money managers and a Financial Planner. Totally separate. So, one is out there to tell me what I look like, and help me look over things like fees that are in the money management programs. “Okay, I can see you have really high fees over there. Can they make these investments in something that doesn't have the same high fees?” That's something a lot of people overlook, but those fees eat up the principal. So, I'd just say I'd like to keep the guys that want to sell their own products separately from those that just are there to advise me on what to do with my money.

Trevor: I think that's very smart and very well said. So, I think I've hit most of the big topics and points that I like to hit. Is there anything that maybe I didn't ask you that I should have, or anything specific that you want to get on the record or ask me, for that matter?

Pete: Well I think this should be considered as you go to document this. If you’re looking at the airline industry, there are different types of retirement plans for the hourly employees and the management employees. A lot of companies now have started with incentives and bonus programs for their executives, or director or above levels. And I think those are very interesting. As you go across the various airlines, you're going to find that each one has a different type of bonus program for their management. And I know, you always hear about the CEOs, because those are printed and made public and they're also in their annual filing statements. All of the officers are posted with their salaries and bonuses.

But then there are a whole lot of people that are not included in that, and that's really kind of the middle management, supervisor up to senior director levels before they become officers, vice presidents of the company. So I guess you would say you have three levels: the hourly, the middle management and then the senior management. So you have different levels and different strategies. If you look at just the airline industry itself, I think you want to make sure that you separate those three employee groups.

Because pilots and flight attendants of course, that's what most people think are just hourly. But you have dispatch, you have ramp, you have reservation employees, so there's a whole other group that are not on the airplane. All the technical positions, analysts, and so forth that are hourly. But it’s a very different negotiating position as opposed to the pilots and flight attendants. Those are usually the ones that get the most attention, but there's a whole other group there as well.

Trevor: That's interesting. I appreciate you pointing that out. And I appreciate the opportunity to talk to you. Thank you for your insights.

Pete: Thank you, Trevor.

Key Takeaways from this Interview:

- Pensions are not guaranteed, they can be reduced or eliminated altogether.
- Utilize 401(k)'s for the match and invest in yourself.
- Use advisers to develop a financial plan and meet periodically to review it.
- Save as much as possible as early as possible.
- Take ownership and understand your investments.
- Pay attention to fees.

Chapter 10

RONALD MARKS

Ron Marks is the author of the best seller on sales management, *Managing for Sales Results*. He's a long-time veteran of the training industry, spending nearly 40 years teaching sales and sales management skills. He is a member of the National Speakers Association, and a designated Certified Speaking Professional.

Ron has had great revenue-raising success for companies in diverse industries including horse trailers, oil and natural gas, and casinos. He is one of the original partners at Southwestern Consulting, one of the fastest-growing sales and leadership training organizations.

Ron has been a licensed pilot for 30 years and recently achieved a lifetime goal as an airline pilot flying for Compass Airlines, a regional airline that operates on behalf of American Airlines and Delta Air Lines.

Trevor: Ron Marks, tell me a bit about yourself.

Ron: I'm 55, and most of my colleagues are in their late 20's and aspire to work for Delta or Southwest, or what they call the majors. So, this is the minor league, and they all want to be in the show. They all want to get up in the big leagues. Whereas myself, because we fly for Delta and American, we get the same privileges that Delta employees do. This is a business of seniority, that's really what it's about. It's all about hire date. If you're trying to fly standby, Delta people get on the plane first. And we get in line based on our seniority within our own company. There are a lot of tricks and frankly, it's a lot better than it was when my dad worked for the airlines, and I used to fly around as a kid.

It's a lot better now, because there are all kinds of apps, and access to information. You used to have to go, and fill out a piece of paper and sit at the darn airport so you could get on a plane. Now you check your app on your iPhone, or they have a website, passrider.com. You don't even go to the airport unless you know you have a pretty good chance. So, it's good.

Now my wife and I are going to travel. We just got back from Machu Picchu. I'm not all set financially, but I've had a good career. I just need to make enough for my wife and me to enjoy our life at this point. I'm not going to work my butt off so my kids get a bunch left behind.

Trevor: Let the kids forge their own way, right?

Ron: I've even wound down a lot of my insurance. I had millions of dollars of coverage when the kids were little. I got them all through school, and had their 529 plans, and I just wound all that down. Probably the only thing I should be looking at, at this point, would be long-term care. Because it's more likely I'll need that, versus life insurance payout.

Trevor: Insurance is a huge need. Let's talk a little about your background. You don't have the traditional airline pilot background.

Ron: Yes, I've owned a couple of businesses. In the last 10 years, I wound my business up, and I joined forces with a company out of Nashville called Southwestern Consulting. Are you familiar with the kids who go door to door in the summer selling books? They teach them how to sell. They formed a consultancy with some of their alum. And they invited me because I offered a book on management. They said, "We need a good sales management trainer." So, they invited me to join the firm. I wound my business up a year or so before, sold off the real estate and everything.

Trevor: So, I think we have a pretty good foundation on you. But how long have you been flying?

Ron: I got my private license back in 1986. And then I got the bug when I was around 25 years old. I got fired up about being a commercial pilot. So I went ahead and got the instrument rating in '88, and then the commercial rating in '89. And then I put my resume together. I don't have a college degree. I grew up in Chicago and moved to Arizona because I could sell real estate at the age of 18. In Illinois, it was 21.

I hooked up with a guy named Tom Hopkins. You've probably never heard of him, but he's like Zig Ziglar, Tony Robbins, a motivational sales training guy. I started working for him. And I built my business.

I wanted to fly, but because I didn't have a college degree, back then the door wasn't even open to you. They wouldn't even take your phone call or look at your resume. So I gave it up, and thought, “I guess that's not in my cards. I'm not going to go back to college for that, and I have a good career. I had young kids then as well.

But I've been flying myself around, kind of as a corporate pilot for my own corporation. And I fly for the civil air patrol, which is the civilian auxiliary of the Air Force. I've been with them 30 years.

I’m also involved with an organization called Commemorative Air Force, which used to be called Confederate. They fly the old World War II planes. I haven’t started flying it yet, but I'm training on the B 25 bomber. So that's all kind of the life dream.

Along the way, we moved to Australia for a couple years. I lived there on a business-consulting contract. So I got my Australian pilot's license as well. When I got back to the U.S. about a year and half ago, I got a card in the mail from an airline called the Express Jet. They're based out of Atlanta, and they fly for American and United as a regional carrier. It was a recruiting card. I think they just sent it to all people registered as pilots.

They were having an event in Phoenix. So I started calling around, and went on LinkedIn, and found other people that had experience in the regionals. Half of them told me I'm crazy. "You'll be some 50-year-old guy in a class of 25-year-olds. You'll be commuting to your bases, and living in flop houses, and making 20 grand a year. You're nuts." But the other half said, "I can't believe how awesome that is, what a great idea."

So I definitely had both sides of the glass, half-full and half-empty. But I went to career fairs and started realizing that indeed, there is a pilot shortage. It came on the heels of the Colgan Air crash in 2009. A lot of things changed in the industry. One is that they required all pilots to have a type rating, in the aircraft and the airline transport pilot. In order to have that, you have to have a minimum of 1,500 hours of piloting command.

That takes out all those kids. It used to be that the regional guys would go to Embry-Riddle, or one of those U&D kind of places, and they'd grab some kid who's 25 years old, and got his commercial rating, and flight instructor rating, and 300 hours. Put them in the right seat of the airplane, and he or she could build up his or her time until they get to that 1,500. And then they'll promote to Captain by then, year two, three years. Paying their dues, making $18,000 a year.

Then they would leave, and go work for the majors. But now they can't hire those kids anymore. So, the pay has come up. It's probably a $40,000 a year job now. So, it's different. It used to be about $22 an hour. Now I think the going rate is $41, plus they pay for your health insurance. Which saves my wife and me $12,000 a year.

Trevor: You have such an interesting background. You've literally been around the world. For the purpose of our discussion, you've been in the self-employed world, having your own businesses, and now you're in the employed world. It's two different phases of your life. But how have things changed, from when you were younger and self-employed, and building your business? How has your view on money, savings, and retirement changed?

Ron: First off, the airlines all have programs that aren't very aggressive. So I would think it would be hard for the average airline pilot to stock a lot away. The company will do a 401(k)-style match to your savings, I believe up to half, and then up to 3% of your income.

Trevor: And I believe some of the majors will go up to 16%. You bring up a really good point. Depending on the employer, they give them somewhere between eight and 15 mutual funds, and that's it. But the growth comes from the match.

Ron: So the market doesn't have to perform that much. If you put in $100, and they put in $100, even if you only earn 6%, you're already ahead of the game. So that part's cool, but I've never really had that. I've had IRAs and things, but I've never really had that matching from anybody else.

In health insurance, my wife and I were paying $1,000 a month. You pay for everything, until you spend $6,400 in a year, and then they'll come in with 80%. And I'm not a big user, so I kept paying a catastrophic amount. So now that's $12,000 I don't have to fork out.

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So probably, the biggest change between when I started and now is in my personal attitude. How old are you Trevor, if you don't mind me asking?

Trevor: Of course not. I'm 40.

Ron: Okay, so even when I was 38, but probably more when I was 28, I had desires on the world I wanted to conquer. I was going to be a multi, multi-millionaire. I'm a very goal minded individual. I put everything in writing.

I learned from Jim Rohn. I worked with Jim. I knew him well, and followed a lot of his principles. And of course, I worked for Tony Robbins. I followed that, as a young guy. So if you pulled out my journals and said, "Let's take a look at 1990. What did you want to do when you grow up?" That would have been multiple streams of income. And it would've all been Empire kind of stuff.

Now, at 56, my kids are all married. I have seven grandkids. My wife works, because she wants to. She works for a hotel chain, the Biltmore, it's a Hilton property, so she gets the hotel benefits.

I say, "My last check is going to bounce." I've told my kids, "Don't be hanging around for some inheritance, because it's not going to come." What I've done now is ratchet my life insurance back. We changed up policies, and we basically have a $500,000 first to die policy. If I went tomorrow in a flaming plane crash, I just want my wife to be taken care of. And I don't need to leave any for the kids. They've all got their careers. They got out of college without a loan. None of them have to pay anything back. I paid for all of that.

And we own our house. We had a bigger house where we raised the kids. We sold it, and bought one of those high-rise condos in downtown Phoenix. We love it. It's an urban thing. We've done it for nine years.

When we went to Australia, we just locked the door, and forwarded the mail, and that was it. We didn't have to worry about pools getting green, and grass over-growing. So, we love it. And you park your car on a Friday night, you don't need it all weekend, because you can take the train, or rent a bike. We can walk to some really hip restaurants and areas. We have a great little condominium up at the top with a great patio. And we own it. We paid it off. We also own our cars. We have some savings, but I couldn’t quit working. I'm not retirement capable right now. But between what I make and she makes, we'll be able to have a nice life and be able to travel. We're big scuba divers, so we like to go places where you can dive.

Trevor: Very cool. So, what keeps you up at night about the future, as far as that retirement aspect?

Ron: Something catastrophic happening.

Trevor: Something out of your control.

Ron: Yes. So now, every six months, I have to get a physical examination, and because of my age, because I'm over 40, I have to get an electrocardiogram every six months. And I'm a squiggly line away from being put on the bench.

Trevor: That's exactly right. And that's something very unique to your industry.

Ron: Yes. Say it’s a beautiful morning, I sit down at the table, and maybe I drink too much caffeine. Maybe I didn't sleep well last night. That’s the day they do the EKG, and the doctor says, "You know Ron, this looks a little odd. It's a little abnormal, probably nothing, but we need to check on this." So, while they're checking on this, I'm on the bench. They can't renew your medical. It can depend on when you come in. I think what I'll be doing is going in about a month early. Because you can fly until the end of your expiration. But if you can't renew it, they're going to put you on the bench.

So, I've purchased "loss of medical" insurance, which is kind of like a disability policy. If I can't do my job because of it, they pay two thirds of your salary until you're so many years old. And I suppose I could be an instructor, or do other things for the airline. But that's not why I signed up for this. So that would keep me up at night.

Also, my parents are still alive. Between in-laws who got remarried, and my parents who got remarried, there are now eight of them out there. They're all very stubborn. My mom has a home. That's all she has. I suggested she sell it. Take the cash, a quarter of a million dollars, and live very modestly. I told her, "Don't buy a place, just rent , and just enjoy life. Go on cruises." Nope, "Can't leave the house. Got to stay in the house." That's that generation, isn't it?

Trevor: You took the words out of my mouth. My wife and I have been married 16 years and we've lived in eleven houses. Our parents just look at us cross-eyed because they're in the houses they've been in since they were 20 years old.

Ron: And unfortunately my mom never managed money well. We ended up getting a reverse mortgage for her. It was the only option, because she wouldn't move, and she was running a deficit of about $900 a month on her credit card. That was the only way.

Trevor: Reverse mortgages are actually great for about 5% of the people who get them. And it sounds like your mom is in that 5%. If that's your circumstance, and your desire to stay, then it actually works pretty well. But for most people, there are other variables that crop up.

Ron: She's not spending it like crazy, but she can be comfortable. One thing that concerns me, is my wife is extremely thrifty. For her, owning our house is important. And it's probably worth half a million bucks. I don't have a need to do it now, but I don't want to pass on and leave this house. I don't want to deny myself things I want to do in life, just because we need to own this piece of real estate. Then we die, and this real estate just passes on to our kids.

So at some point I want to cash out of it, and I don't know what that'll look like. I don't really want to move from this place. We like it. It's comfortable. But at some point, I'm going to need liquidity for it. It depends on how long I live. But I think I want that cash. So, I'll probably have to talk my wife into refinancing it, getting a loan, that's probably the way to do it.

Trevor: Yeah, just make a “carry” on it. [“Carry”, or “carry trade” is an investment term that refers to earning the spread between the cost of money and its yield. For instance, borrowing money at 3% and investing to yield 8% provides a 5% “positive carry” (8%-3%=5%.)]

Ron: Then when we pass, the insurance pays off the loan, and the kids can do whatever. Or the kids can settle the estate.

Trevor: When I work with people, I always ask them at the beginning, are they a return on investment person, or are they a return on life person? You very much sound like a return on life person. And I commend you for that. I've become much more of that person as my hair's gotten a little grayer.

Ron: As you get older, it really does change. When I was your age, I wouldn't have been thinking like this. And when I was 10 years younger than you, when I was my kids' age, I definitely wasn't thinking like this.

My kids are about 28, starting families, about the same time I was. They're having kids. I wasn't thinking like this then. A return on life. I don't have a ton to invest, but I don't need a ton. .

Trevor: Well you designed that setup, and good for you. People get so caught up in the rat race, and focused on getting that 401(k) to a certain amount, or getting the house paid off.

Ron: I honestly wouldn't have done it if my wife weren't so adamant about it. I probably would have kept a nice small loan. We paid around $340,000 for it. We put some cash down. I had a $150,000 mortgage on it, and paid it off over time. Now it's worth $500,000.

Trevor: So you've been diversified. You were in the real estate business, it sounds like you had some properties. Is your approach now, to continue that diversification among properties, or just among financial assets?

Ron: Probably not investment properties. But we own the house we live in. You probably know a lot of pilots that are looking for somewhat of a passive opportunity to earn income. And they have freedom of schedule, especially when they've been doing it a long time. I don't have that freedom right now, or I won't for several years.

But a lot of the guys you're probably talking to, are working five days a month. They fly to Honolulu and back. They're making $180,000 a year. That's what we all aspire to in the industry. All the kids in my class, that's the dream they're chasing.

And I think it's good, but I would say there's a caste system. Because you get to the pinnacle of it, when you put in your time and pay your dues. Now you get first choice of the routes. A lot of it is learning how to bid and play the game. But there are people making $250,000 a year flying, and only working 10 days a month, because they've been doing it 25 years. Then there are kids and people like me now, who are going to work 60 hours a week, and probably make $40,000 a year. And we do a lot of the stuff we wouldn't otherwise do in order to get to that goal.

I'll never get there. I just don't have the time horizon to be able to get anywhere near that. But what I can get is to be based in my hometown, get a good schedule, and probably bid schedules so I'll never miss grandkids events.

Trevor: There's your return on life. Is there something you wish you had more of, or less of for that matter, from a financial adviser or the industry as a whole? Perhaps communication, or education, or resources?

Ron: That's hard to say. I haven't really had any bad experiences over the years, except for some risky deals I did when I had more capital, and more time on the horizon, and I took a less conservative approach. Back then, I wish I had the patience to do more due diligence on who I was working with.

I also know there are people who don't handle wealth well. They go from earning $50 or $60,000 a year, and now all of a sudden, they're making $150 or $250,000, and they have all these accounts.

Trevor: You bring up a great point. They go from making decent money to really good money, but a couple things can happen. They hit 65, and now they're making no money due to forced retirement. Or, as you mentioned, a squiggly line means they go from making a lot of money to making zero money. And they never thought that would happen. It's a big surprise. So I try to remind everyone, that squiggly line is always around the corner.

Ron: Every time I go in, I get nervous. I always want to make sure they swab the area, so there's no grit or grime, or perspiration, or anything to get in the way of those electrodes. I take a couple baby aspirins. I don't drink any caffeine. I get a good night's sleep. I do a little bit of a workout in the morning. Make sure all the blood is pumping and it's moving clearly through. I think EKGs only detect damage. So, if they catch something on an EKG, it means it's already happened. It's not preventative. I do have high cholesterol, so I guess there's a lot more than just a squiggly line.

I like that people focus. And they become an industry specialist, because then you can really understand what people are going through in their life, and how they think, and the environment they're in. When you say, "Is there something I wish?" My son doesn't really understand that. He's in his entrepreneurial phase. But he has me around to explain it to him. He also doesn't have the perspective that I do, as far as life. To him, it probably is odd that I don't want to finish strong, financially. Because I'm not the same person I was 10 years ago. I'm not trying to make big deals.

Because I've had income years of $600-700,000, over the years. Now, this year with the airline job, I'm probably, $40,000 plus. But with speaking and other things, I probably have another $70 or $80,000. So, it's $120,000, whereas I've earned a lot more than that from the past. But I don't know what I would do with it.

Trevor: It's like what we talked about, return on life. And your priorities change as you get older. Not only as you get older, but also as you go through different life stages. I always joke, "I'm 40 going on 70." Because my wife and have been through a lot, both good and bad. And as time goes on, you start to say, "I don't need all this. I don't want to deal with that." Like downsizing from a house to a condo.

Ron: I have a friend who owns a bunch of condominiums here in Phoenix. He loves working with those. He's handy like that. He loves it. Renters call and he fixes the toilet. He goes and does it. But I'd have to call Roto-Rooter. So I'm not doing that.

Trevor: There's a reason I work with a calculator, that's about all I can do.

Ron: But in response, I think in a perfect world somebody in my space should get with somebody who understands the business they're in, and how they get paid. Because you've lived a life of deprivation, that’s what you do in the early stages.

Now I’m training to fly a different airplane, a newer upgrade airplane. We're in simulator training and all that. There are 10 of us in the class. The airline is paying for our hotel, two to a room. The other guys are all 28, 29. I ask them, "Hey you want to go out for a beer? Go out for dinner?" And they say, "I've got some peanut butter and jelly.’ Or they have Ramen noodles. They're living like college students, because they have families at home. They have wives and kids. They’re not spending money. So, you live this life, in college, early career, this deprivation of things. And all of a sudden, when you start making the money, some people don't manage that well, do they?

Trevor: That's right. This may be a little extreme, but it's the old lottery tale. Most lottery winners are broke five years later, because of what you just mentioned. They just don't know what to do with it. And everybody either has their hand out, or just wants to screw them, or both.

Ron, I have one last question for you. What would you go back and tell your 25-year-old self? Or in your case now, what you're telling your 28-year-old kids.

Ron: That in life you only get to make it in chunks, in a limited time. So don't assume that just because you're doing it now, it's always going to get better. I think it would have been good if somebody gave me that advice as a young man. An older gentleman I worked with in sales did come close. I had a really good year, and I was pretty cocky. He said, "Hey buddy, just remember, you only get so many times to make it in chunks." In other words, maybe you make $50,000. Then you make 70. Then you make 90. Then it's 120. So it's like every year is your best year ever. And you think, "Well this is the way it's going to go. And by the time I'm 40 years old, I'm going to be making $600,000 a year if it keeps going this way." But it doesn't, because life changes. And all of a sudden you get thrown for a loop, and now you're back to $40,000 a year. So, the smart guy thinks liquidity.

I don't know what you recommend to your clients about having enough money, because there's all kinds of advice. Some say six months. Some say a year. Some say 90 days. But you need to figure out, if you're making $5,000 a month, that you need $15,000 or $30,000 sitting somewhere you can get to.

Trevor: You're right. The next guy isn't going to be comfortable with what you're comfortable with. Everybody is a little different. So, I don't do the prescription thing, because that just doesn't work. But I'm a big fan of low to no debt. Smart debt, liquidity, and access to capital. Whether it's an equity line or something else, just knowing that you have access to cheap money when you need it. That can temper the feeling that you have to have six months of living expenses in a savings account. Do you really need $60k or more sitting in an account providing you nothing? You probably can do something better with that money.

Ron: That's a good point. I think we agree, access to it. So capital, or if your money's secured working for you, and earning well, access to cheap money gets you through whatever. I'm amazed how I thought, "This is not going to stop. This is going to keep going like this. So, I can spend large and live large and have what I want, because this is the way it's going to be from now on." And then my world got rocked.

Trevor: You've made a lot of good points. Ron, thank you for doing this.

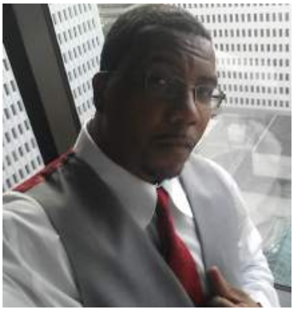
Ron: Thank you.

Key Takeaways from this Interview:

- Contribute to your 401(k) to get the company match.
- Diversification is important.
- Enjoy your money and your dedication to financial success.
- Keep expenses low.
- "Loss of medical insurance" coverage is very important for pilots.
- Understand your investments.
- Life has different financial phases, plan accordingly.

Chapter 11

ANTHONY HALL



Anthony Hall is responsible for production planning and scheduling control at Triumph Precision Components, part of the Triumph Group, a global leader in manufacturing and overhauling aerospace structures, systems, and components.

Anthony began his aerospace career as a CNC machinist at what was then called Triumph Aerostructures. He was promoted to his current position after just 10 months on the job.

Anthony is a graduate of the Georgia Military College and DeVry University.

Trevor: Anthony Hall of Triumph Precision Components, your current role is resource planner, and production planning. How did you get into the aviation industry? Did you fall into it or was it a specific thing you set out to try to be involved in?

Anthony: I just kind of fell into it. I was actually working a rent-to-own job, which I didn't like a whole lot. I was also looking for something closer to my hometown, because that job was about 40 minutes away from where I lived. Triumph is less than 10 minutes from my house. So I applied for a job with them.

After the interview process, I was initially turned down because they said they had reached a hiring quota. But two weeks later they called me back and asked if I was still interested in working for them. I said yes. At first, they were going to bring me in as a regular parts mechanic, just building parts and stuff, nothing to do with machines. But they told me they wanted me to run a machine called the Bilotti, and asked if I'd ever heard of it. I said, “No.” So, they brought me in, and after a little training they turned me loose on the Bilotti, and I started making parts.

Trevor: That’s interesting. From there you moved up into production planning, which you’ve been doing about five years now. So, this is where you get out your crystal ball and say, “career path”. Where do you see yourself going? Staying in the industry, staying with this company? Why don’t you give me the five, 10 and 20-year plan for Anthony.

Anthony: I would like to advance again in terms of production supervision or production management. I do have prior experience in the lumber industry as a production supervisor and I would like to put those management skills to test once again. Production management or production supervisor would definitely be something right up my alley. Or maybe even a master sketcher.

Trevor: So you see yourself staying in the aviation industry or maybe taking those talents elsewhere. Great. So tell me a little bit about your approach to your finances overall. Are you saving for retirement? If so, in what vehicle, 401(k) or an IRA? How do you approach your money management and saving for the future?

Anthony: For years, I have been looking at different ways to try to save for retirement. One thing I looked at was the stock market, which fluctuates a whole lot. Whenever I asked people how I could get into the stock market, I would always get the same answer, “Now's not the right time.” When I started working for Triumph, just like most major companies, there are 401(k) options. It took me a while to jump onto a 401(k), but eventually I did, so I do that. Outside of Triumph, I went to the bank and opened a Roth IRA. I did that because, in terms of financial literacy, I don't have a lot of formal education. I went to college, but I didn't take any personal finance classes. So I do a lot of reading when it comes to that kind of stuff. So, I have a 401(k), I have a Roth IRA, and I also have shares of company stock as well. I'm also looking to buy other stocks. That’s my savings plan, my plan for retirement.

Trevor: That's great, Anthony, I’m glad to hear that you're taking advantage of your opportunities. Hopefully you’re maxing out at least the company match in the 401(k), because that's free money. I'm a huge fan of the Roth IRA, so kudos to you for selecting that versus a traditional. Let me ask you, did you select that on purpose, or did someone say “This is what you want”?

Anthony: I actually selected a Roth IRA on purpose, and that had to do with a lot of my reading. I was told of good things about the Roth IRA. So that’s why I chose it.

Trevor: The reason I'm such a big advocate of them is they are a tax efficient, tax advantageous way of saving and compounding investment returns. You’ve already paid taxes on the money you’re putting in. When you take it out, it won’t be taxed at all. And more important, all the gains you make over however many years are also tax-free. So kudos to you.

Now tell me what you see as the biggest adversity you've had to overcome in saving and planning for retirement. You mentioned lack of access or lack of resources available to you. You had to go out and hunt for information. Have you found any other roadblocks?

Anthony: That was basically it. Just trying to find the information for myself because, like I said, I didn't know a lot of people that knew a lot about finances. You tend to ask people that you know, “How can I do this, how can I do that?” And not to discount the information they give you, or say that they don't have nuggets of wisdom, but you have to consider the source too, and see if that information is working for them. I got a lot of lip service from a lot of people, but I didn't see how what they were telling me was working for them. That's one of the reasons I went back to school. And I have always loved to read, so I picked up a few financial literacy books and read them.

I'm also a huge professional wrestling fan. One of the books that I picked up was by John Bradshaw Layfield. He actually has a finance book talking about Roth IRAs, and the rule of 72, and how financial planning has helped turn his life around. I read that and that was pretty helpful to me.

Trevor: No kidding? That is awesome. You actually started down the path of one of my favorite questions: What comes to mind as the best and the worst financial or investment advice you've received, or that you uncovered on your own?

Anthony: The best financial advice I got was when my mother told me about a Roth IRA. At first, I was thinking, "Well, eventually one day I'll see, but I'll keep that in the back of my mind." Then it seemed like every financial book I read always reinforced how good Roth IRAs were. They reinforced her advice, so she gave me the best advice I've ever gotten about finances.

Luckily, the worst advice would probably be advice that I didn't act on. That's people trying to get me to invest money in crazy stuff that you pretty much know is not going to work. It's the guys talking a mile a minute, and in between, if you have any questions about what they're talking about, they won't allow you the opportunity to ask. The only thing they want to know is "Will you or won't you invest?" That's probably the worst financial advice I've gotten.

Trevor: That's good that you didn't act on it. Nice job! Talk to me a little about the type of investing that you're doing and that you want to do in the future. I'm specifically looking for what is most important to you. Is it the “sleep at night factor,” as I call it, which is knowing that what you’ve invested in is safe, not too aggressive, and you’re not going to wake up one morning and be down 50 percent. Or are you the type of person that says, “Hey, I want to take the big risk and I understand there might be some volatility along the way”? What's your outlook on that?

Anthony: That's a good question. The “sleep at night factor” was probably most important for me about five years ago. Now that I've become more financially responsible, I value it, so it's kind of like a habit now. It's pretty much what I do. But the idea of taking a risk does intrigue me. If it’s a calculated risk.

Trevor: That's a great way, and that's what a lot of people do. They get in and get the lay of the land, and see how things are working. Then they slowly ratchet up the risk. I’m an advocate of that, but there's a limit there, and it’s different for everybody. I may be way more aggressive than you are, or vice versa.

What resources do you use for managing your money or keeping up to date on the investments that are available to you? Like Internet research, or books. You said you do a lot of reading. But are there specific calculators or analytical tools that you use?

Anthony: Not really a whole lot. If anything I just monitor my investments. It could be something as simple as going into the company that actually does the 401(k) or looking at my bank statements. They have apps for everything, so they have a game out, which is like a stock trader app. I've actually been using that where they give you $50,000, and you buy stocks and monitor them to see if they go up and down.

Trevor: Paper trading.

Anthony: Exactly. I also talk with a guy who goes to my gym. At first I didn't realize he had this financial knowledge, because we always just talked about lifting weights. But he began telling me about investments. He said putting my money in Roth IRAs would probably be safer than a stock, which could lose money all at once. If anything, I just try to look for various credible resources.

Trevor: That's great. I love that you're doing the paper trading. I'm a big advocate of doing that to learn how it works. Of course the emotional dynamics change when you go from paper trading to having real money on the line.

You mentioned your 401(k). You have the administrator there. What do you like about what they offer to you and what do you dislike? Do you feel they give you enough investment options? Do they give you enough information for you to feel you're making an educated decision? Or, is there something missing that you wish they could provide?

Anthony: I do like the 401(k). When I worked in the lumber industry I would always get a quarterly document telling me about my savings. The 401(k) had two low-risk stocks, one mid-risk stock and then a blue-chip stock. You saw what the forecast was going to be for each one. So for me it wasn't as simple as just saying, “Okay, I'm going to put my money in here and then it’s going to do whatever it will do.” I was one of those saying, “Let me take a percentage out of this because it looks like it's going to lose more money and put it in this one that looks like it's going to gain money.” So that always worked well for me. For the most part I haven't had any problems with the 401(k), and I'm very happy I made the decision to start saving my money again.

As far as information they don't give me, I haven't seen that as a problem. But like I said, I look at various resources in terms of financial literacy. I believe if there’s anything I don’t know, I can find it. And I do keep on reading, and keep looking at these different resources, so who knows what else I'll learn. I think it will make me a much better investor.

Trevor: That's really good. I commend you for seeking education and advice and insights. A lot of people don't do that, and then they wonder why they never started or never got anywhere.

When you were out there looking around, were you finding resources that you were interested in or that had the approach, “Anthony, I know you're doing research on your own, if you have any questions about financial planning, let us know how we can help”? Did you find much of that, or was it more just poking around and pulling the information out of various readings and places that you found?

Anthony: It was the second option. I think if I had gotten more reaction on the first option, then I probably wouldn't have gone out and explored and sought out the information I did. But in hindsight, I'm kind of glad that I didn't get that help from other people, because it allowed me to independently go out and seek that advice. Having the ability to do that, and the knowledge that I gained from it, makes me much more adamant about doing the same thing again. Because even though I do have the Roth IRA and the 401(k) and the investments, I still want to learn as much as I possibly can about making my money work for me instead of me just working for it.

Trevor: I always like to ask people this question just to get different perspectives. When you look toward retirement, what are you shooting for? A lot of people have a preconceived number they want to hit, "I want $500,000 or $1 Million," or any number, and when they hit it, they can retire. Or maybe it's a level of income. What does your target look like? And what resources are you using to make sure you stay on track to get to that goal, like a financial plan?

Anthony: Honestly for me, my long-term goal is to establish a completely independent source of revenue beyond just having my job. Earlier in my career I had been working for a company for eleven years, and they shut down and laid everybody off. I was out of work for 14 months. Going from getting paid every week to a feeling of helplessness, where I'm getting an unemployment check that's less than half of my paycheck is just horrible. Since then, I've known I wanted to establish a truly independent source of income. I work out in a gym a lot, so I'm thinking about personal training. I'm actually studying, and all I have to do is take my test and get my certification.

I also see how, in personal training, so many other avenues can open in terms of meal plans and apparel and going to different workshops and learning different things, and ultimately networking with people. All those things interest me just as much as I see them as revenue. I also see myself consistently going out and learning new things about how to make my money work for me. I think I'll be ahead of the game in a sense because I'll know what to do with my money, and how to manage my finances and bills. If nothing else, my biggest plan is to truly establish an independent source of revenue, and have as much working knowledge as I possibly can about what to do with the money.

Trevor: Good for you. You are taking all the right steps. You're looking to continually improve your knowledge and understanding. You want to uncover new and different things, but you're not out there looking for the next get rich quick thing.

You're definitely on the right track. I see many people in my business. Some have made the right choices, but many have not. You're definitely in the first camp, so congrats and don't stop. Thank you for sharing your story.

Anthony: Thank you so much. I appreciate it.

Key Takeaways from this Interview:

- Invest in a 401(k) to get the company match.

- Become financially literate.
- Seek professional financial advice from an adviser.
- Beware tips from unqualified sources...like your drinking buddies.
- Start saving early.
- Understand your risk tolerance and invest accordingly.
- Begin paper trading before risking real money.

Chapter 12

ROBERT DEGRIE

Robert DeGrie has more than 25 years of experience as an Aerospace professional. He's the owner of Vantaggio Aero, where he provides consulting services, and is also the Director of Technical Services at CommutAir, which flies as United Express.

Robert previously held key management positions at Silver Airways, Avantair, Republic Airways Holdings, Continental Airlines, and Midway Airlines. His areas of expertise include engineering, technical support, production control, maintenance, and numerous mx programs and operations, along with strategic planning and business processes.

Trevor: Robert DeGrie, why don't you tell me a little about yourself and your career?

Robert: I currently live in Melbourne, Florida. I've been in this business for 25-plus years. I've worked at several airlines, two MRO's, one airport authority. I have a bachelor of science in aerospace administration and a master's degree in aviation science. I've done everything from a maintenance and engineering standpoint except turn a wrench on an airplane. All my positions have been in support of maintenance and front line maintenance technicians. I've worked several projects that are cross-departmental. So I've worked quite a bit with flight, in-flight, stations, and dispatch surrounding a whole slew of varying issues and departments, which gives me a well-rounded, high-level understanding of how airlines, airports, and repair stations work.

Trevor: That's really interesting. It sounds like a wide and dynamic background. You said you're an engineer now. What specifically are you working on? I'm curious to know a little bit more about that.

Robert: The big push right now is this whole ADS-B Out requirement. We have until 2020 to get this in place, and a lot of the current aircraft do not have that functionality installed. So, the aircraft OEM's and the component OEM's are all scrambling to try to come up with the product to sell to all the airlines. It's going to be a big to-do.

Trevor: What exactly does that product do for those that aren't in the know?

Robert: The ADS-B Out is a function that tells everybody where you are, in the air. They've been using this in Alaska because it's really an uncontrolled air space and it's a perfect test bed. ADS-B In receives information from other airplanes and that's where the TCAS system, the traffic anti-collision system works because it's receiving information and then the ADS-B Out is going to transmit real-time position information based on GPS technology. With the congested air space that we have, we have RVSM, which are vertical separation minimums.

Before, you had 1,000 feet in between flight levels. So, if you're flying east or south, then you have to go to an odd altitude, and if you're flying north and west you have to go to an even, or something to that effect.

And then you have the thousand-foot separation. RVSM allows you to go to 500-feet separation and ADS-B Out is going to help improve that by providing the additional information of aircraft location. It's the big push now.

Trevor: Wow. That makes sense. You watch the news and you hear about all the close calls, et cetera. So that's really fascinating. Tell me about your childhood. Where did you grow up, what did your parents do, and how did you get into the aviation engineering side of the world?

Robert: Well I was born and raised in the Air Force, so I was a military brat. My running joke is, "I have Skydrol in my veins." I was raised around airplanes. I've also lived in two countries besides the US, and I've been to every state except Alaska.

Trevor: No kidding. What countries did you live in?

Robert: The first one was the Philippines. My dad was stationed at Clarke Air Force Base. We spent 18 months there. Then he was shipped to Vietnam and we were shipped home. That was a long time ago. Then in 1977 he got orders to Germany, so we lived there for three years.

He was stationed at Zweibrucken. We lived in a town called Muhlbach. I went to school on the army post at Pirmasens, because the air force base only had a high school. The army base went from kindergarten to ninth grade and then the air force base went from tenth grade to twelfth grade.

Trevor: Very neat. So what do you like to do? Give me a little color on Robert DeGrie outside of work and aviation. What are your hobbies or interests?

Robert: Moving around, we couldn't really do much of anything except fish. So fishing is a beloved pastime. When you hunt, you have to have the lay of the land, and a lot of times you have to get permission to go hunting on people's property. So when you move around, you don't get the lay of the land. You don't know the types of animals you can hunt, and where to hunt them and who to talk to about all that stuff. But with fishing you just jump in a boat or you go to the shore and you fish.

Trevor: So now being down in Melbourne do you go out off the coast do any deep-sea fishing?

Robert: We surf fish and I have a little boat that we take on the Indian or Banana rivers, where we catch the saltwater fish anyway, but you don't have to deal with all the huge waves and all that stuff.

Trevor: You don't get thrown around that way that's for sure. I appreciate you giving me a little insight into Robert. Now let's move into the financial and retirement planning, preparing for retirement, and questions like that. What have you done in preparing for retirement? Your company has a 401(k). Are you contributing to that? I'm curious what your approach has been so far, and maybe has changed over time.

Robert: Well, right now I just have a 401(k). Pre-9/11 we were doing pretty well. Post 9/11, things got bad. I've had to jump from place to place to get a step up in my career. And unfortunately, I haven't done very well planning for retirement. So, I'm pretty much going to be working until they put me six feet under.

Trevor: Believe me, a lot of people are in that situation. As you mentioned, 9/11 sure didn't help the aviation industry. And those that were left standing, 2008 took them down. So, not that it’s going to make you feel any better, but you're not alone, that is for sure.

So, looking back now, what would tell your 25-year-old self about saving in general, and budgeting? What would you go back and tell your younger self, now that you have some experience?

Robert: Number one: live within my means. Number two: pay me first. I was always too busy paying everybody else first. And, I got into a financial issue with a bad choice. I went to work for a fractional jet ownership company, and they went out of business and screwed me over. I had to file for bankruptcy. I lost everything that we had accrued at that time, and I'm still paying the monthly payments. The bankruptcy process, quite frankly, is one of my biggest pains.

Trevor: I’m sorry to hear that. I often ask people what’s been the biggest adversity in their financial life. You’ve just answered that question. Usually a bankruptcy or a divorce is the answer, and they both have about the same impact on those involved.

Robert: Many people in aviation suffer from airline divorce syndrome. I’ve been very fortunate in that area. My wife and I are still together, after 28 years, and we've been through a lot.

Trevor: Yes, if you guys can make it through that, that's a testament to your relationship.

Robert: It hasn’t been all roses. When I describe relationships to people, there's a verse in one of the old Oak Ridge Boys songs that fits perfectly. “It takes a little rain to make love grow, where the sun always shines there's a desert below.”

Trevor: That's pretty good.

Robert: The strength of the marriage strictly depends on the strength of the individuals. Too many people today are too wrapped up in themselves. I was taught from an early age that when you marry somebody you're not two people anymore, you become one. There are a lot of things that you have to do to make that one person whole and it can't be just “me, me, me.” There's a lot of give and take.

Trevor: It's one person with two different points of view. I loved your quote. The Oak Ridge Boys nailed it. I've always had the same outlook as you when it comes to marriage. “When I do this, I'd like to do it once and not do it again.” I’ve been fortunate in that area, and it sounds like you have, too.

One of the questions I always ask is, “What do you think has been one of the successes in your financial life?” I'm going to presume that your relationship has probably been one of those, because of course that influences your financial life.

Robert: Yes. And we've been fortunate. We have four kids. And for most of my career, she's been able to stay at home. We've done without a lot. My kids didn't know what cable TV and stuff like that was for years. I personally have done without a lot, so she could do that, and so they could have what they needed.

Trevor: You're talking a little bit about sacrifice. Basically, living within your means. You hit on something that not a lot of people know about, much less talk about. I'd like to hear a little more about how you came to the awareness of "paying yourself first." It's an old concept, but again most people don't know about it. How did you come to that? How have you tried to implement that in your life?

Robert: Well, doing what I do, I have a lot of sleepless nights. One night, I was flipping through the channels on TV. I don't even remember whom I was watching, but something caught my eye and I listened to it, and that was one of the things that they were preaching. I can't remember his name, but he's a money guy.

Trevor: A Dave Ramsey-type guy?

Robert: It was Dave Ramsey, and it was a re-run of one of his shows at two o'clock or three o'clock in the morning. He was on there saying, "Look, you guys, you've got to pay yourselves first." That concept was so foreign to me, because I always wanted to make sure my bills were paid first, and making sure that we had the money for the food and whatever until the next paycheck. So, budgeting has been something that I've had to do my whole married life, just so that we could survive paycheck to paycheck.

Trevor: Were you surviving paycheck to paycheck while you were paying yourself?

Robert: No. Unfortunately, I had not been paying myself. That's why I would tell my younger self, “Pay yourself first.” Because I haven't been able to do that. It wasn't even on my radar. But we are now.

Trevor: Well, that's great. Good for you. Because when you explain the concept to people, it doesn’t resonate with a lot of them. They’ll say, “Oh, I've never heard that before and nobody else is doing it, so why should I?”

An approach I've always taken with my clients is that everybody gets fixated on ROI. “I'm going to buy this stock or make this investment. How much money am I going to make?” I have this concept of ROL, which is return on life versus return on investment. Let’s just use arbitrary numbers. If you could take a little extra risk and get to 15% or 20% returns per year, that sounds great. Until it doesn't happen. So my approach is to say, “Look, instead of shooting for 15% returns, what if we shot for 12%, but you didn't have any sleepless nights when things went bad?” Because they're going to go bad; we all know things go up and down. I'm curious about how that lands on you as an approach.

Robert: Well, if I do any investment with my 401(k), I'm not in a high-risk, high-rewards thing. Because I've seen too many people lose everything going that route. I look at my 401(k) as a long-term investment. What's the best for the long term? I'm not going to buy and sell a bunch of stuff just to play the market. I don't have the time. I don't have patience. Most of the time, when you get into that type of game, the people you're using suck up some of your profits. Which basically doesn't get you much of anything unless you're dealing with some big dollars. And there’s no way I'm going to be in that world for a long while.

So, when I do my 401(k) investing, I look at the long-term goal. Basically, safety. So low risk or medium risk, one with decent return. Does it always grow? No. The stock market is volatile; you get some ups and downs. But do I lose a big chunk? No. Over the long term, it's a continuous growth with little ups and downs. But, at least from my initial investment standpoint, it's continuing to grow. So, it'll go up and come down, go up, come down but it's still trending up.

That, for me, is better than getting this huge jump and then a huge crash and possibly going below my initial investment.

Trevor: That's exactly what the return on life aspect is, reducing that volatility. The highs are really high and the lows are really low. Everybody wants the highs but then when the lows come they say, “Well wait a minute, I don't want that.” Sorry, it's a two-sided sword.

So you have the 401(k). What do you like about the tools or resources they have? Are there some that you use on your own to keep up with things, or education? What do you have that you like, and what are you missing out there?

Robert: The 401(k)'s with Fidelity, and what they have is decent. It’s adequate. It gives me information I need and I can go pull the stats at any time. One of the things I really like about today is the accessibility of information. When I first started, it was all in the mail or it was all looking at your stocks in the newspaper. Having access of information at your fingertips was non-existent unless you worked at a certain company where you had people that were providing you updates straight from the floor of the stock market.

Now, today I can go anywhere, even in Yahoo Finance. I can go in there and I can tell them which stocks I am interested in and, boom. Every day when I open up the browser, there's the information. And if I want to go deeper, I just click on it and go into it. Having all that information available to me, real time, is fabulous. I just wish that I had this type of access of information a long time ago.

I could have done more, but again it's all about losses, right?

Trevor: Sure. So, as you look forward to the future, your retirement, whether it’s 10 years from now or 30 years from now, what is your approach? Are you shooting for a specific number? A lot of people say, “Look, as long as I can get X dollars, $100,000, $1 Million, whatever that number is, that's what I want. And then I'll retire,” Others say it’s a level of income. I'm curious about your approach, what you're setting your sights on. Then part B of the question is: what do you worry about? What do you feel like is your biggest roadblock in getting to that desired state?

Robert: Right now, I can't even look beyond the next paycheck. In December, I will finally be finished with bankruptcy. Then I can start looking, because I'll immediately get a $700 a month raise.

Trevor: That's a large amount.

Robert: I don't have a number. I'm kind of banking on the power ball coming through, at this point.

But seriously, I’m also getting calls from headhunters. My whole career, I've made a step up from company to company. There have only been two times when I actually looked for a job. The first was when I graduated from college, and the other was the fractional jet ownership company debacle. Other than those two times, people have come to me to recruit me to go for something else. I'm on now on my second job since the fractional jet company. I’m looking for the next step, where I can be comfortable again, and then start building my road map for where I need to go. At this point, I've just been surviving.

Trevor: That makes sense. Is there anything that I didn't ask you that maybe I should have, or that you want to talk about?

Robert: Well, one thing that you might want to ask people is if they had ever been approached any time during their career about financial planning and retirement planning. I remember about 20 years ago, my insurance agent for car insurance was trying to talk to me about financial planning. I looked at the portfolio and everything, and it didn't make any sense to me that they would know what they were talking about. I just blew it off. But I wish at the beginning of my career, I had somebody that truly could talk to me at the level that I could understand. Because when you first start out, you're just making money to make money.

Trevor: And that future is so far away.

Robert: You’re out of the nest. You're away from mom and dad and you've got this freedom. But then you get sucked in to the whole credit, credit, credit trap. Truly, there should have been a requirement to have some kind of a course in college or high school for this kind of stuff and to make you aware of what you need to do to secure your future. If I had something like that in college as a required course, I know for a fact I wouldn't be where I am today. Because it would have opened my eyes in the time when I was affected by what I was being taught.

Trevor: That is awesome feedback. Because I feel like it's almost an assumption on our side, as the financial planning community, that, “This is what we do, so isn't this what everybody does?” It's the forest for the trees.

That is really great. Robert, thank you so much for your time and for sharing your story.

Robert: My pleasure.

Key Takeaways from this Interview:

- Live within your means and keep expenses low.
- Pay yourself first.
- Plan for the long term.
- Identify your risk tolerance.
- Begin saving early.
- Use a financial plan and take ownership of your financial future.

CLOSING THOUGHTS

I hope you got as much out of reading these interviews as I did conducting them. This group of aviation industry thought leaders shared valuable insights and information, based on their collective hundreds of years of experience.

This wealth of knowledge can help you avoid the financial turbulence that many encounter on their way to retirement.

Every day, I work with pilots and aviation industry professionals to help them navigate their financial future. I understand your challenges. I also firmly believe with the right education, resources and proper planning, you can achieve the financial future you deserve.

By choosing to read this book, you've shown you're serious about making smart choices. And that is the foundation of a strong financial future and retirement plan.

If I can help you in any way, my contact information is at the bottom of this page. I'm happy to meet with you for a "smooth skies" strategy session. No cost. No obligation. Just a chance to talk and for me to answer your questions.

I believe if you have the right plan, and stick to it, the sky's the limit.

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PILOTING YOUR RETIREMENT

First Class or Coach?

Piloting Your Retirement: First Class or Coach? is a valuable guide, whether you're close to retirement from the airline industry or just beginning to think about it. Trevor Vernon interviews aviation industry executives and experts, pilots, authors, and others who share their knowledge and experience in an informative, easy to follow format. The insights and advice in this book make it one-stop shopping for pilots or anyone in the aviation industry.

Trevor L. Vernon, MBA, RIA, CTA is the Founder of Argent Capital Trading, LLC and Argent Capital Advisers, LLC. He's known in both the financial and airline industry for his hands-on approach to managing his clients' portfolios, and for developing financial strategies that meet the unique challenges pilots face when planning for their retirement. Trevor believes with the right education and the right plan, the sky's the limit.

When he isn't assisting his clients, Trevor spends as much time as possible with his wife, Cheryl, and their rescued hound dogs, Coco and Pearl.

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