Please note: This is a transcription so there may be slight grammatical errors.

Hello, and welcome to Revamping Retirement. A podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts, Jennifer Doss and Scott Matheson lead the employer sponsored retirement plan practice at CAPTRUST. One of the largest registered investment advisors in the US and a thought leader in the retirement plan advisory and consulting space. We hope you enjoy Revamping Retirement.

Scott Matheson:

Welcome back to episode 30 of Revamping Retirement. I'm Scott Matheson and I'm joined as always by my far more talented co-host Jennifer Doss. Jennifer, are you excited for another episode?

Jennifer Doss:

I really am.

Scott Matheson:

Nice, me too. On today's episode, our good buddy, Mike Webb will be joining us for his usual Minute with Mike, where he'll be talking about one of his own personal favorite topics, required minimum distributions. That should be good. For our last segment, seeing as we're past the midpoint of 2021, we're going to bring in our chief investment officer Mike Vogelzang. He's going to chat a little bit more about, he and our investment committees latest views on the economy and the markets as we start into the second half of the year I just noticed, apparently you have to be named Mike to be on the show with us today. So that's good.

But first, since we are in fact past the midpoint of the year, I do want to take a few minutes to check-in with you Jennifer, on where we are at this point in the year. So I want you to put on your DC practice leader hat. Think back to last December, because you may have forgotten this, but you actually authored our annual predictions piece for the upcoming year. Guess what? Now, it's time to see how you're doing with less than half the year to go. No pressure of course, but you better be batting better than 500 here. Just kidding. Come on. Nothing? All right. I mean, seriously. You laugh, it's forced laugh. Come on.

Jennifer Doss:

Well, my name's not Mike. I wasn't sure if I was allowed to actually be on the show.

Scott Matheson:

Oh, you're right. My bad. I can call you Mike. I just think that's weird. All right, we're going to start. You ready? We're going to start with a fan favorite. One of the things you actually wrote about was ESG, environmental social governance related investing, which has gotten more and more popular just in the broad world of investing, of course. But more specifically, you wrote a little bit about what we might expect this year out of the new administration, the Biden administration, as they were trying to either claw back or fix or better yet, for everybody out there to come up with some definitive guidance. Particularly, if you're a ERISA planned sponsor. And you wanted to include these types of investments in your menus. So I'm curious, where are we anything to report there? What do we hearing out of planned sponsors in terms of growing demand? Love to hear where your head is there.

Jennifer Doss:

Yeah, I think we'll take a victory lap on this one, on the predictions. I do think that we were pretty spot on. Now, we did not anticipate that there would be a non-enforcement policy. That, that's how they would kind of shut things down, but we are actually in still more of a gray area with ESG. I think for a ERISA cover plans really, then ever before, which is unfortunate because it's very topical. And top of mind for planned sponsors. We've already had this very back and forth tug of war between administrations in the past, in terms of what's allowable, what's frowned upon how things are worded. Just tweaking little phrases and the guidance can make a difference in how you interpret it. And so, in some cases we've had administrations that are very pro ESG and then we've had some that are very, frowned upon ESG.

There's two rules right now that are actually live, financial factors in selecting plan investments. And then there's a fiduciary duties regarding proxy voting and shareholder rights. So when people talk about ESG role, that's really the rules that they're talking about. And you'll notice that ESG is not really included in the name of those, but it's very much pertinent to the role. Now, the Department of Labor has announced that it intends to revisit both of these rules later, but right now, they have a non-enforcement policy for those two. So they are live in the federal register, but they are not going to basically, pursue any kind of enforcement action against the fiduciary for basically, failing to comply with these rules.

The really tricky part, again as I've mentioned, a couple of times, is they are still final rules, they're in place. And even though this non-enforcement policy from the DOL doesn't mean that they're going to bring any action against the planned sponsor, it doesn't preclude any kind of legal claims to be brought against the planned sponsor for acting contrary to the current rules. So essentially, we have this weird non-enforcement policy for two rules. We have a statement from the Department of Labor that they do plan to revisit the rules. And we assume that they're going to make them more ESG friendly later this year, but we still have final rules that are not very ESG friendly on the books.

So we're in this weird spot. So what we've been hearing from planned sponsors is really just a lot of wait and see, but they are interested in learning what's out there and what others are doing, again it's very topical. So we've been really taking, I would say this time, and I think the planned sponsors have been taking this opportunity to do a lot of educating around ESG in terms of what it is, how you might incorporate it into your plan, how many options you might want to offer for, how do you offer it?

So one of the biggest questions that we have right now is, what kind of ESG fund do you want to offer? I think we're very much past that point of planned sponsors saying, "I just want to offer an ESG fund." And not giving any more direction than that. And it's really more of a check the box exercise. I think they're looking more for specific options to meet the needs of their participant base. And that may be just ESG integrated funds. It may be a suite of ESG options and different asset classes, or it could even be ESG funds that are kind of aimed at a specific goal, like alternative energy or clean water. I mean, net, net. I guess there are more options than ever before with ESG and taking this opportunity to learn, but we are still very much in a wait and see mode from planned sponsors.

Scott Matheson:

Yeah, it's a really good point because there's not a single flavor of ESG. You can't just pick a fun and expect that your participants are going to get on board with those particular values or limitations, for sure. That's a pain point and obviously an evolving one in terms of the evolution of the world of investment options. But I love that the answer was non-enforcement policy. That's always a comforting place to be when you're a planned sponsor. I actually have been trying to get our CEO to put in a non-enforcement policy on our dress code. So I could skip wearing socks in the summer, but that's not gone my way, still hope. Probably, not actually.

All right. So I'm going to give you credit for that one. So you're one for one, as we start this conversation out. Good work, keep it up here. All right. Okay. One of the other things you talked about, and you were talking about this in a meeting you and I are in two weeks ago was, there's a lot of bipartisan support in DC and on Capitol Hill more specifically for SECURE 2.0 is it's been called as we kind of turn the calendar year in 2021. There was still bipartisan support, but it does seem like the package may be getting some more steam here on the Hill. So what's the latest there. And what do you think is going to happen back half of 2021 with regard to that new piece of potential legislation?

Jennifer Doss:

Yep. It is definitely gaining some steam. We did think it would get attention this year and it definitely has. When people talk about SECURE Act 2.0, just for clarification, kind of like when they talk about the ESG rule and that's not the actual name of the ESG rule. When people talk about SECURE Act 2.0, it's really securing a strong retirement act of 2021 is really what most folks are referring to. And that was cleared by the House Ways and Means Committee in May. And so really, it's at the point where it's waiting to be brought in front of the full House for a vote at this point. And the Senate has a very kind of similar bill or bills, I guess, with similar provisions, they have improving access to the Retirement Savings Act of 2021, for instance.

So it is likely that we get some sort of, if you just want to generically call it SECURE Act 2.0 legislation, maybe by the end of this year, maybe early next. It's really tough to say. I mean, we've got a lot of budget items going on, so it's hard to say what you get through and what you don't. But a couple of the impactful items that I think we could really see. I mean, there are 45 just in that House version that I mentioned, so it's a lot packed in there and again, a lot of it is bipartisan. So I do think there's pretty good likelihood that some of them will go through. But a couple of the impactful items, in my opinion, anyway. Are just the assistance that it will give new plans. So small businesses that want to create new plans. They are actually for new plans, it would mandate auto-enrollment and auto-escalation for new plans that would be established. And then it would also provide a pretty significant credit for small businesses that want to start a retirement plan.

I think this is important because the goal, if you hear Congress talk about it, is really to increase retirement coverage across America. We have this issue of a lot of people that just don't have coverage. And so really, a lot of the things they're trying to do is really, expanding that coverage. The other thing that's pretty significant is, opening up collective investment trusts, which are a type of investment vehicle 403B plans specifically. Currently those plans are actually just limited to mutual funds and annuities and their ability to invest in collective investment trust just like a 401k plan would be able to, to get lower costs is a really a long overdue piece of legislation, in my point of view.

And lastly, there is a pretty cool student loan matching provision in there, that would allow for employers to treat student loan repayments by the employees as elective deferrals for purposes of matching contributions by an employer. So essentially, sometimes the employee has to decide, do I want to repay my student loans? Do I want to defer into the 401k? And this would really help bring those two things together and allow employers to be able to match those contributions for the repayment of those student loans So a couple of exciting things in there, in my opinion. And again, I don't know if it's under this year or early next, but we are likely to see some movement.

Scott Matheson:

Nice. What are the other 42? I'm just kidding. We're not going into that.

Jennifer Doss:

How much time do we have?

Scott Matheson:

Yeah. So I do think the coverage one's good because the one thing that's been this thread for a long time in data supports is the people are way more prone to save for retirement when their employer offers a payroll deduction option. Primarily through a plan, though, even some of these state and auto IRA solutions have proven early success in that regard. So that's a big deal. And obviously, how do you get partisan about that? So that's good news. I will continue to call it SECURE 2.0, because whatever that thing was, you said that Senate had, I think it came out as [inaudible] or something like that. It doesn't work. So we're going SECURE 2.0.

Jennifer Doss:

Fair enough.

Scott Matheson:

Okay. So you're taking credit on one that one?

Jennifer Doss:

I think so.

Scott Matheson:

Okay. Well, well done. Last one I want to pick on here was the technology-related predictions you made. I think your subtitle, I went back and looked was, technology a double-edged sword for that subsection and no doubt we've definitely seen some of the impact of one side of that sword this year. I guess the bad side, are there good and bad sides to swords? I don't know.

Jennifer Doss:

There's a sharp side and a dull side, yeah.

Scott Matheson:

Okay. I guess it depends on the sword. I don't know. That's a good question. We'll talk about that on our next episode of the podcast.

Jennifer Doss:

Okay.

Scott Matheson:

The range, there was from kind of two large record-keepers announcing some pretty meaningful shifts to their platform, technology platform, as they all scramble really to get these antiquated and expensive to maintain systems into the cloud and into a cloud-based environment. So they can really focus differentiated areas, user experience, things of that nature. And then of course, cyber security continues to be a hot topic of both industry coverage and of uncertainty and concern among planned sponsors. As we know, we talked about last time on our podcast and you did a webinar on. The good news is, DOL gave some sponsors some guidance that's been really valuable there. A good development, I think more will come for sure because that's probably one of the fastest changing things that's going on in the whole world.

All right. But I want to talk about the other side, the fun side of the sword. We're going to call it the fun side. Where are we on the upside of tech, as an enabler for customization and enhanced user experiences and outcomes that you talked about?

Jennifer Doss:

Yep. Yeah. On the fun side of the sword, as you call it.

Scott Matheson:

That's a thing now, that's a thing. Yeah. It's going to be in the dictionary. We'll see.

Jennifer Doss:

I was going to call it the bright side, but sure. With access to more technology, more personalized information from the record keepers, from the planned sponsors than what we've seen in the past. I think, what we're seeing is more customized advice programs than ever before. I think it's just a natural evolution, as the technology and that data improve for planned sponsors to kind of stop and ask like, "What else is out there? Hey, we've been doing this for awhile. What else do you have?" I think everyone wants more customized advice. I don't think that, that's again, that's not a bipartisan thing. I mean, everybody of course, wants more customized advice. It's just a matter of how much it costs.

And I think with things like, managed account programs, for example. We as an industry are really able to significantly improve that level and also the price for that customized advice. So I do think we are seeing a lot of good innovations there. The technology improvement, I do also think impacts retirement income innovations. It brings, I think a lot more options to the table in terms of how you can incorporate things like drawdown advice or guaranteed income into your plan. And in the past, I would say that this type of retirement income product has really been limited to again, what the technology integration kind of support and really to tie those two ideas together here.

I think soon you will be able to provide customized, guaranteed income advice to participants through an end plan, advice program. Again, such as a managed account. No more one size fits all, if you will, because ultimately that is really a one size fits none solution because averages are not real people, unfortunately. And so I think again, the more that we can provide these customized programs to folks, the better. And so there's a lot of innovation going on right now. I think it's all good stuff.

Scott Matheson:

Yeah. So early innings, but making progress. So it sounds like you're taking credit for that one too.

Jennifer Doss:

Yeah. I hate to do it, but yes.

Scott Matheson:

Okay. That's better than 500, if my math is right for those three. All right, we're going to stop it there. That's a good mid-year check-in I think on the big things that are going on for retirement planned sponsors and so I'm holding you accountable. So why don't you do the honors and hand it over to our colleague there?

Jennifer Doss:

Yeah, absolutely. So as you mentioned, we've got Mike Webb. His Minute with Mike. He's going to talk about required minimum distributions or RMDs as they're lovingly referred to within our industry. So take it away, Mike.

Mike Webb:

Thanks, Jennifer and Scott. Mike Webb here with another Minute with Mike. This month's minute features a topic that has been quite a challenge for many retirement plan sponsors and participants over the years, namely required minimum distributions or RMDs for short. So what is an RMD? Well, an RMD is an annual retirement account distribution that is required to begin once a retired participant reaches a certain age, which is currently 72. Essentially, this requirement is in place to ensure the IRS collects at least some taxes on a retirement account prior to the participant's death.

Now, the problem with these distributions is that many retirees forget to take them and the IRS penalty for not taking the distribution is significant, of the 50% of the amount the participant was supposed to receive, if you can believe that. Planned sponsors do their best to track down retirees, but it can be a difficult task and sponsors also face consequences on the plan level for not completing these distributions. Now fortunately, Congress has been sympathetic of late to the plight of planned sponsors and retirees by increasing the initial RMD age from 70 and a half to 72 and eliminating RDS entirely in 2020 due to the pandemic.

Maybe one day, the provision has been the thorn in the side of many retirement plans will be eliminated permanently or further pushed out, at least beyond age 72, as longevity continues to increase. Until then, RMDs for retirement is age 72 or older will generally resume by December 31st, 2021. For Revamping Retirement, I'm Mike Webb. And this has been your Minute with Mike. Now back to Jennifer and Scott.

Scott Matheson:

All right. We're back folks. Thanks as always to Mike Webb for the great and timely update. Interestingly, my mom just retired and while she has a few more years before she needs to take her RMDs, I'm actually going to use your segment as a way to trick her into listening to our podcast. I actually, figure that might be the only way that happens. All right, we are back for the last segment and Jennifer and I are thrilled to be joined by our CIO, our chief investment officer, Mike Vogelzang. To continue with this episode's theme of a mid-year check-in. For those of you that haven't met Mike, as our CIO, he leads our 34 person investment group. He also chairs our investment committee. This is the group alongside Mike, who's responsible for over 60 billion in client assets we manage with discretion and also is responsible for the economic and market views and assumptions that impact the other 600 billion or so in client assets that we advise to.

Well, I know he doesn't look like it. Mike has more than 38 years of experience. He's frequently featured on CNBC for his expertise and commentary. So we're pretty humble that he was willing to come slum it with us on our podcast for the next few minutes. So with that, welcome Mike. And thanks for joining us today. It's obviously, pretty quiet times in the economy and market these days and not much uncertainty out there, so I'm sure we don't have anything to talk about. Right?

Michael Vogelzang:

Right. Exactly. First of all, I appreciate you telling everybody how old I am. That was helpful.

Scott Matheson:

Yeah, yeah. Yeah.

Michael Vogelzang:

That was thoughtful. No, I think you're you're right. We've had a pretty volatile and ... Actually, from a student's perspective, a fascinating market environment over the last year that has given us all kinds of interesting things to talk about, to think about, to invest for and toward. Again, it's been not without its challenges, of course. And of course the human toll of COVID, but from an economics period in time, it's really been an interesting ... I don't want to say experiment because it's not been an experiment, but we've never done this before. So in some ways it is an experiment.

Scott Matheson:

Yeah. Very different then what you studied back in the '50s, when you were in college. Right?

Michael Vogelzang:

Thanks, Scott.

Scott Matheson:

All right Jennifer, get us back on track will you?

Jennifer Doss:

Yeah, I think I have to. Mike, like you said, I don't think we have any easy questions for you today, so I apologize in advance, but like you said, there's a lot of uncertainty out there. We kind of turn to you for some of those answers. So we're going to talk about interest rates first. And you've talked about this a little bit in some other videos and things that you've done recently. I guess there's a couple of impacts there. It impacts all of our business lines, but particularly, we have a large pension business and obviously, lower interest rates. We've had those liabilities pretty much stagnate or again, in some cases increase. It also impacts again, broad retirement. Where you're getting lower yields. So I guess, talk to us about interest rates, any thoughts there on what we can expect?

Michael Vogelzang:

Yeah. Start with an easy question, that's helpful. To back up a half a step from there and then get to the level of interest rates and the point there. The first thing is, after a complete and full stop in the economy, we're now booming. The market and the economy is booming. It doesn't get any better. Corporate profits are soaring. The number of companies that beat Wall Street estimates was 87% this last quarter. And that's never happened. Effectively, the Wall Street analyst community was pantsed. They didn't have a chance at getting it right. And so now, we're going to see how quickly they recover. We're just at the beginning of the second quarter earnings season. So that'll be interesting to see how much ... We know the economy is booming. We know corporate profits are booming. Those are all good things.

The problem that those bring is that it can also mean inflation. And we certainly, see some inflation today. The real debate on inflation is whether or not it's going to be permanent or what percentage of it is going to be permanent or sticky as opposed to transitory or cyclical? The bottom of the market was reached last year, as a result ... The biggest single contributor to the current inflation rate is, believe it or not used cars. They're up almost 40% year over year. Well, I can pretty much guarantee you that used cars aren't going to be at 40% next year. That's not going to happen. It's unlikely, anyway. That's of course caused by supply chain issues with new car construction. And so there's simply no new cars to buy. So people buy used cars.

You've seen this, this sort of one time increase in the price of used cars. We expect those will settle down. The price of lumber has gone up, it went up six fold at one point, added $40,000 to the price of the home. It's now down 40% from its peak. So you're already seeing some roll over in some of the really most cyclical inflation. The problem is, that inflation expectations are what drive interest rates. And right now, interest rates are remaining relatively benign. We haven't seen expectations for inflation and long-term interest rates rising much. The Fed has been uber dovish in terms of keeping rates low. So the homeowner's association that we live in around interest rates, and by that I mean, those rates are set by the Fed. The Fed controls both the short term now, and even the long-term rates much more than they ever used to. That dynamic is not going away. The Fed is going to maintain control there.

So we expect the Fed to keep them relatively low for the foreseeable future, in any case. The real challenge for interest rates to move up and I know low interest rates provide a real roadblock and difficulty to match longterm liabilities. That's the problem. The challenge is, overseas we still have negative interest rates. If you're a large international allocator like an insurance company, why in the world would you put money in German bonds when you're in the boons, when you're looking at negative 5.5%? When you can roll them overseas to a US dollar that hopefully is going to be increasing and get one and a half or two percent in the treasury or corporate market.

So that's going to be a natural lid on our long-term interest rates. And so I don't think we're going to see the days of four and five percent coupons at any time soon, which I know for insurance companies, for defined benefit plans and those would with long-dated liabilities, it makes life really difficult.

Scott Matheson:

All right, Mike. That's awesome. I'm also excited to hear that the used car market's going to get back to some semblance of normal as my twin boys, my oldest are both turning 16 next year, and I was hoping to get them in 1984 box steel frame Volvo. And good to know I'm not going to have to pay new car prices for that used car. So I appreciate that.

Michael Vogelzang:

Scott, why don't you just give them yours?

Scott Matheson:

Yeah. Yeah. So like I said, I was going to get them in 1984 Volvo, maybe you missed that part. Yeah. No, not having my car, not happening. All right. Real quick, you talked a lot about the Fed obviously, controlling the interest rates. The other aspect of kind of the recovery and things like that is clearly fiscal policy. You talked in your video a lot about the handling of the baton. The private sector kind of went underground. Everybody worked from home, we got back to governments, really propping up the economy. And now we're trying to unwind that. Talk a little bit about the risks there.

Michael Vogelzang:

Yeah, that's exactly right. We've got in some material we have, a wonderful chart that shows effectively, the drawing up of private spending during both the global financial crisis in '08 and also during COVID in '20. What happened is of course, is a powerful use of government when they stepped into that breach. When private spending falls away, government spending can pick up and take over the baton of leadership. Now we're in a position where the private sector is roaring back, and we have to hand that baton back to the private sector. Handoff leadership to the economic engine away from government we hope, back to the private sector. The challenge with that, is it becomes fraught with potential for error. And when I say error, I'm talking about policy error.

There's two places policy error could come from in the economic environment. One is fiscal policy, where the folks in Washington DC, particularly given that we don't have a bipolar government at the moment, we have all three areas in the government lined up in the democratic party. We know that makes for a great recipe to spend. And so we could end up seeing too much fiscal spending that would overheat the economy. Particularly, if it would be hand in glove with monetary policy run by the Federal Reserve, that's too dovish. And so the key there is that both of these have to be working together in some level or some semblance of coordination, so that we don't get an overheated economy and get inflation coming back full time. That's the policy error.

The other policy error of course, could be that they choke off the recovery before it's really ready to go. I think that likelihood given today's government is very, very low. We think that's really the only way we're going to get inflation in a different regime. So far, we've had inflation in really low ... Low inflation regime for the last 10 years. We would expect that without a policy error, we'll settle back into that same level. Policy error could change that. And so we give that maybe a 10 or 15% chance of happening. So it's really not investible yet, it's hard to invest for a longterm on a 10 or 15% outcome, but we're thinking about what happens. We're watching it. We're seeing what's going to happen with taxes with private spending of course. The private side of the economy gets overheated and then you dump on a huge amount of fiscal spending. And you could end up with a more difficult and challenging environment.

Jennifer Doss:

So Mike, on the topic of taxes, I just want to hinge on something you just said. Because you talk about, we have all three areas of the government in the democratic party, and that can lead to a lot of spending. Obviously, then you talk about, how are you going to raise money? And you're going to raise corporate taxes or personal taxes. And there's been a lot of discussion about that. How do you pay for these things? We also have a deferred comp non-qualified practice. And so that's been coming up a lot with corporations in terms of thinking through. Both from their own perspective, their own corporate taxes potentially raising, but then also from more of their high net worth employees that might work there. How do they help them maybe shelter some more taxes, if we do see tax rates go up? So we've been getting a lot of interest from those clients in terms of looking to start a non-qualified plan, or again, looking to revamp one that they have. So I guess, any thoughts on taxes?

Michael Vogelzang:

Yeah. We've talked about this a fair amount in the investment committee and the implications for both corporate profitability and also for our client base. I think the only thing we can say for certain at the moment is, that we expect higher taxes across the board. Whether that's higher capital gains rates, which we know is going to likely happen. Higher marginal tax rate at the retail or personal level. And then certainly a higher corporate rates are being worked on. Here's a good example of a policy error, if you get all of that tax increase at a time when the economy remains weak, it could end up tilting us into a less than optimal recovery. Even though, it looks like we're booming today, it's still relatively nascent.

So yeah, we expect tax rates to go up. I think this is the full employment act for taxes and CPAs and ex accountants. They're going to be full of strategies to find new and interesting and clever ways to get around whatever tax hole, taxes get built. For example, with high net worth clients, it may be time to take capital gains, which is something nobody wants to hear, but you may actually, voluntarily want to take capital gains while they're still at a lower rate. You might want to pull forward income that you can from future years. So you can get it taxed at lower rates, if you're going to be in a high tax bracket. For corporation income statements, there's all of those things. Whether it's deferred comp, whether it's ...

Again, the incentives become trying to push income down or accelerate income before those tax rates happen. This is a typical thing that happens in with government. The policy that can sound wonderful, can actually have all kinds of unintended consequences. And that's my biggest frustration with sort of activist government is, not so much the policies, but the lack of awareness of the unintended consequences and how that can impact things in a way that frankly, it's really hard to predict. And I know this is crazy, but I wish politicians were a little more humble that and I wish fairies were real too, but that's the way life works.

Scott Matheson:

Wait, fairies aren't real?

Michael Vogelzang:

Sorry, Scott. Sorry, to disappoint.

Scott Matheson:

I'll come back to that. All right-

Michael Vogelzang:

We'll, talk about Christmas later.

Scott Matheson:

What? I think it was Benjamin Franklin said, "In this world nothing is certain except death and taxes." What I just heard Mike Vogelzang say, is that in the near future, nothing is certain except for taxes increasing. So we'll see what the extent of it is of course, but stay tuned on that. All right. Just a freebie for you here, Mike. You talked about a lot in the video. We didn't get to it all today. Anything else you think that planned sponsors need to be thinking about right now or maybe even just employers broadly, trends you're seeing out there that are interesting or they should be aware of?

Michael Vogelzang:

Yeah, I think there's two things, I would say here. One is, the battle between technology and labor has never been sharper. And I think the COVID pandemic lockdown accelerated that trend towards more technology. I would imagine that ... Companies during the pandemic worked incredibly hard to lower their cost levels. And as a result, they invested in lots and lots of new technology, whether it's Zoom or Teams or collaboration software, or whatever the case. Automation for lower skilled wages. I just think that's going to be sharper and more difficult as we go forward. Technology versus labor thing is going to happen.

The other thing I think that's important for mostly investors to be aware of is, really the demographic trends. The US remains the demographic shining star on the hill compared to every other developed country. We allow immigration. That's a good thing, by the way, it allows us to bring in additional workers and we keep our productivity growing. You don't want to beat Japan. You don't want to be Germany. And even China is really facing a massive demographic cliff fairly soon. So those are really important long-term things. It's hard to equate them or bring them forward into today's marketplace. But my goodness, those are ... Demographics is destiny, you've heard that phrase. And we've got a wonderful demographic picture here in the United States. And I think some of our competitive countries economically are facing much more difficult situations than we are. So that's also going to have a role here to play as we work through the next sort of decade or so.

Jennifer Doss:

All right, Mike. Scott gave you a freebie, but I'm going to bring us home with a really hard hitting question. Like you're on 60 Minutes here.

Michael Vogelzang:

Uh-oh.

Jennifer Doss:

This is Revamping Retirement and retirement is personal. And I know that you are ... We're not going to let you. And you are still a very long way from retirement, no matter what Scott says about you in the beginning about your age, don't worry about that. We want to know what does retirement look like for Mike Vogelzang?

Michael Vogelzang:

Wow. First of all, it would be location. My wife and I are really fortunate to have a great place up in Maine. We just love it up here. So that's probably where we'll be spending a lot of time. We've got five children and they'll be all over the country before this is all said and done. So we'll probably be spending time with them all over the country. So a lot of travel. Grandkids, some are here and others are percolating. So we've got all of that sort of family stuff. I think one of the biggest things that I know I'll have to face is some sense of what to do with life? What's meaningful? I'm fairly involved in some charitable organizations now, but I think that will get ramped up. I do a lot of investment work on volunteer committees, both locally and nationally. And I would imagine, a lot of board work would be in my ... That would be my perfect drop, if I could do that.

But above all that, I just want to ride my bike. I'm a bicyclist. I just like to ride my bike. I'm always struggling for trying to find time for doing that, when I'm working. So that's a big draw to me, is just getting on my bike and going for a daily ride. It's really important for my mental health.

Scott Matheson:

Think about what the technology for bikes is going to be like in 10 or 15 years, when you actually start thinking about retiring.

Michael Vogelzang:

It'll be like sitting in front of, I don't know, a video game.

Scott Matheson:

There you go.

Jennifer Doss:

I think they have that now, guys.

Michael Vogelzang:

I think they do, but there's nothing quite like it. So that's a fun thing.

Jennifer Doss:

Yeah. They got to replicate that wind in your face feeling. I get that.

Michael Vogelzang:

Yeah. Those are called fans, Jennifer. So that's okay.

Jennifer Doss:

Oh.

Michael Vogelzang:

They have those.

Jennifer Doss:

They do have those too. Man.

Michael Vogelzang:

Yep. Right along the industrial curve, for sure.

Jennifer Doss:

All right. Well then, I don't know why you need to retire, but anyway.

Michael Vogelzang:

You asked the question, not me.

Jennifer Doss:

All right. Well, Mike. We really appreciate it. We've taken a lot of your time. We appreciate you being here with us. If you do want to see what Mike actually looks like. If you want to see his face, I know you got a video coming out soon. That'll be on our website. So please check that out. So we appreciate that. And thank you guys all for listening to another episode of Revamping Retirement. We'll see you next time.

Narrator:

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