STREFF
WEALTH
MANAGEMENT

10 things most financial advisors won't tell you:

1. Investing has costs, many of them hidden, and it's important to identify and minimize those costs for a successful outcome.

2. The cost of investing is needlessly inflated by many financial advisors, who typically invest clients' money in commission-based and/or high cost investment funds, and often wrapped inside an even more costly and not well understood insurance or annuity product.

3. Investment funds charge their own management fees, often 1% or more deducted from return, in an 'active' attempt to determine what securities (e.g. stocks or bonds) to buy, and when to buy them.

4. For every security bought, there is a seller with the same information who believes exactly the opposite as the buyer at the same price and time; in total, this means investing is a zero sum game without fund fees, and a negative sum game with fund fees.

5. Countless academic studies over the past two decades have proven that financial advisors and investment fund managers do not add value over long periods of time by correctly picking securities or timing the market.

6. It is foolish to pay investment fund managers higher fees to do something that isn't being done.

7. Investors increase the probability of a good outcome by rejecting the market timing guesses of 'active' fund management, thereby also rejecting its higher expenses.

8. Investors should try to capture as much of the broad market return as possible by using 'passive' or 'index' fund managers.

9. Passive / index investment funds are a unique way to capture the market return, because they usually have the lowest investment management fees along with broad diversification.

10. Successful investors will typically use a passive investment management strategy coupled with proper risk-based asset allocation.

Most financial advisors won't tell you about these 10 things, because it will reduce what they are paid! Please contact me, and let's get you started on a different way to invest.

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