

JW S03E09 Ally Pyle

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SPEAKERS

Pat Bolland, Ally Pyle

Pat Bolland 00:00

Welcome back to the Just Word podcast. You know, financial literacy is on everybody's lips. What does it mean? Is it the ability to make smart decisions with money? And who does it apply to? Well, Ally Pyle is an investment advisor with CIBC Wood Gundy, and she's going to join me right after this word from our sponsors. Ally, great to see you again. And I guess what the audience doesn't know is that you and I have a history in terms of your dad was on my TV show. And now you're on my podcast. I'm so thrilled.

Ally Pyle 01:11

Thank you so much for having me, Pat. I can't wait

Pat Bolland 01:12

How old do you think you were when you were you attended, right?

Ally Pyle 01:16

I did. And I believe I was wearing a Toronto Maple Leafs jersey. And if I had to guess, I think I was eight or nine.

Pat Bolland 01:24

Oh, wow. Okay, so it was a long time.

Ally Pyle 01:27

I won't say how old I am now or how many years ago that was but ... and you followed .. Exactly don't do that they can do the math... you followed in your dad's footsteps. And you're doing an investment advice role. But you also did something recently called Eat Pizza Talk Money. What was that about? So it actually started with this a little bit of a pet project, I guess, going out into local communities and talking about financial literacy. I have always been fortunate that it's been a conversation continuously around me, I started working for the bank when I was 17, or 18. So it's been a subject topic very familiar to me. But I found it was missing in in local areas, whether it be youth adults. So pre pandemic, I had

gone out to a local library, given a presentation. The organizers invited me back after restrictions were listed, did a very generic broad based talk to all ages. And they said well, I think we really need this for the younger cohort. So would you mind kind of gearing, a conversation just around that? And I said, Absolutely.

Pat Bolland 02:36

Okay. So is it your experience that financial literacy is missing in youth?

Ally Pyle 02:43

I think it's missing, not so much in the content, respect, but just the delivery, I think you need to know where to go to look for it, what sources you can trust, what you need to watch out for? And really just starting that conversation. I don't think it's, you know, I don't think it's an everyday dinner table conversation that's had

Pat Bolland 03:04

no, fair enough. But it also seems somewhat of a dated kind of an idea. Because with social media around and, and the ability to access whatever you want on the internet wouldn't that have all the answers for you.

Ally Pyle 03:19

It does in the sense that .. so I think if we kind of break it apart. So in terms of access, and platform, social media has been a huge benefit. But with that comes some complexities as well, because, you know, it's there's a lot of generic information out there. And I think what's really important to remember is that not all the information is coming from qualified professionals. So you really have to vet your sources and make sure where you are going for that information is coming from a trusted, you know, whether it's an institution or an individual.

Pat Bolland 03:53

I want to come back to that. But I want to start with something even more basic, if you don't mind. Because when I think about it, I do my money transfers now electronically, and there are many people that are younger than have actually never held a physical dollar in their hands. So starting the conversation has got to begin with holding money and understanding money. Is that element there?

Ally Pyle 04:18

I think so i think most youth and we'll stick to kind of that cohort understand, understands how \$1 is earned. But I think the value of that dollar can sometimes get lost, especially coming through the pandemic. I mean, we've seen, you know, record inflation, which kind of devalues that dollar. And I think until there's a form of financial obligation. I mean for a lot of youth \$1 is their dollar to to spend and burn, right? Yeah. So it's basically all discretionary income and they can do what they want, but they move through their life stages so quickly, and I mean, as young as 17 they're off to university and all of a sudden they're responsible for groceries and rent and cell phone bills. And that can you know, that's a pretty quick turn for someone that's living at home

Pat Bolland 05:09

It comes home to roost pretty fast, doesn't it? When you when you pay the bills?

Ally Pyle 05:13

Absolutely. So I think starting that conversation of okay, yes, here's the dollar that you earn. But how far do you have to stretch that dollar? And if you spend today 100% of that dollar, I mean, that takes away from future consumption too. And also, getting youth into a savings mentality, I think is really important, and to have that conversation around, sort of spending and saving strategies. Okay, so let's go back to the social media, because you indicated that the best place to start might be in social media, but you have to vet your sources. How do you do that? How do you vet the sources? How do you know who to trust? So I mean, the most straightforward way, if you're using social media, I mean, I think, especially here in Canada, our banks do a really great job at having tools and resources there, their savings calculators, there's budgeting calculators. So I think going to those larger, trusted sources is a great place to start. There's websites through the Government of Canada that talk about budgeting, and what is financial literacy. So I think there's a lot of trusted sources that you can go to first, I think, too, we forget, we're in this digital world. And we kind of live in this instant, you know, mentality, but we forget the value of just sitting down and having a conversation with an advisor or someone at your bank, you know, whether it be a teller or a personal banking adviser, there's always someone that's going to be willing to have that conversation. And as you and I both know, there is no one size fits all, as far as financial literacy and financial planning is concerned, what's the basic and where you get started? And then I want to walk through the stages of life. So as a youth, where might you start? Yeah, so 100%, right, there is no one size fits all, I think when we, you know, when we're turning to social media outlets or platforms, we do a you know, we type in a quick Google search, and we get a very, you know, bolded, top line two sentence answer. And it might be very accurate, but it's also very generic. So are you part of maybe the, you know, the 50 to 60%? That it applies to? Or are you the other percentage, right? So starting, just understanding that is important. So going back to youth, first, I think we start with the basics. So we start with even what does a paycheck look like? A lot of, you know, it seems really intuitive to us, because we've been working for years, but as a teenager starting, you know, in your first job, you understand that you make, you know, X number of dollars per hour, and then you get I won't say paychecks, I don't even think those exists anymore. I think it's all direct deposited into your bank account. But, you know, you get your deposit. And there's a gap, right, the individuals going well, I thought I was making \$16 An hour and I worked X number of dollars, and why doesn't this add up? So even understanding, you know, what are taxes? What do we pay into as a working individual? Are we accumulating RSP? Room, there's so many things that happen behind the scenes that, you know, we understand and take for granted, but someone starting out wouldn't necessarily know that. So that's, I think, one of the best. So when I gave the eat pizza talk money, well, first, I got their attention with the pizza. But then, you know, we talked about what is a pay stub look like and you're earning your money and where does it go? And then the conversation sort of had has a natural trajectory from there.

Pat Bolland 08:42

Okay, is the next step then ... and I hate this word, because I am not a follower. But budget.

Ally Pyle 08:52

It's ... a lot of people don't like that word. Because I think the No... because I think there's a bit of a miss sometimes that budgets have to be restrictive, right? Because we think of it as this is what I have to,

you know, these are the bills that I have, and this is what I have leftover. But a budget can actually be a really beneficial exercise if you think about paying yourself as part of your budget. Right? So we've got this thing that we talk about, you know, the 50-20-30 rule. And when you get paid, you sort of you know, 50% is going to everyday expenses, whether it be groceries, cellphone bills, what have you. 20% is paying yourself first. So that's your savings. And then 30% can go to discretionary items, such as, you know, new clothes, new shoes, that sort of thing. So I think if you think of a budget from a holistic standpoint and include yourself in that, it becomes a much more, I think, enjoyable, I'll use the word exercise as much as it can be.

Pat Bolland 09:58

Yeah, but it does set the limits on things. So that's where I see the restrictions that said, we had a guest on the podcast a few months ago that was talking about self employment, and pay yourself first as part of the program. So you're doing the same thing, even with a paycheck that comes from somebody else, make sure you designate a certain amount for that.

Ally Pyle 10:19

Absolutely. And I think, to your earlier point, Pat, we don't hold dollars anymore, right? We live in a, you know, almost 100% cashless society. So when we don't have something tangible, I think it's very easy for us to go out and tap here and tap there. And if you're not kind of tracking that, or paying attention to that, you could get yourself in a situation where your debt is building up. And of course, as we know, that has some negative consequences as well.

Pat Bolland 10:49

Right? Okay, so let's move to the next stage. So you're not a youth anymore, let's for argument's sake, say you get through university and you actually figure out your bills for heating and rent and all those kinds of things and you started into a family. Obviously, your costs are going to go up significantly does the 50-20-30 change,

Ally Pyle 11:09

I think it can change, depending on I mean, when we're in that life stage, a lot of us are looking at purchasing vehicles, purchasing a home, rent, whatever that whatever that is for your situation. So it does become I think, a little bit more difficult. And I think the percentages can change. But I think the notion that underlies them, you should try to stick to so whether it be you know, a very small payroll deduction that comes before you even see them your paycheck in your bank account goes to some form of a savings, that can be those small steps early on, I think, build a good foundation and start some good habits that you can carry with you. But I do agree in that stage of life, the expenses are usually more than the income.

Pat Bolland 11:54

Yeah, yeah. And that's when you start to get into debt. So I want to talk about two things, debt, and mortgages. Do people have an understanding at any age, not just youth, but even as they get into their married years, and so on? So debt, and then I'll follow that up with what when you get into investments. So let's do debt.

Ally Pyle 12:15

So debt first, everyone loves to talk about debt. Get it out of the way, right, that uncomfortable conversation. So debt is not necessarily a bad thing, because there's some major purchases that become assets. For us, if we think about a house, right? I mean, that's an asset that will appreciate over time. And for most individuals, we don't have hundreds of 1000s of dollars sitting in a bank account to go and buy that house with cash. So there are some things, I think is good debt, or appropriate debt. I think if we maybe go one step deeper, I think a lot of Canadians need to understand what you know, what their everyday habits, how that speaks to the debt that they can go to the bank, and actually tap into right. So we need to understand what goes into our credit score, what the bank looks at, when they're, you know, adjudicating on a loan, whether it's for a car or a house, because there's a lot of factors that, you know, we just think we go in, and they do a credit application. And that's it, right? There's a lot of other things that go into it. So going back to starting these good habits, young, I mean, our our history, our character, as we've had credit throughout our years, that all ties into when we get older, and we're ready to make those major purchases. I think understanding your debt is also really important. There's quite a few different products out there. And making sure if you are going to carry a balance, you carry that on sort of the lowest interest burden product. So you know, if you've got a credit card balance, and you're paying 20%, if you can, you know, rotate that into a line of credit and pay maybe 10%. That's 10% in interest savings, that would go a long way. as well.

Pat Bolland 13:59

You know, you started with the banks in terms of applying for mortgages, and that's where the discussion was, what again, with the internet now, there are a lot of other places to borrow money, FinTech companies are all over the place. And you hear the advertisements on radio. Are they generally reliable? Are they regulated? For instance, in Canada?

Ally Pyle 14:20

In Canada, I think we do a very good job. I mean, there's I think there's nesto mortgages. There's some other sort of, you know, the as you mentioned, FinTech there are I mean, what's important is to kind of make sure the way that their lending is appropriate. They're not going to have the kind of getting into the nitty gritty, but they don't have the same capital lending ratios as some of our big banks do. But I think just understanding we do a good job in here in Canada, making sure that we're not overextending our individuals right. Now understanding the mortgage product you're in, I think, as we've seen play out in the past two years with variable rate mortgages, that super important to understand the type of product you're in. I mean, you get that, you know, piece of paper that you're pre approved for a mortgage. That's first step. Step number two is, well, what kind of mortgage? Are you out there getting? And understanding all of the implications that go along with that? Yeah, okay, let's get into investments. Because my history in investments is interesting. I used to have a grass cutting business as a young, I was young boy at the time. And for every dollar that I earned, my dad would give me \$9, and we'd invest the \$10. And but he did it in like, \$100 increments, I forget how we did it exactly. But I started really young, I started at 12. And obviously, I love the financial space as a result, what are your thoughts? When did you get started in investments? Number one, and what are your thoughts on when people should be looking at it? So if we think about, from a, you know, from the 30,000 view, sense, investing can be something as simple as just a more of a sophisticated savings account, right? Sometimes when we hear the word investing, we're thinking about stocks and trading and all that can

be a little scary, if you've never had experience with that before. But starting with so to kind of get back to your question, I don't think there's too early of a time to start investing, I think you can start with a very simple, you know, you put 50 or \$100 away a month. The nice thing is now, as we've grown this industry, and we've had, you know, huge advances in technology, there's a product out there that's suitable for everybody. So whether you're talking about a \$500 portfolio, or a \$500,000 portfolio, I think knowing that there's a solution that best fits your need, is out there, and you just have to know the right places to go to.

Pat Bolland 16:53

Well, your you, for instance, our investment advisor, you're not I don't think going to deal with the \$500 people, you'd be happy to deal with the \$500,000 people. Where does advice start to kick in? Where can you get advice? If you're not at that \$500,000 level?

Ally Pyle 17:12

Yeah, so advice kicks in from the very beginning. So I started, I guess my, my experience coming into this role, I was a financial advisor with a bank branch, and mutual fund license. And that's, that's what we helped clients with. So I would have people as young as 18 Come in, wanting to start saving for their future. And we would go through actually very similar to what I would do now, with my clients today, you go through an investment conversation geared towards risk tolerance, the ability to take that risk so that you're invested in something that is suitable for you as the individual, which again, is where we kind of come back to there's no one size fits all. But to sort of answer your question, Pat, I mean, the bank talking to an advisor is a great place to start, even if it's \$500. I think we've also got some great, I'll use the term robo advisors out there. I mean, there's quest trade, well, simple. Those are all really great platforms to get started with...

Pat Bolland 18:14

And our sponsor Justwealth, as well as part of that kit. But when, you know, you bring up an interesting word, or concept, risk tolerance. Is there a way, I don't know, to measure risk tolerance? I mean, I know, I'm a high risk kind of guy. But not everybody is.

Ally Pyle 18:34

Yeah, so there's, I usually try to break it down into kind of two aspects. So there's quantitative and qualitative, when we think about quantitative, we're thinking about that individual's ability to take risk. And that comes from some financial measures. So we look at we look at their income, we look at the stability of that income, we look at their time horizon, you know, are we are we investing today to pull money out in six months, all those things that we can, you know, readily measure, speak to one side of that, the ability is a much more. Sometimes that can be an uncomfortable conversation to have. And it really, you've got to walk the individual through digging a little bit deeper and, and tapping into how they actually view risk, you know, if the market goes down, 10%, what is your reaction to that? Are you a pick up the phone and sell everything? Or are you on the other end of the spectrum, or you pick up the phone and let's buy everything, right? Because that and that's a little bit more difficult to measure, but we can kind of gauge responses and create some appropriate asset allocations from there.

Pat Bolland 19:43

So that aspect actually comes from experience, doesn't it?

Ally Pyle 19:48

It does, and it's understanding and you know, it's kind of interesting. Now, as you know, there's always new courses to go through and learnings to do. So behavioral finance is becoming a really big part of what we do. day to day. And it's all it's all about knowing your client, it's knowing their habits, it's knowing their their reactions. And that that's a really big piece of the financial picture. When we're looking at someone that speaks I think volumes over the, you know, what is their portfolio look like in a statement?

Pat Bolland 20:19

We've gone through the youth part, we've gone through the midlife I guess I would call it and walking into debt and investments ... end of life, or not even end of life, retirement, I guess I would get to next, is an interesting one, because the rules changed considerably. In my opinion, when you get close to retirement and recognize I'm almost there.

Ally Pyle 20:40

They do. So I think actually one thing that we haven't touched on yet, that probably will, it's always important, but when you're looking at retirement, the biggest thing is going through some form of a financial planning process. Because I've had clients come to me and say, Well, I heard you need \$3 million to retire. And it's, you know, it's a quick Google search thing, or whoever, you know, they were talking to their golf buddy, or whoever it was. And it's a really arbitrary value. And maybe for some people, 3 million is the magic number. But until you sit down and go through that planning exercise, you really don't know what your number is. Right? You have to think about what are you doing in retirement? Are you working part time? Is it a, you know, is it a cold turkey stop? And we're, we're off traveling? So all of these things tie into retirement? And really, what are we what are our income sources at retirement? Have you saved into your own RSP? Do you have a company pension? You know, all of those sources are our inputs? And then we have to think about, you know, what are the outputs at the end?

Pat Bolland 21:49

And part of that financial plan would also as you get older, again, include estate planning, right? You're gone?

Ally Pyle 21:57

Absolutely. And sometimes that can be an uncomfortable conversation to have no one likes to think about end of life. But I think what people do enjoy knowing is that if there's something that they feel passionate about, if there's a legacy that they want to create, that their wishes are, you know, are spelled out in a very clear and concise way, so that they don't have to worry about that, when it does come to that stage.

Pat Bolland 22:25

End of life. You know, we started off with talking about financial literacy. And your point is well made that financial planning needs to start at an earlier level as well. Why isn't all this taught in school at a very young age? And I'm talking not just high school, for instance, even grade school, or is it?

Ally Pyle 22:44

I think we're starting to see changes to the curriculum for the positive. I mean, we always there's always been mass taught, right? I mean, we're adding in kindergarten. And as we go through our high school years, we're learning about, you know, compound interest and all that stuff. But I think there just needs to be a bridge from sort of that, you know, theoretical to the applicable, right. I mean, something as simple as what are taxes. And I think we're starting to see curriculums change. There's a lot of great, I mean, I'll speak sort of to my local hometown in Peterborough, we have a group called the junior achievers that go out and bring programs to schools, on financial literacy. So I think there's been some really great initiatives to sort of help bridge the gap. But we are starting to see curriculum start to change so that, you know, when we're, if I think back to when I was in grade five, if I could apply some of the math, I was learning to a real life example. I think it would go you know, it would speak volumes and really kind of sink in as opposed to just, you know, here I am in class learning something that I might be tested on, you know, a couple months down the road.

Pat Bolland 23:52

Good point. So it all goes back to Eat Pizza, Talk Money, communicate, talk to people about what they're doing with their finances, right?

Ally Pyle 24:01

Absolutely. Having starting the conversation is the easiest way to do it. And there's a lot of people out there that are super passionate about making sure everyone has access to the same information and opportunity. So you just have to have to start asking the questions.

Pat Bolland 24:17

And hopefully this goes a long way ally towards helping that ally. Great to see again, and say hi to your dad and family. And thanks so much for your time.

Ally Pyle 24:26

Thank you for having me. It's been great. Ally Pyle, CIBC Wood Gundy.