

The Just Word Podcast

Transcript of Episode 10 – Moolala and More! – Bruce Sellery

Pat Bolland 00:05

Well, Bruce, it's so great to talk to you again. And I tell you what, we've worked together over the years in various capacities and BNN is probably the most notable. But what's always amaze me is the positive attitude you bring to all that you do ... when you think about it, many people in finance or journalism haven't been there cynics how did you stay so upbeat?

Bruce Sellery 00:29

I think it is my temperament like my born and maybe bred temperament. I describe myself as a diluted optimist. So I am clearly, like, I am deeply, deeply optimistic to the point of delusion, where I don't ... so I used to run like distance run, where I would run, I've trained for marathons and stuff. And I would wake up and no matter what someone said, the weather was, I assumed it was going to be a lovely day. So I would show up in shorts and a T-shirt when my running friends are like, it's going to hail today. Because we're going to talk to the weather, the weather is going to cooperate, it's going to do whatever I need it to do in a particular day. So I am fundamentally optimistic. I don't know why, but I am.

Pat Bolland 01:15

How did you ever get into personal finance? Because to me, personal finances budgets, and those are downers?

Bruce Sellery 01:22

Yeah. Oh, yeah. Well, I don't think of it that way. So I fit, so everything that I do is about inspiring people to get a better handle on their money, so they can live the life they want. And so you and I, as you said, spent a long time covering the stock market, the economic releases, we interviewed CEOs, we did all that stuff. And we focused on a retail investor, who was really into this, like they were like, Oh, my God, Pat Bolland. He's that guy from CNBC, and

Pat Bolland 01:51

And Bruce Sellery ...

Bruce Sellery 01:53

Yeah, yeah, yeah. But what I realized was, we're talking to 2% of the population, or 3% population. And what is 98-97% of the population are smart people who are doing dumb things, partly because of knowledge, but mostly because of a lack of insight. So I come to all of this trying to be a catalyst for an insight, for the light bulb to go off, where they go, Oh, oh, that's what he means. And I could not care if anyone ever makes a budget, I don't actually we can talk about budgeting, I'm not a big fan. What I want people to do is have a sense for why they are, or could be motivated to get a better handle on the money. I want them to have a better sense for the connection between their behavior and the consequences of that behavior. Find a simple approach that's not too complex, and start talking about

money with the community of people around them, because I have no baggage better, if any taboo about it. I'm happy to talk about intimate things. And people tell me stuff. People tell me stuff.

Pat Bolland 02:56

And I know you love that. So tell me then, Chief Executive Officer of Credit Canada, who were they? Although it does seem perfect given COVID, given the mortgages that we're seeing exploding. There's a lot of debt out there. And there was a lot of debt before.

Bruce Sellery 03:12

Yeah, we are Canada's longest standing nonprofit credit counseling agency. So back in 1966, people said, people need help. And so there was the founding of local credit counseling societies. And they crept up from coast to coast to coast. And over time, there was consolidation, there was expansion. And so we live to help people get out of debt so they can get back to life. That's what we do. So our counselors, pick up the phone and engage with people who are, many of whom, are in crisis, right? They can't get the collection calls to stop. They've dealt with a job loss and divorce and illness, whatever it is, and they've got outstanding debt that they cannot handle. Now, there are some people who call us to, who are like, I just can't seem to lose that last five pounds like it's the last \$1,000 they can't get rid of, but our, the clients that we have most of, the biggest focus on, the most affinity for, are those for whom a simple little tweak to their budget is going to be insufficient. They need more help. And that's why we're here. We're mission driven. You know, we don't make money to make money, we focus on delivering a service, and it is a service that Canadians are going to need more and more and more as government supports wind down, deferrals wind down and interest rates creep up.

Pat Bolland 04:34

Okay. So you're in the business of overhauling their finances and restructuring their finances or, because when I think of, you know, credit counseling, it's it's almost like Gamblers Anonymous, you know, gamblers anonymous, you just stopped gambling, that's what you have to do to control things, is it? How is it different than that?

Bruce Sellery 04:51

Well, it's different because you can go cold turkey on gambling and never gamble again, is very difficult for you to live a life without access to any credit, you can do it. People do live on debit cards, and they, you know, they do it. But even, think about someone without a mortgage, you want to rent a place, you need a credit score, and your credit score needs to be somewhere north of 600-650. And if you've devastated your credit, and you need to go look for a new place to live, you're going to be in trouble. So the phone rings, we assess the situation for our clients, and we do a bunch of things. So we could help them on budgeting. We could help them on rebuilding their credit score. We can also assess more significant intervention. So, one of them is the debt management program. So we have a way for us to be the leader in conversations with lenders to bring all that debt into one thing, we negotiate lower rates with the lenders, they pay us one stable amount of money usually takes about 48 months for them to work through it, and then we pay the lenders back. So that's one thing. If their situation is not a fit for a DMP. So say they've got major equity in their home, a DMP could make sense. If they don't have equity, we may say listen, what makes most sense for us to do a consumer proposal or a bankruptcy filing. And in that case, we would connect them to a licensed insolvency trustee. There's great LIT's out

there, and they would take them through that more formal process. But remember, a consumer proposal has them pay, call it 20 to 30 cents on the dollar. A DMP has been paid their lenders back in full at a lower interest rate and overtime.

Pat Bolland 06:30

OK, so how did you get to this position? How did you become the CEO of this Credit Canada? Well, your Moolala man!

Bruce Sellery 06:40

I know! I get the headhunter call and they did this thing, which I didn't know they did. They're like, Do you know anybody who'd be good for this job? And I was like, yeah, this person would be good, that person be amazing. And this ... Oh, and maybe put my name in there? Why don't you put my name in there? Because what you may not know, Pat is I started in the corporate world. So Queens School of Business, Procter and Gamble. So I spent the first chunk of my career in traditional strategy marketing strategy.

Pat Bolland 07:08

I did not know that...

Bruce Sellery 07:09

I know, I know. It's, I think it's why I found it so easy to interview CEOs, because it's like, I've managed a p&l before I know how to forecast. So don't be doing your like fancy dance about how your business works. I understand what it's like to run a business. And then I decided in the 90s, just before BNN launched, I decided no, I want to be on TV. So you can imagine the look on the face of my my boss at Procter and Gamble. They're like, Okay, I understand that you're resigning, people resign all the time. You're going to go be on TV. What? And that's what I did...

Pat Bolland 07:44

That begs the question, how did you ever get on TV? Like it was Jack Fleischman in those days, starting up BNN ... did you know him or ...

Bruce Sellery 07:51

No. So before that, I had a friend who introduced me to three producers at CBC. And I met with all three. And one of them said, all right, tough guy, show me what you got. I gonna give you a camera. So he gave me a camera. And I did a story on the marketing of charity, how packaged goods principles, like the principles of marketing shampoo and dish detergent, were being used to market Heart and Stroke. So that's my very first story. And it aired on what's now CBC News Network. And then I had a piece of tape. And then someone said, well, they're looking for a freelancer on a show called Investors Online. You may remember a little show called Investors Online. So I went and freelanced for your show. And then jack fleischman invited me in for an interview and he asked me two questions. What's NPV at what's EBITDA? I answered those two questions. He wished me well and sent me on my way. And I thought, Well, that was the worst interview ever, and I've totally blown it and this is a disaster. And then he called and offered me a job.

Pat Bolland 08:58

I and I remember you I met at Investors Online ... I hadn't thought about that show years and years and years, but it was so innovative and in terms of, we did long-form CEO interviews, we did email questions coming in. Well, it was cool. Okay, but let's get back to you. Moolala ... Is it gone? Because I mean, the evolution It was a book ... that Guide to Rocking you RRSP... so you even have a podcast...

09:23

Which we do ... I do. So I, I started in a work, in a in a community center in Calgary. I did these workshops. And the workshops were about this insight that I was talking about, like smart people are doing dumb things. I've got to do something about this. And because of my corporate background, I had designed and delivered training for years. So I literally, like, you put the bodies in the room. I'm going to design interventions that are going to cause an insight that will then alter behavior. I know how to do that. So I started doing these workshops. I wrote a book proposal, got a book deal with McClelland Stewart Random House, got a reality show on #TheOprahNetwork... blah, blah, blah... and then the last 11 years I've been doing three things; media, #CBC Radio, I've still worked, do #BNN, #CityLine Money Call Mr. CityLine, the speaking circuit, but also financial literacy consultant. So I worked with massive organizations on how they think about financial literacy in a different way. One of those things, as you mentioned is Moolala radio show it's on #Sirius XM, it becomes a podcast, but it's a traditional radio show first. And so here's the genius of this new game for me, I get to have my cake and eat it too. Because it is important to #CreditCanada that we have thought leadership in this space. So it is important to Credit Canada that I retain my role at CBC and CityLine and BNN. Because we want to be at the forefront of this broad discourse on how to get a handle on your money. So I'm going to continue to do that I'm no longer sleeping, I barely have time to eat. But I'm excited to do all of it. Because I love the media, I love doing that stuff. And I'm loving, leading a group of people because these counselors, I mean, all of our staff, but the counselors in particular are frontline. And they're the ones who show up at work, pick up the phone, and deal with the trauma that a lot of our clients are dealing with

Pat Bolland 11:14

Except that you strike me as a frontline Chief Executive Officer, one of the guys that would like to sit down in a chair, pick up the phone and answer it himself. Have you done that? Or will you do that?

Bruce Sellery 11:23

I won't do that. Because I'm not an accredited financial counselor. What I will do because it's accredited, right? And it's very important that we have real rigor on how we provide that counseling. That being said, I will be doing more client-facing stuff in our education programs. And I am pretty accessible and pretty out there. And, you know, I mean, I've got to say, these are my people. So my people are people who are trying to get a handle on their money. They're my people. So I have great, one of the things I added to our process. Whenever we meet, every time we have a management meeting, or all staff meeting, I have someone bring a client story. And it's an anecdote, it's a Google review. It's a something so that we remember that we exist for one reason, one reason, and that is to help people get out of debt so they can get back to life. And we need to remember that there are people with beat beating hearts and husbands and mums and dads and, you know, cancer and joys and pains and all that, they're people. And that's what we're trying to do.

Pat Bolland 12:25

Yeah, people are being challenged, though, Bruce, you and I both know it, with the amount of debt that was outstanding, as I mentioned earlier, but mortgages and the housing costs going up and up and up. I'd love your thoughts on what's the best piece of advice you could give a young couple, for instance, looking to buy a house or an older couple looking to get out of their homes. I mean, what would you do with real estate right now?

Bruce Sellery 12:51

Well, with a younger couple, I think the number one piece of advice is you need to think holistically about that decision. And you need to think about it over the course of time. Because we know rates are ridiculously low, you can get a variable for prime minus 100 basis points right now, it's possible. Which means your carry on that mortgage is is nothing, those interest rates are going to double or triple. They'll they'll still be low compared to you know where they were in the 80s. Right, and I go to 18%.

Pat Bolland 13:21

But tons and tons of principal, I get the low interest rate cause, but you still have lots of debt,

Bruce Sellery 13:26

massive mass, it's just in the short term, it doesn't feel like much because you're just renting the money. So renting an apartment versus renting money, no big deal. But my concern is, so you've got that and you're approved in the next five years, you're fine, because even even if you're fixed, your interest rate is quite inexpensive. You go to renew down the road, the roof leaks, you need a new dishwasher, you want to have granite countertops, all that. And so how do you think through that narrative over a more than just five years? And are you in a home that you can not only pay for but be one pay for, two have a life? Right? Because you've got kids who, maybe you've got kids who will need education, they'll need to play lacrosse and that's not free, you've got kids who are going to want to travel or do other things right? And so I think for the young people, they need to think holistically about that and I am, well I don't know where you are, #RobCarrick and I see eye to eye on this not everybody does a lot of people believe real estate is the holy grail and like be all end all I do not share that view. I think we need to be very thoughtful. individuals need to be thoughtful, and we need to continue to energize renting as an option provided you are rigorous and focused on saving it can be a cheaper option for people over time.

Pat Bolland 14:49

Actually that's the other half of the equation, isn't it, because I happen to have liked real estate through the years and it's been good for me. and, you know, prices have gone up on everything I've touched basibly over the last 20 years in real estate, not necessarily in the stock market. So then real estate to me is not the holy grail, but it's an awful close. Should I look at selling if I'm a senior?

Bruce Sellery 15:13

Yeah, I think so if you have your only, you only have your family home, that's different than if you have other real estate assets, maybe you've got an income property, maybe you've got a cottage, that kind of thing. Let's look at, the big thing to me that distinguishes the real estate market from the stock market is that real estate prices have really, they tripled, right, depending on the market, they've tripled. Incomes have not tripled, right? So it is a very different dynamic than on the stock market where the stock

market way may well have tripled, but earnings per share have held up. So it was the stock market's frothy, I believe that is frothy. But there has been earnings growth, there has been top line growth for companies in the stock market, I look at what is going to be available for, my daughter's 11, How on earth is she ever, ever going to afford a home at these prices? Right, like it's just unfathomable, because we have not seen income growth that will enable, not so much the 30 year olds, but the 11 year olds, who're gonna come to the housing market in 15 years. And so if that growth needs to flatten out at some point, or the whole thing's gonna just bust right, we need to figure out a way on the supply side to increase supply. We need to figure out supply on rental so that people can have a different option out there. But I think this is one great example of where past performance does not illuminate future returns on real estate. Because 25 year olds, all they've ever seen is up. And so, you know, so what if the house cost 1.2 million, all they've ever seen is up? It's doubled in the past five years? Well if that, if you buy that house for 1.2? Do you really think it's going to double in five years to 2.4. Like how is that, because people just don't have that amount of money. And there is a finite number of parents who are willing to cut the check on the down payments for their kids. It's not infinite. It's finite. And a lot of parents have done that math, have done that early gifting. But I get very concerned not about a housing crash. But a normalizing in the curve. And normalizing that is counter to the narrative that the young people have is like no, you buy a house and it doubles.

Pat Bolland 17:29

Yeah, not so much. But it does bring up an interesting question. If you're not so keen on real estate, and you think the stock market's a little bit frothy and the bond market, interest rates are virtually zero. How do you handle your investment? And if it's too personal question tell me to get lost.

Bruce Sellery 17:43

Oh, no, no, I Well, it's me. I have an open book. So I view real estate is where I live. So we bought five years ago in Toronto. We sold in Calgary bought in Toronto,

Pat Bolland 17:55

You're back in Toronto.

Bruce Sellery 17:56

I'm back in Toronto. I know. I know. I'm back in Toronto. So we own in Toronto. We also bought a cottage for \$104,000 in 2000. I know, they sold one on our lake. It's not a fancy foofy lala lake. There's a cottage on our lake that sold for 1.6. And it's like nothing. This is not a fancy dancy cottage. So our \$104,000 cottage is worth more than \$104,000 pure luck.

Pat Bolland 18:24

You do like real estate!

Bruce Sellery 18:27

It's not that I I don't like it or not like it I just view it as I don't view it as an asset class. I view it as lifestyle. So we go to the cottage. We love the cottage, we rent it when we're not there. It's great. I need a house to live in. Because I need a roof over my head. My investment focus has been long term, low cost diversified. That's the Moolala method. It's you know, you start with 4 ETFs ... Canada, US,

international, fixed income, and you're good. You're done. So I think, you know I don't worry about the stock market correction. I didn't in 2008 I don't worry about it now. You and I have been around for a long time. We know a correction is coming. It's gonna be painful and horrible. And I'm sitting on some cash and I will you know be like the greedy senior at the buffet in Vegas at 4:30pm in the afternoon. I'm going to fill my plate high. Which is not to say I won't be empathetic for the people who are horrified by the fact that the markets dropped 40% because it's gonna happen.

Pat Bolland 19:26

Oh, okay, so you you brought it up. And I saw you on a TV show years ago and you said your ambition was to make it to Vegas.

Bruce Sellery 19:34

Did I say that. Yeah, like to go to Vegas.

Pat Bolland 19:38

Yes.

Bruce Sellery 19:38

I don't remember that. I did debt. My husband's 40th birthday was in Vegas. I have to, this is true confession time. I hated the idea of Vegas. I hated being in Vegas. It is so, No, I am not a consumer. Our best vacations are ... we did the tour Mont Blanc, which is a 10 day hike around the Mont Blanc mountain range in France. We were supposed to go to do a good portion of the Camino in Spain last summer ... didn't happen. Obviously. If, if things continue to improve, we'll be doing the West Coast Trail. So hiking. Yes. Consumer, you know, oriented gambling. I just can't do it.

Pat Bolland 20:17

Do you take the kids?

Bruce Sellery 20:18

Nope. Abby, hopefully we'll be at summer camp. Hopefully she will be at summer camp where she will be happy. And we will have a break. We will have a break Pat. I know it's been a long time since you've had kids underfoot. We love her. She's amazing. And we all deserve literally as you and I are speaking she is doing school 25 feet away from me, which is where she's been for months and months and months and months and months.

Pat Bolland 20:45

Okay, post COVID obviously travel's on your agenda. What are you most looking forward to?

Bruce Sellery 20:50

We want to go back to Europe. So are our true true joy as a travel destination is hiking around Europe? So we had a trip to the Dolomites planned? We've hiked across Corsica. It really is hiking around Europe. That's the number one thing. And also I want to get back to New York. So you lived in the New York area you've spent ...

Pat Bolland 21:14

Jersey.

Bruce Sellery 21:15

Yeah, you were in Jersey. I was on the Upper West Side at 83rd and Columbus. And I haven't back in a really long time. So I'm really looking forward to that. I how, I put myself through undergrad was leading high end all inclusive tours. So I have loved travel since I was in my teens. Leading tours was the best job I ever had even better than working at BNN Bloomberg. I loved it. So I hope. not hope, I know we will travel again. And when we do I will be, I will probably smooch the pavement of the first foreign capital, international capital, that I am lucky enough to go to.

Pat Bolland 21:57

Bruce, we can only hope for that moment to happen. But in the meantime, now that I know you're in Toronto, let's get together after this COVID thing is a little bit more over.

Bruce Sellery 22:06

Yes. I think that would be a delight. Be great to see in person. Absolutely.

Pat Bolland 22:11

Bruce. Great to chat. Thank you.

Bruce Sellery 22:13

You're welcome.

Pat Bolland 22:15

Bruce Sellery, old friend and CEO of Credit Canada.