

WISE MONEY MOVES PODCAST

Episode 6: Who do I listen to?



Kamal Basra: Hello, I'm Kamal Basra...

Tracy Theemes: and I'm Tracy Theemes.

Kamal Basra: Welcome to another episode of Wise Money Moves. In our last podcast, we talked about cash flow practicalities and figuring out where we are.

Tracy Theemes: Yes.

Kamal Basra: Today, we're going to be talking about information sources and who do I really listen to.

Tracy Theemes: Yes.

Kamal Basra: There is so much information in our world it's hard to discern.

Tracy Theemes: So Noisy.

Kamal Basra: It is noisy.

Tracy Theemes: It is noisy.

Kamal Basra: And there's three main sources that our clients approach us with and the first one is media. It's the newspapers and it's the columnist.

Tracy Theemes: Yeah.

Kamal Basra: It's the channels... news channels, it can be Business News Network, it could be CNN, CBC, it could be Fox News.

Tracy Theemes: It could even be a Facebook group that they're in.

Kamal Basra: Oh, absolutely.

Tracy Theemes: Yes.

Kamal Basra: But there's so many areas where we're bombarded with information. The second is family and friends and we get that a lot. And Tracy's got a favorite

Tracy Theemes: one of... So-and-do came in and it was their uncle... uncle's brother-in-law, that gave them advice-

Whatever's the bossy male relative in the family that isn't so close that you played mud pies with them as a kid and seem to have some type of detached authority.

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Kamal Basra: Absolutely! And finally, there are the professionals, who are the people who are in the field who have the designations and experience. So if we talk about media, Tracy, let's start off with that. It's the noise.

Tracy Theemes: Yes.

Kamal Basra: It's the constant. When we turn on the radio, when we turn on the TV, when we go onto our Facebook, it's the constant bombardment of information, this is what you should be doing.

Tracy Theemes: Yes. And it's out of context. If you go on onto... like in Canada here with the Globe and mail and they'll say, "buy REITs", I know most of us, we don't even know what a REIT is, but you need to use ETFs. And we're like, you don't even know this person's cashflow situation, how can you possibly give advice to a couple of million people without even knowing the context in which they're making those decisions?

Kamal Basra: And, we're overwhelmed with that where people who we helped in the past, we have considered them to be authorities...

Tracy Theemes: Yes.

Kamal Basra: ... and we've looked up to them for a professional, for independence, for clarity is actually those same people now with so many sources. It's causing confusion.

Tracy Theemes: Yes. And it used to be with it the journalistic approach involved a lot more research. There was a lot more accountability as soon as you were moving into the public domain or responsibility. Now, we both worry about and are subject to people that are making money off of changing your opinion. So, now we're in an age where we're trying to figure out who we're going to allow to influence us because we know we don't have all the information. So, how do we decide?

I'm online because of the Sophia Wealth Academy. I'm managing that site and I'm online and every day there's another 10 money mindset miracle workers and

they can sell you their \$1,600 coaching program and or their \$16,000 coaching program. And I'm like, where are your credentials? You were a housewife that managed to clip enough coupons. That's a sexist thing I take it back, okay, that's sexist.

You were running a house and clipping coupons from a debt position and you

think that because now you have \$1,500 in the bank and you're so good at presenting yourself in front of the camera that you could tell everybody else how to manage their money-

Kamal Basra: ... and how to create prosperity.

Tracy Theemes: Oh my favorite word, prosperity and abundance.

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- Kamal Basra: Yep. Three steps to prosperity-
- Tracy Theemes: Seriously, people... wealthy people do not use those words. They barely call themselves wealthy.
- Kamal Basra: Yeah.
- Tracy Theemes: You want to get appropriate financial information. Be very careful of both of those words because they imply a certain type like intoxicating marketing that is really hard to resist. So if you are ever going to exercise discernment, be careful because people who are professionals rarely and people who are high-net-worth rarely use those two words. Just a little side note.
- Kamal Basra: And the other piece with the communication overload that we're facing, even us as advisors-
- Tracy Theemes: Yes.
- Kamal Basra: ... and everybody else in the public. The information overload, our capacity to go and delve into the story-
- Tracy Theemes: Right.
- Kamal Basra: ... and to get into the information and do the analysis-
- Tracy Theemes: Exactly.
- Kamal Basra: ... which is what we all need to do.
- Tracy Theemes: Exactly.
- Kamal Basra: We don't have the capacity to do the analysis. And so what we end up with is these 30 second soundbites of RSPs are bad, TFSAs are good, EFTs are bad.
- Tracy Theemes: Right.
- Kamal Basra: You should not be doing this.
- Tracy Theemes: And they're still emotional.
- Kamal Basra: Absolutely.
- Tracy Theemes: This is a thing too, is it? They're meant to attract us and hold us. What are the two main emotions that media needs to sell their product?
- Kamal Basra: Fear.

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- Tracy Theemes: They need fear and they need greed.
- Kamal Basra: Mm-hmm (affirmative).
- Tracy Theemes: High pitched emotion and fear is the easiest.
- Kamal Basra: Absolutely.
- Tracy Theemes: I mean fear will make us buy just about anything. I'll buy your prosperity program for \$1,600 because today I'm terrified because I've been doing my cash flow statement, frankly. And things aren't looking good.
- Kamal Basra: Or the other major one that we see is in our world is the fear of media exaggerating moves in the market.
- Tracy Theemes: Yes.
- Kamal Basra: And so when the stock markets are volatile, that's one of the things we know, that's one of the fundamentals of long-term investing.
- Tracy Theemes: Can I jump in?
- Kamal Basra: Yeah.
- Tracy Theemes: So, one of the things I try to explain to people is that the whole market system is based on buyers and sellers.
- Kamal Basra: Mm-hmm (affirmative).
- Tracy Theemes: And at any given time to buy and sell means a person... two people minimally have a different perspective and opinion on something.
- Kamal Basra: Right.
- Tracy Theemes: I don't want the pencil, you do want the pencil. I'm willing to let it go, you are willing to buy it. So, in essence, even though we think of the markets as a smooth-running mechanism, at the root of it is based on a conflict of opinion.
- Kamal Basra: Mm-hmm (affirmative).
- Tracy Theemes: So, how do we keep the markets going? We keep a conflict going.
- Kamal Basra: And it comes back-
- Tracy Theemes: So remember that you're being... emotions are part of the fodder of what keeps markets going. Think about that.

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- Kamal Basra: And it comes back to what you just said, fear and greed.
- Tracy Theemes: Yes.
- Kamal Basra: I'm scared that the value of the pencil is going to drop. So, I want to sell it and you think I'm going to make money on this pencil so I'm going to buy it.
- Tracy Theemes: Yes.
- Kamal Basra: And so it comes back to the emotional... emotions behind what causes the transaction.
- Tracy Theemes: What are you willing to pay for?
- Kamal Basra: Nothing today. I've got a pen.
- Tracy Theemes: It's a good pencil, I think better with it. It's a cognitive enhancer.
- Kamal Basra: Great.
- Kamal Basra: So, that's the one that I... that we see so much of this is the panic that's created by those 30 second/one-minute soundbites of... the stock market went down 700 points today. Well, which stock market? What country? What level was it at? What percentage was it? How does it affect me? There's so many questions before we left... before the emotions should kick in.
- Tracy Theemes: And then when we go back to the stuff that you're talking about, cash flow, we're in the fight or flight again.
- Kamal Basra: Absolutely.
- Tracy Theemes: So, our anxieties are now truncating our decision making processes. We're going out and either... Like, last week I had a woman who... I don't know what she was listening to. I can't... I'm scared of being sued to say where, but just... she got so scared before she went on vacation.
- She's 65 years old and she liquidated \$500,000 of her retirement portfolio and she called me and she said, "I need some financial advice", and when I got the whole story, it's like, "Well, it would have been kind of nice if you would ask for the financial advice before you just took \$120,000 capital loss". But, go have a vacation because you've done the worst you can possibly do. I felt for her because she had been listening to things, her whole adrenal system was shot. She was in tears when she was talking to me, but that is... those are the victims, the victims of using the wrong kinds of media to shape us and that we can listen to. So who do we listen to? How do we discern, Kamal?

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Kamal Basra: It comes back to each person, what is it that you're trying to achieve? Back to five steps of financial planning, right?

Where am I? What do I need? What is it that I'm trying to achieve? And then seeking out the professionals in each of those areas. If you're trying to... If you're in debt and you've got credit card debt and lines of credit up to here, you're going to need somebody, maybe a insolvency specialist or a debt counselor. And so it's just knowing where you are back to cash flow and net worth and step one.

Tracy Theemes: But when it comes to media.

Kamal Basra: Yeah.

Tracy Theemes: How do you decide?... I just forward you important emails-

Kamal Basra: Right.

Tracy Theemes: ... because I think you have a very refined set of discernment. There are certain reports you actually write back saying, "Why did you send me this?" Like, well unless you're familiar with those reports, how do you know that over a five-year period they've been wrong?

Kamal Basra: Right.

Tracy Theemes: How do you decide?

Kamal Basra: So, it comes down to what's important for our clients. Because that's where I start from because otherwise, I can spend 24 hours a day reading all those reports-

Tracy Theemes: There is hundreds and hundreds every morning that come into our inbox.

Kamal Basra: And so it's the source.

Tracy Theemes: Right.

Kamal Basra: Okay. So it's where is this report coming from? Is it coming from somebody who's trying to make me a sale?

Tracy Theemes: Okay. Am I being sold to?

Kamal Basra: Am I being sold to? And, after a while... we've been in the industry long enough, Trace, I've been in this industry almost 23 years.

Tracy Theemes: Very long.

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Kamal Basra: I kind of have discerned over time that I'm being sold to here and this is more factual information. And so I narrowed down my sources to the ones that I trust. And yet, I also keep the varieties because I don't want just one perspective.

Tracy Theemes: Right.

Kamal Basra: So, I also want different perspectives. So somebody who's got an alternate view of what's going on in the world, and for me as an advisor, I want to know what the interest rate policy change was in the US, I want to know what China's doing with their fiscal policy.

I want to know how Brexit is doing. Those things impact the investment. So for me, having that background knowledge is vital because it allows me to make different decisions.

Tracy Theemes: So, one of the discernments you use is how broad is the view-

Kamal Basra: Right.

Tracy Theemes: ... is this a source that looks internationally, looks outside of itself? So, the first discernment that I'm hearing is, are they trying to sell me? Being sold to is not the worst thing, it's just a frame of reference-

Kamal Basra: ... which is knowing that-

Tracy Theemes: Knowing it-

Kamal Basra: ... and that's okay.

Tracy Theemes: And the second that I'm hearing is abroad of the perspective. For me, when I'm in my online digesting of media, I look to see if they allow a... if they allow opinions that are disagreeing.

Kamal Basra: Mm-hmm (affirmative).

Tracy Theemes: If it's just you're immediately cut off of that group or everybody comes in and it's like a free for all of criticism and, meanness and cruelty with any type of dissenting opinion, then to me, that's not as credible.

Kamal Basra: And I think for me it's the red light or the yellow light, at least the flashing light comes on is when they're getting one solution, just one solution-

Tracy Theemes: Right.

Kamal Basra: ... this is the one way that you get wealthy. This is the one thing you have to invest in. There's no such magic bullet there...

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Tracy Theemes: Do we need to buy REITs or ETFs with no context. You're right, they're like trying to say if you do this-

Kamal Basra: ... you'll be fine-

Tracy Theemes: ... you'll be fine.

Kamal Basra: And that's dangerous.

Tracy Theemes: Yes.

Kamal Basra: And that's the piece that I get frustrated with is because for someone out there who's trying to do their best, is trying to get the information, if they happen to listen to the wrong person, they are going to run into mistakes and create financial mistakes.

Tracy Theemes: Yes.

Kamal Basra: And it's... when you're younger, you've got... you can make up for that. As you get older, it's more difficult to recover from those financial mistakes because your earning years are now-

Tracy Theemes: ... decreasing.

Kamal Basra: ...because you are getting older.

Tracy Theemes: Which I think plays into the fourth... The fourth piece, which is are they playing on my emotions?

Kamal Basra: Right.

Tracy Theemes: The first is really trying to sell, second, third... The fourth is are you trying? Can I feel myself being manipulated?

Kamal Basra: Mm-hmm (affirmative).

Tracy Theemes: Are there inflammatory words? Are there intoxicating words? We talked about prosperity and abundance, which puts everybody in doing your vision boards and gets everybody all excited about the possibilities and I'm going to have a shot of tequila and cinnamon by on the way home because I'm so high on the possibilities of life. So, I can feel it sometimes with... it's like a lack of rationality. And I like you am attracted to data. I want to see an idea support it. I don't just want to see, I want either empirical evidence or I want a Personal anecdote like this is what happened to me.

It's actually to me credible.



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- Kamal Basra: Mm-hmm (affirmative)
- Tracy Theemes: If you're talking about this is my story, this is what worked for me, I'll listen to that as well. But if I feel like I'm being played-
- Kamal Basra: Yeah.
- Tracy Theemes: ... like you are deliberately trying to make me cry or be frightened or get excited or lose my head in some way. I will discern that particular media source is perhaps not as credible as I outlined-
- Kamal Basra: And I just think I find people sense in their gut that something's off.
- Tracy Theemes: Yeah.
- Kamal Basra: And so people who come in and they have sold off their portfolio from misguided information or have been given advice that may not be suitable to them. When we talked to them over a couple of meetings, they described that they did feel there was something there that they thought wasn't quite right, but they kind of ignored it. And so the other piece is also to really listen to your gut as well about... If something feels like they're trying, that's something that the logic doesn't quite add up, ask the question, "Okay. So you're guaranteeing me...".
- I've heard this one, this was just a few months ago, Trace, it was guaranteed 8% returns, I just... Someone just told me a co-worker that I should invest all my money into this because it's guaranteed 8% returns.
- "That's interesting, tell me more, tell me what it is"
- "Oh, it's such and such and such"
- And it was out of context and it wasn't guaranteed 8% returns, there was actually a risk of losing all your capital. And so what their friends-
- Tracy Theemes: So like she got to come in and she got to watch you go through the discernment process as you sleuth. You asked her very specific questions that helped her, I think create an architecture of how to protect yourself moving forward
- Kamal Basra: She knew enough to come in and ask.
- Tracy Theemes: Yeah.
- Kamal Basra: So there was something in her gut that said, this isn't quite right, but I'm going to check it by somebody else who's a professional. And so it's just knowing that if something doesn't quite add up, doesn't quite logically seem to make sense. Ask those questions and turn to somebody.

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- Tracy Theemes: And what I like about what you're saying as well as it comes back to emotionality. Because people do get... I think they do get mixed up about intuition sometimes. You just described is a common sense in the gut-
- Kamal Basra: ... and it's rational.
- Tracy Theemes: getting yourself completely worked up.
- Kamal Basra: It's a rational-
- Tracy Theemes: If you are worked up You're probably not making a good decision
- Kamal Basra: Absolutely. And it's like, okay, if my bank's only giving me 1% then that's guaranteed and these people are giving me 8% that's something that doesn't quite match that. That's the piece that... Listen to that voice, the rationality.
- Tracy Theemes: And then the second and then... In a broader way, the second who do I listen to is your favorite, family and friends.
- Kamal Basra: Right. Or the neighbor.
- Tracy Theemes: Or the neighbor-
- Kamal Basra: Neighbor is a good one.
- Tracy Theemes: And the person you work with. I here minimum wage job.
- Kamal Basra: Yeah.
- Tracy Theemes: Who told... Who is somebody was... And at bars, that's also my favorite, right?
- Kamal Basra: Yeah.
- Tracy Theemes: You get some of those guys-
- Tracy Theemes: ... after a couple of drinks, "Yeah, I bought Tesla".
- Yeah, Well, thank you. Thanks for the advice. That's even when they know we're financial advisors-
- Kamal Basra: Oh, absolutely. We still get it-
- Tracy Theemes: How can they still give us advice? It's like, really?
- Kamal Basra: We just smile now. We don't even bother-

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Tracy Theemes: Who do you listen to then? Like what if somebody is listening to us who's 22, Like how did they know if they should listen to their parents? How do they know if their friend who seems to be able to save money is telling them how they did it? Like how did they discern their, which family and friends to listen to?

Kamal Basra: I think they... family and friends is heard because people are trying to help you, right?

Tracy Theemes: Yeah. They care.

Kamal Basra: And so it becomes... it is difficult. But what... I always go back to is, okay, where is that information coming from? And is it from actual experience and depth of knowledge? Or is it something that they've heard as well and they're just trying to pass on something to help you?

Tracy Theemes: Pass on ignorance.

Kamal Basra: Yeah, exactly. And the piece that's missing when you get advice from family and friends is the context, right? That's the overall context of... You have to go back to what is it that I'm trying to achieve? I'm trying to make my cash flow positive.

I've tried to increase my net worth and I'm trying to save for my retirement and I'm trying to save for my kid's education, whatever it is-

Tracy Theemes: What worked for them also... Like the difference to me too with family and friends is, in what context did they... Let's say they are successful but it was 40 years ago.

Kamal Basra: Right.

Tracy Theemes: And they're employing the same strategy and it just so happens that they have enough... A fact in their portfolio they're holding onto those five stocks. That was lucky, a lucky choice 40 years ago. But now that's incorrect information telling their kid that just pick five good winners and stick with them is not... it's not in this day and age-

Kamal Basra: That doesn't work-

Tracy Theemes: It won't work, so...

Kamal Basra: And the other piece that's interesting about when you get that sort of anecdotal advice is that, of course, as human beings, we're not going to talk about, "Yeah, guess what Trace, I invested \$25,000 in the stock and I lost all my money".

Tracy Theemes: They only talk about their winners.

Kamal Basra: Absolutely.

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Tracy Theemes: I won once since 50 years, but let me tell you all about it, especially with a couple of beers in my belly.

Kamal Basra: And so that's sort of... the bias. Yeah, there's a word for it, psychological word for it, which is, we tend to-

Tracy Theemes: ... hindsight bias.

Kamal Basra: Yeah. And we tend to inflate our positive experiences and decrease our negative experiences. And so that's always something that when we're advising people is we're really careful about. And we want to make sure that they're aware of where the information is coming from.

Tracy Theemes: The one thing I think you can listen... So if we... What we have, let's say if you are between 20 and 30, the one thing I think you could listen to your parents about is cash flow. I think that is something within a family is really good to expose and understand, is when you're in debt making the money work in your bank account.

Even a 15-year-old, I think needs a lot more guidance than we're giving them, on this is how we manage our money, we always make sure we have enough at the end of the month. I started, for instance, doing my financial planning right in the kitchen table. So that my teenagers could watch, it was embarrassing sometimes because you get those ones that are red.

And I remember my son once saying, "What are those red lines?"

And I said, "Well that's when you crashed the van the first time".

"What about that one?"

I said, "That's this month when you crash the Van"

And it's like it was... I felt that was a very... as a family member, I thought it was good to expose cash flow and cash flow management. I think that maybe a distinction, but that's a good thing to get advice from your parents.

Kamal Basra: And that's absolutely a great comment because we don't talk about money and now-

Tracy Theemes: Right.

Kamal Basra: It's a secret and we're not comfortable talking about the real things that are happening in our lives other than... you've got to buy this stock and you go to buy this REIT and you got to buy the ETF. There is no-

Tracy Theemes: Epidemic.

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- Kamal Basra: Yeah. And so absolutely the saving the value stuff.
- Tracy Theemes: Yeah.
- Kamal Basra: Save more than you earn.
- Tracy Theemes: That's what you can listen to family and friends.
- Kamal Basra: Absolutely.
- Tracy Theemes: I Agree. If they express what the value is, right? My value is I don't go into debt
- Kamal Basra: And I believe in investing.
- Oh, that's a good piece of advice. Okay, thank you!
- Tracy Theemes: Yes.
- Kamal Basra: And then when you go and you seek the advice from professionals.
- Tracy Theemes: When it comes to professionals, these are people in general and what the... I think we should do a whole podcast on professionals because-
- Kamal Basra: There's a lot of confusion there.
- Tracy Theemes: There is. What's the difference between a financial advisor, a financial planner-
- Kamal Basra: A mutual fund specialist, life insurance-
- Tracy Theemes: ... person, bookkeeper versus accountant, money coach and debt, a trustee, an insolvency trustee. We're diverse as a debt, a debt advisor.
- Kamal Basra: Right.
- Tracy Theemes: And all I would say is, in general, that if somebody has a designation and you look up that designation. So CIRP, CLA, CFP, and there's... I think the last time I looked like 800 designations in Canada alone. Look it up and take a look and see is that a reputable organization or was it for 50 bucks? You can buy yourself a marriage certificate and become an ordained minister type-
- Kamal Basra: ... and ask the question.
- Tracy Theemes: Yes.
- Kamal Basra: Ask that person the professional the question, "What's your designation and what does it mean?".

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Tracy Theemes: And the second question is, "Does anybody regulate you?".

Kamal Basra: Mm-hmm (affirmative).

Tracy Theemes: And I think that's very important. Most designations or have some type of regulatory oversight. And then the third question that I think distinguishes professionals from... what did you call it... self-proclaimed professionals, is being able to articulate how they charge.

Kamal Basra: Right.

Tracy Theemes: I charge for this, I don't charge for this-

Kamal Basra: This is how I get paid.

Tracy Theemes: This is how I bill, this is how I get right?. And then getting into some of the details. I think we'll talk about that at another date. But those are the three things from a professional point of view that I think you should out when you're trying to determine who do I listen to.

Kamal Basra: Mm-hmm (affirmative)

Well, thank you for joining us for this podcast about, "Who do I listen to". And we look forward to seeing you on the next one, which happens to be, "Gender and Money".

Tracy Theemes: Yay. And I'm still going to wear the same suit. Just letting you know.

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### **Kamal Basra, BSc, CFP**

Co- Founder, Sophia Financial, Financial Advisor

Data driven, fact checking, translator of complex economic info into understandable plans, champion for diversity and fairness ... "Numbers matter. People matter."

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**Tracy Theemes, MA, CFP**

Co- Founder, Sophia Financial, Financial Advisor

Motivator, truth seeker, wisdom sharer, protector of those who are vulnerable and champion for those who try...“It’s not about the numbers but the stories we tell ourselves about those numbers.”

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