

## **Ep #317: Coaching Clients Through Liquidity Events:**

### **A Conversation with Tom Lo**

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**Maddy Roche**

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## **Ep #317: Coaching Clients Through Liquidity Events:**

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**Narrator:** [00:00:01] Join your host, Maddy Roche, as she brings you into a community of fee-only financial advisors who are successfully building profitable businesses that serve the next generation of clients. Learn from innovative advisors whose unique stories will inspire you to dream big and take action on your goals. Are you ready to live your best life and help your clients live theirs? Then you're in the right place.

**Maddy Roche:** [00:00:24] Hello and welcome to Episode 317 of #XYPNRadio. I'm excited to welcome Thomas Lo, XYPN member and founder of Vested Financial Planning on the show with me today. As his firm name alludes to, Thomas works with Silicon Valley tech professionals and has a particular focus on helping clients through liquidity events at their company. Thomas shares today that he, too, once went through a liquidity event at a tech startup and found it to be so compelling of an experience that it actually became one of his motivations to change careers. As Thomas discusses today, a liquidity event at a tech startup is a great opportunity for sophisticated and technical planning from a third party like himself and others to provide unbiased perspective to those who are emotionally invested in the process. I enjoyed this conversation a lot with Thomas, especially as he drove into how he serves his clients so effectively by outsourcing major components of his business, from asset management to bookkeeping. I also liked when he discussed the softer side of being a business owner, too, like what it means to have control of your destiny. Complete control of your business. And, of course, ample flexibility. If you're interested in working with this niche or gaining any of what I just mentioned. Then the show is going to be for you.

**Maddy Roche:** [00:01:38] An event made just for fee-only advisors? Yep, you heard that right. It's #XYPNLIVE and with over 45 content sessions,

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**Maddy Roche:** [00:02:35] Also, be sure to go to [XYPlanningNetwork.com/VIP](http://XYPlanningNetwork.com/VIP) to join our private group just for #XYPNRadio listeners. It's a community of advisers we've all been looking for that's there to provide support when we need it the most. Best of all, it's free. I encourage you to check it out. Again, that's [XYPlanningNetwork.com/VIP](http://XYPlanningNetwork.com/VIP).

**Maddy Roche:** [00:02:35] Hello, Tom. Welcome to #XYPNRadio. How are you?

**Tom Lo:** [00:02:39] I'm good, Maddy. Thank you. I'm happy to be here.

**Maddy Roche:** [00:02:42] I'm happy to have you. Why don't you get the listeners introduced to Tom Lo?

**Tom Lo:** [00:02:48] Sure. So I'm Tom Lo and I am a career changer. So I worked in Silicon Valley for about 20 years before I started my firm and the firm I serve is Vested Financial Planning. And I started just over three years ago, and it's here in San Carlos, California, which is about twenty five miles south of San Francisco. And it is really in the heart of Silicon Valley. And so

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given my background, given where I'm located, it's probably no surprise that my niche is Gen X and Y, Silicon Valley tech professionals with equity.

**Maddy Roche:** [00:03:32] Oh, love it.

**Tom Lo:** [00:03:32] So I'm working with a lot of clients who-who work at private companies or newly public companies with a lot of equity. And then also a number of clients who are in big tech. So bigger companies like Facebook, Google, Apple, Amazon, Netflix.

**Maddy Roche:** [00:03:49] Great. And just to give the listeners a little taste of kind of what you've built, how many clients are you serving? You said you've been around for three years.

**Tom Lo:** [00:03:57] Yeah. So let's see. So I started from scratch. And so now we have forty eight client households that we're serving, and that is we're doing ongoing financial planning for everybody. It's all relationships in almost all of those are mostly doing investment management.

**Maddy Roche:** [00:04:16] Wonderful. Awesome. Well, let's go back in time. You mentioned your career changer. I absolutely love this industry so much because it is a great one for career changers. Why don't you let the listeners know kind of what you were working on and what your experience was prior to opening up your own financial planning firm?

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**Tom Lo:** [00:04:35] Sure. So it's a long and winding journey. But so I back in college, I was a liberal arts major, so really nothing at all to do with financial planning. And then I, my first job out of college was in marketing. I went back and got my MBA. And then I came out and I started working in Silicon Valley. And so that was in various marketing and product management roles. I worked at some startups. I worked at bigger companies like eBay, Yahoo!, Intuit, and there was, I guess an important experience for me was I worked here in the late 90s during the dotcom bubble, and I worked at a dotcom. And as an employee, I got a bunch of incentive stock options, a bunch of ISO's. And I those-for those who were around my company, that company went public. So we had our IPO. The stock was worth a lot. Everybody was having a great old time. And then what happened was the dotcom bubble burst. My stock actually went to, the company shut down. My stock went to zero. And I realized, oh, I actually owe some taxes on all these ISOs that are worth nothing. And I said, wow, I better, better educate myself about how these things work. And so I realized I didn't really understand how it worked. I also talked to a bunch of my colleagues and realized most of those people didn't know how-how they worked. And so that really started me down the path, because what I did is, OK, I want to educate myself. I don't want this to happen again in equity comp. It's just a critical part of your compensation here in Silicon Valley. So I ended up taking a class which turned out to be the first class in the CFP® curriculum. Right. And so I said, oh, and I loved it. And I had always had an interest in personal finance for a lot of my life. You know, I'd read a bunch of books for myself and my-my wife. I-I that was my-my thing, my hobby. But I took the class and I loved it and realized I ended up taking more classes and then realized, oh, I can do this for a living. And so I ended up talking to other financial planners to get a better understanding of how it worked. I took the exam and then realized, hey, if I want to do this, I want to make sure I make a good decision around that and as specifically, I had a mortgage and two kids, and so I wanted to make sure I was doing it right. So I ended up working part time for a fee-only firm out of San Jose for a few years. And that was a way to test in to,

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hey, do I really want to do this? Because I was going to you know, I was making good money in Silicon Valley as we have to take a big pay cut to make a move. And so I said I want to make sure. So I did that for a few years on the side. While, I kept my full time job in tech, and I loved it. I just got a ton of personal satisfaction from working with clients. Right. You know, helping to do the things that are important to them, like buying a home, saving for college, retiring, all of those things. And so that is what got me to the point of, OK, I want to do this thing. And then the-the other piece of that is that as a career changer, one of the biggest issues is trying to figure out is how do I address that income gap? Because I knew this is going to take a big pay cut. And so I ended up the way I decided to-to do that was I said, well, maybe if I get a full time job with the salary at a bigger firm, that won't let me cross that gap. And so I ended up working for a big fee-only RIA out of San Francisco for a few years with a salary. And that got me closer to-to what I wanted to do.

**Maddy Roche:** [00:08:53] I love that. And I really appreciate your willingness to test something before you dive into it. I think a lot of advisors kind of need that reminder or folks who want to go and build their own businesses that it's OK to go test the waters, see if you really like the work. What was that like in terms of did you have to disclose anything with the RIA that you were working at part time? Did you have to tell the Silicon Valley team that you were with, that you were doing part time work? What was the part time work like? And-and logistics?

**Tom Lo:** [00:09:23] So-so with my tech employers, since I was really doing it on the side, as in evenings and weekends, there was I did not, we didn't talk about it at work. And then on the RIA side, I had to be you know, I had to go through whatever had to take my Series 65 etc. I had to be I was on the ADV. So all of that was, they were clear that I was doing this on the

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side also. And the relationship was more I had of they had some clients that they were not and that they probably wouldn't normally take that they sent over to me. And then I was also it was mostly me trying to find clients on my own. And I think that was part of the-part of what I realized also is it was it was actually pretty tough. So I, I had calculated I did it for a few years. If I had gone at that rate, I probably would have been probably would it take me on a hundred and fifty years to get to, you know, a good client base.

**Maddy Roche:** [00:10:34] And when you went full time with the RIA, was and that salary gap is something a lot of folks think about. Were you able to find a position at a firm as-as a newbie in a lot of ways that that matched a salary that you were making?

**Tom Lo:** [00:10:47] No, no. There's-there, I don't think that well, for me, coming from Silicon Valley, where the salaries are, you're paid well. I was not expecting or I don't think that's actually that reasonably possible. So it depends on what you're coming from. So the good news is that my wife has a great job. She works for the federal government. So stable, steady income. So that-that's something that with saving, et cetera, we-we were able to figure out. But so-so the answer is, I think you're, depending on where you're coming from, you may have to take a big pay cut. You just have to be prepared for that reality.

**Maddy Roche:** [00:11:29] Yeah. Yeah. And I think a theme of all of these interviews over the past few years has been just the importance of intentionality around launching your firm. This isn't something you just do overnight. A lot of folks like you, it's a long term play.

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**Tom Lo:** [00:11:43] Yeah. And I think what's helpful is if you think about the way I thought about I think this this would be important for career changers is as you had integrity, like testing your way in, crafting experiments. I have a great book I use called Working Identity, and it talks of this idea of crafting experiments where where you can, it's for most people thinking about, hey, I'm going to become a financial planner. And that's a totally new career. Theoretically, that's not the way that-that's helpful for understanding if you want to do that. What's helpful as you start to do things that move you towards that. So for me, it was first taking CFP® classes. And I-I found I really enjoyed those. And then it was, hey, let's try this out on the side. Do I enjoy working with clients? Do I, you know, enjoy finding clients and all of those ways for me to to test in and say, yeah, I really like this, because when you do something, you realize, oh, I like this. And you also realize, oh, I don't like doing this. And so I think it's very help for the process of especially if you're making the career changes, if you can just make the leap. But this is a way of if you're going to if, for example, you take a big pay cut, then it's worth worth testing into it.

**Maddy Roche:** [00:13:03] Yeah. Great advice. And this is kind of in line with the discussion of whether you liked being a financial planner. I think a lot of our XYPN advisors and folks who want to do this also have to the question, am I ready to be an entrepreneur? And what kind of tests or thinking did you do around that component? Because running your own business isn't something that is super easy, quite frankly. And how did you-how did you weigh that in your mind?

**Tom Lo:** [00:13:30] Well, I could see the way-the way it came about is so I had been thinking about that for a while, even when I was testing and do my own thing. And then. Kind of what got me, what got me, and I don't know that I test my way into it, but I did. So I work for the big planning firm



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for a few years. And I-I know, OK, I really enjoy this work. I love working with clients. I know I can do it. And the thing that really got me over the hump, there were a couple of things. One is I have a great friend and former colleague Jane Yoo. So she was actually my cube mate at the firm I worked before. And she left about a year before I did and started her own firm with XYPN. And so I-I saw her experience. And she was having-she was having a great a great time and doing very well. And so that really inspired me on like Jane's doing it, I should do it, and then the other. Yes, exactly. The other thing that happened was just a life kind of life situation, which is I turned 50 and I realized, you know, if this is something I want to do, I really need to do it now or I'm just not going to get to it. And so that and then the other critical piece was I had my, I have a supportive wife, you know, wife Caitlin. She both in financially able to support me, but also just she supported the idea of, hey, you want to go do this thing, you could do it. And so I think that is I mean, you guys to talk about it. But if you don't have a spouse who is on board, then it makes it it makes it much, much harder. So so all of those things combined got me got me over the hump. And I said, yeah, I want to go do this thing.

**Maddy Roche:** [00:15:30] Beautiful. I'm interested Tom, currently you're running your business in year three and you're totally solo still. And that's been an intentional choice of yours. Can you talk a little bit about kind of the firm you've built and why you've remained and how you've remained solo?

**Tom Lo:** [00:15:45] Sure. So I when I started this, that was my thought is I will-will likely do this solo. And then I would say about a year ago, what I was seeing was there-there is a ton of need for help. I think there are a lot of people who need help. And so I realized, you know, I can really build the firm if I want to do that. And so-so actually what I did is I went out and

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thought about it and then I started working with a business coach. So Elizabeth Jetton, I think some other many other people work with her. So explicitly around that idea of, OK, should I-should I stay solo or should I try to build this thing out? And so we talk that through and. She kind of reminded me what was interesting was she said, you know what? It's the same kind of thing. Like you can think about it in theory, you want to build the firm or not. But really the right way to do is once you just test your way in. Let's get into reality, which is you start to hire somebody. You can hire somebody part time. If you enjoy that, you hire somebody full time and then you can see if it makes sense, if it involves the firm. So at this point, I'm solo. I have-I have a virtual paraplanner that I'm working with. So I'm-I'm, so the way I'm thinking about it right now is testing into it. So that's, it is still an open question. But right now, I'm at this point, I'm going to I'm looking at doing solo. But yeah, that's-that's an open question. Just trying to figure that one out.

**Maddy Roche:** [00:17:30] I'm interested. Have you outsourced components of your business outside of the VA?

**Tom Lo:** [00:17:35] Yeah, I've tried outsource-I've tried to outsource as much as I can. And so when I started, I immediately started working with a TAMP. So I worked with first to set. And that's that's been a huge help for me. All of the investment management pieces mostly off my plate. And then I also very early on started outsourcing my bookkeeping to, you know, XY Bean Counters. And that was, a matter of me trying to do it for six months, realizing I was never going to do it, and then hiring them. And so that's been great. And then compliance. I also have outsourced I worked with clients and consultants at XY and continue to-to do that. And so really anything that is not working directly with the clients I'm trying to outsource

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or just again, because I am solo I can only, there's only so much time in the day.

**Maddy Roche:** [00:18:48] Yeah, I know. The question of outsourcing really does come down to time and your ability to really serve the clients you want to serve and in the way that you want to serve them. And it sounds like Tom just there are conversations that you really have a high touchpoint relationship with your clients, and therefore time is of the essence for you. And outsourcing does provide you some extra hours of the week. Can you talk a bit about what that relationship is that you have with your clients?

**Tom Lo:** [00:19:14] Sure. So it's this, my firm very much is financial planning centric. So that's where the focus of the business is, and that's the focus of the relationship. So the typical relationship is we'll start with a three meeting onboarding process. So it starts with the first meeting is discovery. So we talk about goals, values. And at the end, we talk about, hey, how are we going to get the data? But it really is all focused on the the the discovery process. And I use RightCapital. So we just send it out. They put all their info in second meeting. These are typically 90 minute meeting. Second meeting is a financial planning meeting. And so in that meeting, we will talk about the plan, their initial plan results. Here are the things you want to do. Here's how things are looking. You're tracking towards it or if not, what kind of tradeoffs do you need to make? And then for many of my clients, they're mostly 30s, 40s couples, either young kids or think about having kids potentially buying a house or have a house. And so we talk about the things that are most critical, such as if they have kids, life insurance, estate planning, education planning. So that's what the second meeting is focused on. We go away, I-clients take a risk tolerance questionnaire. The third meeting is a 90 minute meeting. And there we talk about what are your goals, time horizon. We have your plans. So we understand what kind of

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return we need, what your risk tolerance, and then we decide on investment strategy. And, you know, I believe markets are generally efficient, so primarily passive. I do some DFA and they decide, okay, here's how we're going to execute. And then we go execute. And so that typically takes two to three months to get on board. And then sorry. The other piece of that is typically almost all of my clients have a bunch of equity. So we have to figure out what to do with the equity as part of that conversation. And so it's-it's very common for clients to come in with, you know, 50, 80, 90, 95 percent of their net worth in a single company stock. That's very typical for the clients and working with. And so we talk about, OK, here's your equity. Here's how concentrated you are. Let's figure out a selling plan, how are we going to diversify this so that it's, you know, you're not too highly concentrated? And so that is also part of that conversation, typically. And often they are facing a-and the reason they're reaching out to me is because they have a liquidity event. So, you know, they're going to have an IPO in a month. So let's figure out what to do before the IPO happens. So that's very common. That's that's often the trigger is that's why they're reaching out to me, is they got-they got all this equity and they got figure out what to do with it. And so that is typically part of that planning. And we figure out we have all this equity-we have all this equity. How are we going to diversify? And then how are we going to use that to reach your goals, which are part of your overall plan. So then once they're on board it's-it's two to three months, then we start to meet typically two to three times a year. And in those conversations, we're checking, how are you tracking toward your plan? How are the investments doing? And then we'll usually go deeper into some specific planning areas. So it could be, you know, depending on the timing, tax planning, open enrollment, property casualty insurance, whatever, whatever is relevant, relevant for them. And usually almost in every case, we'll also cover equity, because they have that's an ongoing problem or issue they got to solve. They get, you know, equity vesting every month or every quarter. So we have to figure out what to do with that.

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**Maddy Roche:** [00:23:18] Yeah, absolutely. I'm fascinated in this-in this niche. And given your experience, having had a lot of equity and then it falling to zero. What kind of coaching do you do for your clients around that diversification of their portfolio?

**Tom Lo:** [00:23:33] Well, I have to tell you, it is an ongoing issue that I'm trying to do that I face because as I said, most people come in and in most cases. And I faced this when I was employed. If you're an employee at a company, you tend to be a big believer in that company. Otherwise you wouldn't be there. So you're there and you're hearing all the great news about the company. And so you are like, I want to I want to keep this forever, you know? And so it is a-it's a it's a big issue trying to help clients get comfortable with diversifying. And so part of that is this the concentration conversation is to help them understand, OK, here's the risks that's involved if you have ninety five percent of your assets in a single company stock, in the classic example, I show them, I'll just show them a stock chart of Enron. So I don't know if you remember Enron, but the Enron chart is, you know, who's high flying company for years. Stock goes 90 bucks a share. Bad news came out within months. It was nothing. Right. And so that's kind of the worst case scenario what can happen. I don't expect it'll happen with the company, but it is possible. And so that's so helping them understand the risk in that, giving them an example that then helps them understand, OK. That's why I should think about diversifying. And then the next part is helping them, have a framework for making the decision around selling. So give them some very clear ways. Here are some ways to do that, too. For example, common ways are you sell everything immediately. Most clients don't want to do that. They can't get comfortable with that. So then we have a couple of other ways, which is you could sell. For example, sell a certain percent over time. So you sell 25 percent a quarter over the next four quarters. Ok. Or you can say, hey, we

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can sell more when it's higher or less when it's lower. So you sell price targets and you say, hey, above a certain price, you'll sell this much in the middle you'll sell this much lower price, you'll sell less. Ok. And those by giving them a way to think about it, I think it's helpful thing this say, oh, OK, here ways I can diversify to-to get them comfortable with that. And so in-in most cases, that's-that's-that's very helpful.

**Maddy Roche:** [00:26:01] What would you have done with advice like that when you were in?

**Tom Lo:** [00:26:05] When I was in. I think-I think it would have been helpful to have a. What-what-what I'm trying to help the clients just come up with a very clear, simple, rational way of thinking about it. Because what happens is for clients as they'll, they see their stock and their stock is going up and down every day. Right. So what happens is if you don't think about it and you're able to sell, you go, oh, I think it's going to go up just a little bit more. So I'm not going to sell now or. Oh, it just dropped. I know it's going to bounce back up. So you, your emotions get you get deeply emotionally involved. And so what what the plan does, it helps them come up with a way to-to minimize the emotion as part of the decision. And so I think if that-if that had happened when I was-when I was an employee, I think it would have been helpful because it would have given me a way to think about it. And, you know, when you're an employee of a company, the only thing you're hearing is what gets everybody's drinking the Kool-Aid. So it's all you don't hear any other perspective on it. And so it's very helpful to have some third party objective perspective on.

**Maddy Roche:** [00:27:18] Totally. I love your website, Tom, because you have that great video there where you tell the story in under three minutes

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of what happened to you. How much do you see that really playing into your relationship with clients and in your niche?

**Tom Lo:** [00:27:32] Well, I-I think it's I think it's very helpful in terms of connecting to the prospects or clients, because they-they know that I know what they're going through. I've gone through it. And so I think that's very helpful for them. And the, so-so I think that is-I think it's a great way of connecting. And the-the culture in Silicon Valley companies is very specific. You know, there is a way the world works. And I lived in that world for a long time. And so I think the way the-the cultural norms, the way people talk about things, the language, that's all-that's all very helpful for-for prospects and clients feeling some connection.

**Maddy Roche:** [00:28:21] Totally. I also see it likely being a huge generator of new clients for you, that once you kind of are in this-this niche, because they're big companies, once folks work with you, kind of the word spreads a bit about Tom Lo. Have you experienced that?

**Tom Lo:** [00:28:37] Yeah, absolutely. So-So as an example and again, as I talk about liquidity events, so I had a new clients sign on from Slack, the company Slack, that makes the slack that everybody uses, maybe a month or two before the IPO. And then, you know, she had a great experience and she had, more importantly, a bunch of other people, as the company were saying, hey, what do I do? I get all this equity. And so within a couple of months, I had four clients at Slack. So it's all just and that is the primary way that people. Is that word of mouth. It's client referrals. And it's happening really, if you think about happening in a much more compressed way, because it's all everybody's going through the same thing and they need help at the same time. And the other interesting part of that is that. A,



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it's often happening, people word of mouth, people talking, but it also happens. People within slack, within all tech companies, everybody's using slack, so they usually have a slack channel that is a a stock's channel or a personal finance channel. And so people will say, hey, anybody know anybody who can help me. And so that also is going to be a great source of referrals. It's not people explicitly saying it's somebody saying, hey, I work with this guy. He can help you. And then people go on there and they look and they and they reach out to me because of that,

**Maddy Roche:** [00:30:08] The technical expertize that's required to coach someone through a liquidation event of their company seems to be huge. And it's a lot more than just the CFP® curriculum. I don't even believe they talk about it in that that deeply in a CFP® curriculum. That begs the question of how do you consider that when it comes to your pricing, because you really bring to the table a lived experience, but a technical expertize that maybe the average financial planner doesn't have. Have you tinkered with your pricing to reflect that?

**Tom Lo:** [00:30:41] Yeah, absolutely. Let me. I have had a multiple iterations of my pricing. And let me-let me talk about first the technical piece. And here's what I-here's what I say to prospects. And here's the reality is that. Because, the values that they're talking about are so large, right? The equity is worth a lot. Every little bit you can optimize. You know, if I can help you save 10 percent, 20 percent on your million dollars, that's one hundred thousand two hundred thousand dollars. It makes a huge difference. So as an example, I had a client come in this fall startup about to go public. He was an early employee there. And I said, hey, he and he said, hey, help me figure out what to do with stock. And so great. And I said, oh, I don't know if you know, but this-this-this stock may qualify for something called QSBS, qualified small business stock tax. And it's what it



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means that you can be up to a hundred percent exempt from federal taxes. Very strict criteria, not very common. But we looked at it, figured out it actually did qualify for QSBS, so. He's got-he's had about five million dollars in equity because he qualifies for QSBS, he's going to save one point three million in taxes on that. And so that's something you wouldn't realize if he wasn't working with somebody who had the expertise to help him with that. And so when you think about the value, if you had the technical expertise in this area, it's huge, the amount of value you can add. And so part of the way the pricing has evolved is because I've realized, hey, there's a ton of value here for-for the clients. And so-so the way it's the way my business has evolved. When I started, I offered planning and investment management if-if you want. But I did do planning only. And that started with a for couples, five thousand dollars for individuals, 3500 dollars. And for again, this area, again, Silicon Valley tech professionals, these guys are making good money. So they're probably making typically you work at a tech company, you're making 200, 250, couples making, you know, five hundred. And so that for them is-is quite reasonable. So that's how it started. And then I would say nine months or so when I recognize, hey, I can add a ton of value for me, for clients. And also, I was getting as I said, there was-there was a lot of demand for a lot of people need help. And so I was getting as a solo overwhelmed, really. And so I said, well, what-what should I do? And, you know, having listened to-to the podcast many times, the only reasonable thing to do. The lever is raise your prices. So I raise my prices. And I did that. So I raised prices. If things didn't slow down much, so I raised them a little bit more. So I've been through a number of different price increases and those had you know, some have worked, some haven't. But it's continue to be that model where it's planning only invest management is an add on. And then about a year ago, I also what I was seeing happening was that the retention for a while, a couple of things happened. One is the clients, who was working planning only with you. I would say we do the plan. I would say here's how you want to invest. And then what was happening, not fairly often is that they you know, we would check in and they wouldn't be investing the way we had talked about

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investing. So they weren't getting-they weren't getting invested. So that's the reason I'm doing this work for- I want to help you. But if you're not doing what you need to do, I can't help you. And then the other thing I noticed was retention. So the planning only client retention was quite a bit lower than for AUM. And I know I've heard this pretty consistently, but what would happen is a client work within the couple of years they get their estate planning in place through had their life insurance done, they have the plan. They know what they're going to do with their equity. And they would say, hey, look, thank you, we're in a great place, but we're done. And so-so what I found is because people weren't doing the investing that I was, you know, that we had agreed for them to do. And because the retention was lower. About a year ago, I started working with clients and said, hey, you need to do I'm going to do both the planning and investment management. So I started that about a year ago.

**Maddy Roche:** [00:36:00] I love how much tinkering you've done to your business in the past few years, really shows your interest in working on the business versus just in the business. Is this because you're working with a coach or is this just kind of how your mind works? You seem to be, you know, playing with different lever-levers all over the place as you define your perfect firm.

**Tom Lo:** [00:36:21] Yeah, it's-it's you know, this is the probably it's the way the way I'm wired, but particularly the way if you're a marketer, then what you do is you try a bunch of stuff, you test, you see some stuff works, you do that, you see some stuff doesn't work. And it and you start doing that. And so this business to me is it's a great way to do a bunch of different testing, because you're and I think it's helpful for people to realize you're not going to start out with the perfect. You're not going to start out with everything perfect. So you start out with something, whatever you think is

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reasonable. Some things will work, some things won't, you can adjust. And that's-it's an evolution. I think the way to think about the business is it's very much an evolution. And you want to test a bunch of different stuff. You see what works can keep doing that. Some stuff is not going to work and you can stop doing that. So that's how that's how I approach the business. I'm all-I'm constantly testing. Trying to-trying to-trying to make things better.

**Maddy Roche:** [00:37:26] I love it. Given that you're a solo shop right now, what's your typical day and week look like?

**Tom Lo:** [00:37:36] So the way I-so the way I currently do it and I started this, I don't know, maybe. A year or two ago, which is I do some I do time blocking, so my Monday is typically doing client prep work, so prepping for meetings, doing meeting summaries. Tuesday, Wednesday, Thursday is client meetings so really focused on having client meetings there. Friday is my work on the business day. So I really focus on, hey, what do I need to focus on for the business? And then prospect meetings. I've tinkered with that and currently do that. Do those mostly Monday through Thursday. Just started doing it, yeah, so that's what it-that's that's what it looks like.

**Maddy Roche:** [00:38:33] What kind of things were you looking for in terms of a lifestyle improvement when you decided to go out on your own from being an employee? Were you expecting more time with the family? Was there something drawing you towards being an entrepreneur for other reasons than just kind of being an entrepreneur?

**Tom Lo:** [00:38:51] Yeah, there are a couple of things. One, a few things. One is flexibility. I've never had this kind of flexibility in my life, and I love it.

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And as an example, our younger son, this is mostly pre-Covid, but he's a runner. And so he had cross-country meets every Wednesday at three and then track season, track meets on Wednesdays at three. And so if you get a normal job, I'm-I'm I-I wasn't making those, but since I've had my business, I've been to to all of those track meets because all his running meets. Because-because I can. And so having the flexibility for me has been awesome. I love-I love that. So that-that was that was critical for me. Also, the really working with the clients I want to work with, so the clients, the firm, I was at before, they the focus is mostly corporate executives. So they tended to be older, tended to be corporate executives. And so that's not who I-I, you know, they were great clients, loved working with them. It wasn't I didn't feel any particular connection to them. So working. But-but for me, you know, kind of the reason I'm so passionate about this is because I these are the people I want to help. You know, these are the people that need the help. And I want to help them. And so I can-I can work with them. And then I think there is I have just a tremendous sense of ownership. I don't think I really had before, you know, you owned parts of a business or you-you know, you have clients, but when you own the business, you know, and you make all the decisions that-that-that affect the business, I think that is. To me, it's been personally more satisfying, really career wise than any anything else I've ever done. And then the other thing is you have more control. I feel like you have more control of your destiny than we do, if you're working, you know, for somebody else and you don't have complete control, but you have more control. And so all of those are reasons that-that-that I-I that I wanted to to go out on my own.

**Maddy Roche:** [00:41:28] Maybe it's just kind of your your cadence and how you discuss all this. But I'm just not sensing a lot of imposter syndrome. I'm not sensing a lot of nerves around what you're doing. Granted, you're-you've made it over the hump of whether you're going to make this work or not. But can you speak at all to the listeners that might be a little bit more timid around going out and doing what you just did?

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You've just listed all the wonderful benefits that can come from it. But the realities are, is that sometimes you might wake up on a Monday morning and think you're not built for this. Did you ever have that kind of experience?

**Tom Lo:** [00:42:03] Sure, absolutely. I did, especially early on, but I think the. I think there are a couple of ways to think about it, one is. I think if you did some real life experience, as in you work with some clients, you do good work. You know, they're happy that then I think should give you a ton of confidence. I know I can do it. I'm doing it in this firm today. If I move outside this firm, it's going to be the same thing. So I think having direct experience with the things you're going to be doing, I think if you come in without that, it may be-it may be tougher, but-but you'll get that once you start working with clients. And then once you start to work with clients, I think you'll see-you'll just see you're adding a ton of value for these guys, right. You, the things, you know, that you may not think are that valuable. Are hugely valuable to to the clients, and so once you start to work with clients and you see the value provide, I think that then just makes it even it can give you more confidence, makes it-makes it even easier for you and then for me as a career change. You know, I've been around a while, right. So I worked at a bunch of places prior to doing financial planning. And I then I worked in and with clients directly. And so I think all of that life experience helps you realize. You-you-you know what you're doing, even if they you know, you may not realize it, you do know what you're doing.

**Maddy Roche:** [00:43:45] Yeah. Really, really good advice. Tom, you've mentioned that the niche has been a great generator of additional clients for you, but what has your story been with regards to marketing? How do you market yourself?

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**Tom Lo:** [00:44:00] Sure, so the marketing, which is a, you know, a love of mine anyway, when I started out early on, which is probably not the case for most people. I, what was working for me marketing wise was my personal network, so my natural market, right. So I worked in Silicon Valley. I just went out and talked to a ton of people and I said, hey, here's what I'm doing. That was helpful. I also talked to, as you guys have talked about before, I went out and talked to some local RIAs. When I started, didn't have a minimum. I talked to those who had min-who had a minimum. And there was a little bit there. And then I got listed on all the XY, NAPFA. And then also early on for me, and especially here in the Bay Area for that target, Yelp.

**Maddy Roche:** [00:44:52] Oh, interesting.

**Tom Lo:** [00:44:52] I was on Yelp as it had clients put in some reviews. And so those things were the primary sources initially. And then as I started to get into the focusing in on the niche, I started to do things like one thing is I did brown bags or so lunch and learns I'd go into local tech companies that had had recent IPOs, etc. You know, because I talked to the HR people there and they said, yeah, you know, we have a ton of questions around equity, but nobody to educate these guys. So I went in and just give pure education. Here's what the equity is. Here's how it works, et cetera. And so that was as I got into the niche, that was another way. It was helpful. And then again, as I started clients, client referrals became more important. And then once the-once the pandemic hit, kind of some of those things I couldn't do in person brown bags right. I started to see what was working digitally and the things that were working. One of those was Yelp was becoming more and more important for me. And so what I started do then was I started to test because the way Yelp was working, I had reviews. I would show up. You search on financial planner. I show up in the

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listings. Right. But you can also do Yelp advertising. So I started to test Yelp ads to see if I could get any anything out of that. And actually, that has, it actually has been important for me in that it does give you more visibility. You show up at the top of the listings because Yelp wants people to click on the ads. And so that gave me more that became even more important. Client referrals became important, even more important. Just Google and local search, et cetera. And so when I look at it today, last year, so probably about 40 percent were coming through Yelp, about 30 percent from client referrals. And then probably 10 percent or so each from Google, natural market, NAPFA. So the other sources. And if you think about. Something really interesting, if you think about Yelp and the other services, Yelp in particular for-for the Bay Area, and I know you've had some other planners on that that it's worked for from the Bay Area and from my target market, which is tech people. Right. One of the first and Gen X, Gen Y, in a lot of cases, the first thing people do, I talk to every prospect and say, how did you find me? They go, I just went to Yelp and I typed in financial planner. That's how they find people. And so I think depending on your market that, that may be may or may not work. And so I'm guessing probably the more urban it may work better, more tech savvy, it may work better, and then it's going to depend on who your market is. But if anyone out there has any, I've been testing this for a while, if anybody has any other knowledge I, they can reach out to me, I'd love to talk to them about it, because I'm trying to always figure that out.

**Maddy Roche:** [00:48:24] So cool Tom. I don't hear Yelp all that often. And that's incredible that-that that's your-your go to.

**Tom Lo:** [00:48:31] Yeah. In the Bay Area, it has been very successful. So, you know, Shawn Tydlaska, I talked to him, but it's worked for him. People in the city, it's-it's. And if the other thing to think about is think about the



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marketing funnel where people are, if they're coming to Yelp, they are at the bottom of the funnel. They're ready to find somebody to work with. So they're putting it in financial planner. Once they find you, it's a matter of, OK. Are you going to work with me or somebody else? You don't. You're already all the way at the bottom of the funnel. So-so that's one thing to to keep in mind. And the other thing I should point out is that there is a lot there's a lot of volume from Yelp, but there's a wide range in the quality. So there's not a way to qualify people. So there's you know, I could somebody can come in to Yelp and they can say, hey, can you help me, pay off, help me understand how to pay off my credit card debt. And then you get somebody to come in and they can say, you know, I have a few million in equity. Help me figure this out. So there's a wide range and quality, which means that you have to you have to kind of manage that.

**Maddy Roche:** [00:49:44] Yeah. You brought up other advisors showing up in that search result, obviously. And there are more and more folks focusing on this niche. And I think any time we see an increase in focus on a niche, that's a straight up testament to the need for that that support. How do you kind of reconcile the fact that you may have other advisors competing for the same clients as you?

**Tom Lo:** [00:50:11] Well, it's as I've said, there's a ton of need for help. So at this point, I know there is way more demand. People who need the help, then there are advisors. So I think the more advisors, the better in this niche. And you talk to anybody, you talk to anybody, any other planner in XY who's working on the niche in this particular niche, they'll say to you, when you talk to prospects, my prospects say pretty regularly, hey, it was really hard to find somebody who can help me with this kind of stuff, because, again, it's not everybody who's doing it.



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**Maddy Roche:** [00:50:51] Yeah. Great answer. I'm interested Tom we started the conversation off around, kind of being concerned about leaving your big-big job to to start your own firm and that income gap. Have you been able to make up that income doing what you're doing now?

**Tom Lo:** [00:51:06] Yeah. So-so the I don't know. I know if we talk the numbers. So-so the-the firm the business today looks like this. It's got forty eight. I serve 48 households on an ongoing basis. Again, financial planning and most of those doing investment management. So those clients and as I talked to you about the business, I don't have to wrap this up, but the way it's evolved is almost all the revenue now, bulk of the revenue is coming thru AUM. So I have about 80 million dollars in AUM. And so my current run rate for the revenue, assuming if the market stays where it is for the year, will be about five hundred and seventy five thousand.

**Maddy Roche:** [00:51:53] Congratulations Tom. That's a wonderful trajectory. And I would credit some of your tinkering of your price points to helping you get there.

**Tom Lo:** [00:52:03] Yeah. And the most important thing, I think, has been it's this niche is a great I'm a great fit for this niche. And there is just a ton of need for help for the niche. And as I've said before. Tech, the Silicon Valley is there is just so much wealth here that it is. It's just unbelievable. So people need help to figure out what to do with it.

**Maddy Roche:** [00:52:29] Totally, I so appreciate Tom your abundance mentality around this, that there just couldn't be enough advisors to help serve the need, let alone all the other niches that our advisors are serving. I

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guess just to round out this interview, it's been so full of great tips and advice. But if you could kind of sum up something along the lines of what do you wish you had known before you started your firm that you know now that you might want some of our listeners to know about?

**Tom Lo:** [00:52:56] Well, you could say. So a few things, one is. I think if you can and it makes sense, I would start with the niche because it just makes everything easier. Everything just becomes more focused. So if you can do that, I would do that. It's going to make your life easier. Also, as I said before, I would think about-I would think about the business as just you're doing an experiment, right? You'll start with something. You're going to-you're going to change. It's going to evolve test to see what works. Do more of that. If it doesn't work, do less of that. Right. And then another thing I'd say is that the more-the more runway you give yourself, the better, because I, in my mind, this will work. Starting your own firm will work eventually. You just have to give yourself enough time. It's just a matter of time. If you give yourself more runway, you have a better chance of making it work, because it's really a matter of time before you get your client, you get your business figured out. And if you can just give yourself enough time to do that, then you can be in a great place.

**Maddy Roche:** [00:54:11] Really good advice Tom all around. Thank you so much for being on #XYPNRadio, for sharing your story, your expertise, some really, really great nuggets of wisdom. And congratulations, most importantly, on building this and following your heart's desire to do what you wanted to do. Thank you so much Tom.

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**Tom Lo:** [00:54:31] Thank you, Maddy. It's been great talking to you and I appreciate all the stuff that you, you know, XYPN has done those to it really for me, you know, and help-help build this firm. Make it possible.

**Maddy Roche:** [00:54:45] Absolutely.

**Maddy Roche:** [00:54:48] An event made just for fee-only advisors? Yep, you heard that right. It's #XYPNLIVE and with over 45 content sessions, three keynotes, a one-of-a-kind exhibit day, and networking opportunities galore, it's the game-changing event you've been looking for. Join us in November (in person or virtually) and leave with knowledge, new connections and a whole lot of inspiration to accelerate your progress and smash your goals -- no matter where you are in your advisor journey. Visit [xypnlive.com](http://xypnlive.com) for full details and grab your pass.

**Maddy Roche:** [00:55:25] Be sure to join our VIP community at [XYPlanningNetwork.com/VIP](http://XYPlanningNetwork.com/VIP) to hang out with other #XYPNRadio listeners, ask questions for future mailbag episodes. And finally, to find a community of like-minded financial advisors. Thank you so much for joining me today. We'll see you next time.

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