Episode 5
"Planning is Paramount"

Welcome to the fifth episode of the NJFPA Stradley Ronon Food Forum. In this episode, Bill Mandia, Partner at Stradley Ronon Stevens & Young, LLP, speaks with Matt Topley, the Founder & President of Lansing Street Advisors. Bill and Matt talk about wild financial markets, advice for new entrepreneurs and why financial planning is paramount.

Guest Bio:

Matt Topley, Founder & President of Lansing Street Advisors, oversees the delivery of investment, personal finance and life strategy advice to the firm's clients. During an accomplished 25-year career in finance, Matt ran trading for a $1.5 billion hedge fund, created and ran a concentrated stock fund and helped found a $50 million private real estate fund that closed over 60 transactions in five years.

Prior to founding Lansing, Matt served as partner and chief investment officer at Fortis Wealth, a family office that serves ultra-high net worth entrepreneurs. Earlier, as a partner at Turner Investments, Inc. he dramatically expanded the capitalization of one of the busiest mutual fund trading desks in the United States.

In addition to overseeing day-to-day operations of Lansing Street Advisors, Matt writes the daily View from the Top blog, an industry research newsletter covering market trends and technical analysis. He is the author of the forthcoming book: "Top 10 Money & Life Considerations for Millennials," and frequently appears in The Philadelphia Inquirer, US News & World Report, Advisor News, The Street.com and other national media outlets.

Matt earned a Bachelor of Arts from Holy Family University, an MBA from LaSalle University and a Master of Arts in Organizational Leadership from the University of Pennsylvania. He is chairman and investment committee chair for BLOCS and a board member and investment chair for Holy Family University.

Listeners will hear:

- Why the current financial situation is the 'wildest cocktail he's ever seen in his life'.
- Why it is still mostly good news for the food processing industry.
- What has changed in the financial industry over the last year and what changes will last.
- Advice for entrepreneurs and the entrepreneurial life cycle: Wonder, Blunder, Thunder and Plunder.
- Forecasts on the Mergers & Acquisitions market.
- Advice for family owned businesses long term planning.
- Lansing Street's process with new clients.
- Why 'investing is a psychology game, not an IQ game.'

Edited Interview Transcript

Bill Mandia [0:49]
Hello, and welcome to another episode of the Stradley Ronon New Jersey Food Processors Association Food Forum Podcast. I'm Bill Mandia, from the Stradley Ronon Law Firm. And today, our guest is Matt Topley from Lansing Street Advisors. He's here to talk about a whole host of issues, financial markets, entrepreneurship, financial planning, a lot of interesting things. So Matt, if you could just introduce yourself to our listeners, tell them who you are and what you do.

Matt Topley [1:19]
Thanks for having me, Bill and thanks to the New Jersey Food Processors especially, it's an honor to be here. I always say entrepreneurs are the superheroes of American society, they create all the jobs and America is what it is today because of them. So it's a pleasure to be here. So my career, really brief: I was on the front end of Wall Street for 17 years as a trader at one of the busiest stock trading mutual fund companies in the US. And then from there, I spent five years as Chief Investment Officer and partner at what's called a family wealth office for super high net worth families in the US. After moving on, about a year ago, I started my own firm, Lansing Street Advisors, and we took that family office process down to the wider network of high net worth in the US.

What is a family office? I'll cover it briefly, we always say family office equals investment consulting, plus advanced planning, plus relationship management. So investment consulting 100% of our competitors, banks, brokers, that's your asset allocation, your investment models. I would say I have my 10,000 hours on that side after all those years

in trading and being Chief Investment Officer. So some people do it better than others. But more importantly, the advanced planning side has a couple different components. So wealth enhancement, we're always trying to find ways to mitigate your taxes and increase your cash flow. The more net worth you have, the more you lose track of cash flow, wealth protection, fires, floods, cybersecurity, insurance - getting the highest coverage at the lowest possible costs, wealth transfer, all your trusts and estates. 70% of estates lose assets and family harmony, exit planning is obviously huge for business owners who want to do in the most tax efficient way possible. And then lastly, relationship management.

Lansing offers a totally customized client experience. You're dealing with owners when you're talking to myself and partners at Lansing Street. We basically become the outsourced CFO, CEO, your family's financial life. We just want to make sure our clients are running their personal wealth like a business. The equation is again, family office: investment consulting plus advanced planning plus relationship management, we bring order to your total financial life. And the equation just prevents the plan from failing due to premature death or forced early retirement or lack of insurance, poor estate planning, any of the things that sneak up on people.

Bill Mandia [3:57]
Great. So you obviously spent a lot of time dealing with the financial market. So could you speak a little bit to the state of the markets today? Where we are, where we might be going and tie that into how you see it impacting the food industry?

Matt Topley [4:15]
I'm going to steal a Stanley Druckenmiller line from earlier in the week or maybe it was last week. If anybody doesn't know who Stanley Druckenmiller is, he's someone who's run a hedge fund in the United States since the 1970s. He's probably right up there with Buffett as one of the most famous investors and he's only lost money one year. He called it the wildest cocktail he's ever seen in his life, the current financial situation. So just a couple of statistics. We just had five times the average recession in 25% of the time. In three months, we increased the deficit by more than we increased in the last five recessions combined. In six weeks, the Fed bought more treasuries than the previous 10 years combined. At the same time, we actually had the biggest jump in personal income in 20 years. Bankruptcies actually went down by 20%, not up and corporate borrowing went up and not down like it usually does during a recession. So the financial markets are certainly in one of the most unique times ever. We have speculation really starting to go wild in some parts of the market that I'll talk a little bit later in the podcast about.

Specific to the food processing industry, it's mostly good news. Because as we get through the vaccine period, the economy should definitely boom through 2023 at minimum. We have a record high savings rate, record amount of cash and checking accounts, personal incomes rising. We have basically record pent up demand when we come out of this. So tons of parties, tons of bars and restaurants, tons of travel, all

equals positive outcomes for the food processing industry. The financial markets and the economy most people don't realize are not in sync together all the time. So I think the economy is going to do tremendously well. The stock market and the financial markets priced those things in ahead of time. So I think for business wise, the organization is going to be in really good shape for the next couple years, their [NJFPA's] members.

Bill Mandia [6:32]
So you hit on a lot of interesting financial data there, some of which, at least to someone like myself, who doesn't work in the market sounds somewhat counterintuitive. Which leads me to my next question. Is there anything that really surprised you, as we've navigated our way through the past year? And do you think there's some changes that have hit in the finance world that are here to stay?

Matt Topley [6:57]
There's very few things that *haven't* surprised me during this whole process. Nobody could have predicted a global pandemic, the ultimate kind of Black Swan, meaning unpredictable event. The Fed, number one, learned from 2008 not to go slow, but instead go big and go fast. The Fed and the government, I should say, not just the Fed this time, not just lowering interest rates. But as everybody has experienced thats is a business owner, the massive impact of PPP loans, which were an incredible savior for a lot of small businesses, especially capital intensive businesses, like food processing. The number one surprise was beyond massive government intervention, that we're still experiencing now. Fiscal and monetary, meaning lowering interest rates with the Fed, buying government debt at the Fed. Then the monetary response from the government with PPP and trillions of dollars in aid. I certainly was surprised there.

Number two, the resiliency and the dynamics of US business owners and the economy is just phenomenal, how quickly people adjusted and adapted. We're dynamic about how to keep businesses going, government and businesses really partnered this time around. The dynamics of the US economy is just mind blowing. And the dynamics of our entrepreneurial class is just incredible. Unfortunately, we have some industries that are taking a lot longer to come back. But overall, when you look at what we've been through, it's just incredible the resiliency of the American economy.

Last on, I wouldn't say negative side, but something we have to be hyper aware of is the Fed creates bubbles. So when the Fed lowers interest rates to zero, pretty much zero inflation adjusted negative. Every time the Fed does something this aggressive we create bubbles somewhere in the economy. So the level of speculation going on right now, we've not experienced since 1999. Too much money's just chasing too few assets. So Bitcoin and NFT's and zero revenue tech stocks and electric vehicles and sports memorabilia, everything is just there's a flood of money out there, chasing returns anywhere they can find it. In the process of that happening, you create bubbles. The good news is for the food processing industry, and the general economy, we're gonna survive and be fine as those bubbles slowly fizzle out or pop.

The overall economy is in great shape, but we've created some bubbles certainly, and I can't predict. We're not in the prediction business at Lansing Street. But some of those bubbles are classic bubble behavior and are definitely going to pop. Every time the Fed gets this aggressive, that happens. So I'd expect the next couple years to be interesting. Especially with some of the younger speculators in the millennial generation that have entered the financial markets aggressively trading, that usually doesn't end well.

The second part of the question, Bill is the really good one, right? What changes are not going away? The obvious one for everybody is hybrid work. I don't think we're going to get to the point where everybody is not in the office, but it's definitely going to be a hybrid model. That's, not going away, work from anywhere is not going away. Outsourcing is only going to increase because of those two things. Technology is replacing people, the ability to outsource has been increasing in this country for 20-30 years now. Post COVID, I think it's only going to increase even more. The suburban housing boom we're seeing is definitely going to continue, just the supply / demand issue. So, hybrid work, work from anywhere, outsourcing, suburban housing boom, continued Fed, and government aid, continued federal government involvement in the economy is not going away for at least the next couple years. The next big one is the infrastructure package. I wouldn't expect any of those things to change.

Bill Mandia [11:21]
So somewhat related to that last point, there's a lot of prognostication about what the, I'll call it 'New Normal' is going to look like? What are certain realities that you think businesses are going to need to grapple with and consider as they navigate their path forward?

Matt Topley [11:43]
I think the biggest one is an educated workforce, finding good employees. Every poll with small business owners, it's always number one is finding good people finding good employees and technology is advancing at a rapid speed. As I mentioned earlier, technology is replacing people. That's definitely a reality, the bigger reality is an educated workforce, and can the workforce keep up with technology and keep up with the education we need. COVID certainly didn't help that. We have big education problems to begin with in the country and now COVID kind of exacerbated that with a lot of schools being closed. So that's number one, for me, especially for small business owners.

Kind of hand in hand with that, for the economy to keep growing, we need population growth. Right now, we're kind of stagnant on that side, we've had a baby bust in this country, for longer term, not just certain realities in near term. But the longer term, we've got to get population growth going in the right direction. Most developed and advanced economies, when population growth slows is when the economy starts to stagnate. And we've never faced that problem being an immigrant country and always growing the population. But right now, we've got a little bit of baby bust going on.

Other certain realities, especially thinking in terms of applying to food processors and business owners in general, we've seen the generational low in interest rates. We're not going to go lower than the 10 year Treasury, like 37 basis points. Interest rates are not going to go negative in the US. So that's something business owners really need to think about. We've borrowed a lot of money. We've locked in, hopefully, low interest rates on a lot of that money. I would not expect interest rates to go lower, I would expect them to be somewhat stagnant, to slowly go higher. I wouldn't buy into any of the threats that inflation is going to go wild like the 70s, but we've seen the low in interest rates.

In thinking in those terms, the other reality that we have to face is the idea of safe bonds or keeping your money in bonds for safety may not be that safe anymore. We may be facing losing money in bonds, investors losing money in bonds for the first time in over 40 years. It's happened this quarter and last year, depending on what kind of bonds were invested in this quarter, especially first quarter 2021. Clients are going to see statements probably for the first time in their lives, most of the baby boomers and Gen Xers who've been investing for 20 plus years where their bond portfolios are negative and red. And that's another reality that's facing us. I need to get a little bit more creative on your safe money side, which business owners are going to have to deal with.

Bill Mandia [14:36]
Sort of shifting gears a little bit, you've done a lot of work, particularly on the family office side with entrepreneurial inclined folks, a lot of them who've been successful. Are there certain things you can pass on, what you've observed, to share with some of our listeners who are just starting out their business. Things you've seen that have worked well, things you've seen that haven't worked well, philosophies that successful entrepreneurs tend to follow, things of that nature.

Matt Topley [15:06]
I'm one of those entrepreneurs owning my firm now. With just a little bit of experiential knowledge, I've owned a few other small businesses and done a lot of real estate investing on my own outside of being a partner at the last couple firms and owning this firm. On top of that, yes, most of my clients are entrepreneurs. We're all a little crazy. "You got to give a lot of pain and take a lot of pain to be an entrepreneur." That's one of my favorite ways to express the overall thought process of an entrepreneur.

When we talk about generational wealth transfer, when we talk about the first successes of startup companies, we talk about Wonder, Blunder, Thunder and Plunder. You come up with this idea, you're in the Wonder stage. You launch the idea and start your business and you realize how hard it is. You get hit in the mouth a few times, you realize what it's like to be negative cash flow. You go through the Blunder phase and you fix some things and you learn a lot. Then you get to the Thunder stage where you start making a lot of money and it worked and things are going great. Unfortunately, a lot of times that leads to Plunder, where you overspend, overgrow, pass it on to next gen, maybe it doesn't work.

The entrepreneurial mindset, versus the planning mindset are two completely different animals. At Lansing we talk to our clients a lot about planning, generational planning, financial planning, life planning. That's really dispassionate, right? It's patient, diversify, be a dispassionate investor, versus your everyday job is to be crazy passionate, singularly focused entrepreneurs. They're completely two different mental mechanisms that you're trying to hold in your mind at the same time. But it's the best way to think through the long term survival of the business and most especially family wealth in general.

The other things I would say is manage your energy versus manage your time. Managing your energy and focusing your energy on where it is focused best to grow the revenues and the business and to keep your own mental health in check while you're trying to grow this thing. Keep the family in check and everything. So focus on what you're good at, outsource what you're not good at, get out of email and get to your checklist and your idea generation. Don't get bogged down by the administrative part, especially in email. Harkening back to what I just said there, self awareness is everything. Know yourself, know your weaknesses, and outsource your weaknesses and focus on what your strengths are. If your strengths are growing the revenue of the business, and you're the business development person, you're the face of the business, get out there and be the face of the business. Don't get bogged down in operations. If your expertise is running the ops or running the financials, make sure that's where you're spending 80% of your time. It's all self awareness and knowing yourself and knowing where you're best to hire. I'm terrible at the back office ops and everything. I have to make sure I'm not in charge of that here at Lansing so everybody's got to know their weaknesses.

Last thing, Bill, I would say is interpersonal skills. As you know, it doesn't matter what business you're in, right? The legal business, the financial business, food processing business. My experience and my studying of entrepreneurs is the business part is the easy part for most entrepreneurs, the people part is the hard part. When people end up selling their business or stepping away if indeed, that's the option they choose, it's never burnout from the business. It's usually burnout from dealing with people. It's the hardest thing in the world, as I said earlier, to hire correctly and bring in the right advisors, whether it's financial advisor, accountant lawyer, the interpersonal part is just massively important. We all know, especially entrepreneurs, they don't teach that in school. So that's some of the things I would tell young entrepreneurs that I've experienced.

Bill Mandia [19:26]
All great points there that you hit on. I wanted to kind of pivot now and talk a little bit about consolidation, a huge part of all industries, has been for a long time, certainly will continue to be into the future. So what's your sense as to what the M&A market is going to look like for the food industry? You know, over the next 12-18 months, maybe two, three years?

Matt Topley [19:53]

Crazy good would be my first answer. If we look at it from top down, I'll start all the way at the top, and go all the way down to the smallest of mom and pop places, not unlike my business. You start all the way at the top, the S&P companies have the most cash they've ever had. Private Equity companies have the most cash they've ever had. Venture Capital companies have had the most cash they've ever had. None of the above get paid to sit on cash. They get paid to invest it, especially when the cash is paying nothing. So how does that keep trickling down? All these companies are out there, looking to consolidate industries. Especially industries that maybe haven't been big players before, because now there's so much money sitting on the sidelines waiting to buy any kind of cash flow. Especially as I said earlier, safe money in bonds is no longer safe. Everybody's looking for where to park their safe money and get a reasonable rate of return.

The IPO market also is going crazy, new public companies going crazy. So all this keeps trickling its way down. Medium sized companies are looking to buy smaller companies because they want to get bigger. They're getting bigger and more attractive to private equity and public companies. So they're constantly looking for smaller companies to gobble up and grow quicker. The private equity business starts really, really big with the Blackstone's of the world and goes all the way down to two and three person shops that are looking to invest their cash. In private industry, family wealth offices, somewhat like mine, and some of the larger ones are now hiring full time in-house private equity and people to buy private businesses.

As much as people are watching the stock market every day of the week right now, because of some of the craziness going on, 97% of the businesses in the country are private, I might be a little bit off on that, 90% of small businesses are family owned. So we have 12 million private businesses that will be transferred in the next 20 years. 90% of those businesses are family owned. There's just massive amounts of cash on the sidelines right now. I don't see anything but positive things happening for any business owners that want to exit.

The problem is that, as I mentioned earlier, too much cash chasing too few assets. It's a good thing if you're a seller right now, because you might get paid crazy multiples, right? 11 to 15 times, ebitda, depending on the business. It's hard if you're an acquirer right now, because everything is being marked up and priced up. Obviously, if you pay a higher price, you're accepting a lower forward rate of return. So I think the M&A market is going to continue to be really, really good. I think it's better for sellers right now than buyers. It's going to be hard for buyers to find bargains, meaning if you're a small business looking to grow through acquisition, it's going to be a little bit tough, not impossible. If you're a seller, you're probably going to have a lot of a lot of people who want to date and who want to compete for your business, especially if you have a healthy business.

Bill Mandia [23:31]

So something you hit on there I think is a great segue into another topic is the family owned business. The transferability issues within a family, but also family businesses that may be looking for an exit opportunity, particularly if this market is going to present a unique opportunity, given how robust the investor market is going to be in terms of looking for cash flow opportunities to acquire. Can you maybe speak a little bit to some of the stuff that in your experience that that family owned businesses should be thinking about in terms of transfers or acquisitions? Maybe some things you see family owned businesses do that if they could go back, they would do differently had they thought things through from a different angle?

Matt Topley [24:16]
Exit planning, it's a really good question. First thing I would say is, you should start a lot earlier. If you're even thinking about it, even loosely thinking about it, I would start getting advice on how to get organized, how to get your books in order, how to get the proper way to exit in the most tax efficient way possible, especially if there's multiple generations involved. A lot of the mistakes I see happen when there's not a lot of good advice given and the family pulls the trigger on a sale, gets themselves involved in a transaction that was not well prepared for and then scrambles afterwards to realize they owe way more in taxes. They're not covered legally nearly as well as they thought they were.

So I think first of all, you have to get way ahead of it. The other thing we see all the time is, it's just the emotional side of it is the one you really got to deal with. Speaking of the interpersonal skills earlier, the mental part of separating with the business is usually a more difficult transaction than the financial part. And especially when six months out, one year, out two years out, most entrepreneurs are not the retiring type. It's just not in their DNA. It's not who they are. And they realize one or two years out that spending their life on the golf course is not exactly what they expected. They usually go through a roller coaster of emotions that they're not prepared for. There are ways that we can talk through that there's ways your advisors can help you through that and get you ready. And I just can't emphasize enough to get way ahead of it.

Bill Mandia [26:09]
One of the things maybe you can talk a little bit about that we see come up not infrequently is, we all know our businesses, right? We know what we do, we know what we're good at. Sometimes what gets lost in that is that you need such a solid foundation. There are so many various moving parts, and the alignment that needs to exist between the business's goals and objections, and how it's situated financial and legally and on the accounting side, as well as the personal aspect of that. So can you talk a little about the importance of advanced planning holistically as opposed to just, I want to grow my business and sell it and I'm not really thinking about all these other components that could become headaches for me later when I go to do that.

Matt Topley [27:02]

Just the one stat to think about, 70% of family businesses don't make it past the first generation. 15% don't make it past the second generation. So you're looking at 85% of family businesses that don't make it past the second generation. And the real things you need to be concerned about are some of the things I mentioned earlier in that equation to get prepped for which is unfortunately, premature death or forced early retirement or lack of sufficient personal liability or poor estate planning, lack of proper medical insurance for longevity.

All these things go into the planning for the phases that you have to think about are accumulation, preservation and distribution. You're in the accumulation phase, you're building your business, you're in the massive accumulation phase, you sell the business. Now you're in the preservation stage. We are not in the grow your wealth mindset anymore, we're in the protect your wealth mindset, two massively different mindsets. Again, entrepreneurs are sometimes not the greatest with accepting the preserve your wealth part of it. The last part, when firms like mine and yours come together, Bill is the distribution part, right? Trust and estate planning? Do you want to pass on your wealth while you're still alive? Do you want to wait until unfortunately, passing and passing all your wealth then?

Two thirds of trusts and estates and family wealth ended up in dispute. It's not a great statistic, but it's reality. And most of the time, it's all about poor planning. A lot of the things we walk families through are questionnaires, meetings, getting them ready to think through every single part of the next step, the preservation and distribution part of it. In a lot of these questions, are wake up calls from the families. Our interviews are usually with husband and wife, a lot of times it's the first time they ever answered these questions together in their lifetime. Now they're passing off onto two, three, maybe more generations, and in fleshing all those things out and getting ready for them is the most important part because the statistics are against you. 85% of family businesses, wealth does not make it past the second generation. Two thirds of trusts and estates end up in dispute. So the statistics are against you. We're emotionless in our investing process and we're emotionless in giving advice. Remove your emotions, that's what we try to get people to do. Let's get the probabilities in our favor. Let's remove our emotions and put a plan in place.

Bill Mandia [29:50]
So maybe you could talk about, because I think your process is an interesting one, how you approach it when a family that you haven't worked with in the past comes in and wants to talk to you about long term objectives and financial planning.

Matt Topley [30:08]
We call it a stress test. If the family comes to us, there's two meetings, there is no charge, no pressure, zero pressure. We're not heavy duty sales people, we're not trying to sell you anything we're relationship based. We'll go through exit planning, asset

protection planning, retirement planning, right through the three major areas it is most important to touch on with entrepreneurs. The meeting process is, meeting number one, we'll do a 90 minute interview with the couple on their goals, their values, their previous advisors, or present advisors, the previous investment experiences. At that time, we ask them to share with us personal financial information.

At the second meeting, we'll come back with a mind map of all the things we talked about in the first meeting and we will have a preliminary plan. We'll bullet point through all those things I talked about in the beginning of the conference, in the beginning of our interview today. We'll do a preliminary plan and check the box and go through each bullet point on their investment portfolios: their insurance situation, their trust and estate situation, their wealth enhancement or cash flow situation. And we'll bullet point through a preliminary plan. Out of that comes three things one could be, you're in great shape, you're doing a great job, whoever your present advisors are, are doing great job. The second thing that could come out of that is, here's a couple of things that we would change but there's nothing drastic. The third thing that could come out of that is, we think we can help a lot and here's why. We think it'd be a really good idea to partner going forward and here's the ways we can help you.

Bill Mandia [31:52]
So maybe this is a little bit of what you were getting at earlier, one of the themes I know that your business has is the quote that 'investing is a psychology game, not an IQ game.' Can you expound on that a little bit?

Matt Topley [32:05]
I've had 25 years of trying everything under the sun and seeing a ton of things fail and seeing a lot of predictors fail, especially. We have an entire presentation, most of the time that blows away, the people that see it, that shows the history of predictions on Wall Street, the history of predicting markets, it's a little bit in line with Voodoo. The most important thing is knowing yourself again, but we protect our investors from three things, broker centered transactions where the broker wins, you lose. It's not all brokers, but there are some extremely expensive broker transactions. That's number one. Number two, we protect our investors from sexy investments, Bitcoin, Weed Stocks, and NFT's are some of the some of the stuff that's really popular now.

Number three, and most importantly, we protect our investors from themselves. If you look at the S&P 500, in a seven year period, there were twelve 20% corrections. In that period, the S&P 500 was up 15,000%. We've never had anybody guess more than 5,000%. But the unfortunate outcome of that is investors on average, return about half of what the S&P returns. And it's mostly because they buy at the wrong time, sell at the wrong time. Or, more importantly, they're involved with paying way too high of fees, or have terrible tax efficiency.

In my career I was very lucky, I was really on the front end of Wall Street, I was at a firm that generated a lot of commissions. So you get to see every Wall Street pitch you can humanly imagine. Then I went to a second firm, where super wealthy people's portfolios were really poorly constructed, paying super high fees. We were able to unravel that and get the family straightened out. I would just say number one is controlling your emotions in any investment game. That's where people will usually stumble the most. We have plenty of slides and plenty of statistics that we could show you that most of the time blow people away.

Bill Mandia [34:20]
So maybe a great way to wrap this up would be to have you touch on certain things like what are some of the key indicators you see right now in the markets? Are there things that you're particularly focused on? that either you see as opportunities or things maybe that gives you some pause for concern?

Matt Topley [34:38]
Here's what we're facing that no other generation has faced. We have high equity stock, high stock valuations. We have low bond returns, low bond yields. We have high private equity valuations. At the same time, we have a huge spike in longevity with people living to 90+. People are projected to live up to 100. And we have healthcare inflation growing at 20%. Those five things all combined, are another cocktail separate from the cocktail I talked about in the beginning of the podcast, and what we're facing going forward, especially people planning on retiring in the next 10 or 20 years. So high stock valuations, low bond yields, high private equity valuations, living to 90 plus and 20% plus healthcare inflation. So now what does that mean? It means planning becomes a way more important part of your family's future. Because selling the business and put it in Muni bonds no longer works.

People used to be able to sell a business, put it in Muni bonds, if they didn't want to deal with it anymore, and get 5, 6, 7%. That no longer flies for two reasons, interest rates being absurdly low, number one, and number two, you're going to be retired 30 years now instead of five or six years, because you're living to 100. So the dynamics of the world have changed dramatically. And it's really focused our business on the family office advisor side way more on planning, not the planning wasn't important before. But when you put that cocktail I just gave together, planning now becomes paramount above everything. Our tax code, I think we all know is going to be changing dramatically. We can't just put trillions of dollars into the economy and not have a way to pay for it. So the tax code is going to be super dynamic. So all these things coming together, is really what families should be focused on.

I know everybody's focused on the everyday movements of the S&P and everything. But we have bigger, broader problems to tackle. The S&P returned 13 and a half percent for the last 10 years. It's done tremendously well since coming out of the '08 crisis. Just based on math, and based on history, you're not going to return 13 and a half percent for

the next 10 years. So you need a more diversified plan going forward. And you need a financial plan, more than ever, because of all the moving parts. That's why we talk about protect your wealth, increase your cash flow, secure your legacy, and make sure the plan is protecting you from anything sneaking up on you, and raking the coals over what you worked so hard for. So planning now becomes paramount.

Bill Mandia [37:27]
Well, Matt, thank you so much for your time today and the good discussion on a wide range of issues relating to financial markets and investing and the food industry.

Matt Topley [37:37]
Thanks again for having me. I really appreciate it.

Thank you for listening to this episode of the NJFPA Food Forum. For more information, you can visit us at www.njfoodprocessors.org. And if you have an idea for a future episode, please email us at help@njfoodprocessors.org. We would love to connect with you and make your story and your experience part of this series too.