

The Decision to Select a Financial Salesperson...a Trusted Advisor...or Just Do It Yourself

You know that content and pleased feeling you have when things are working out really well? Having a comfortable retirement is as much about not making mistakes as it is about doing the right things. There are some common mistakes made in “financial independence” planning that if avoided can increase the probability of experiencing the kind of retirement that you’ve always envisioned and having that feeling that you’ve made smart choices about your money.



Let me tell you the story about Alan and Rob. Alan and Rob are very similar guys in many ways and very different in other ways. They’ve known each other for more than 25 years. They’re golfing buddies. Their wives and families are all friends and their children have grown up together. Both men are 58 years old. Rob retired four years ago from a big corporation and Alan is trying to decide if he should retire right now or not.

They went out together golfing one Saturday recently and had every expectation of having a good outing that day. It was a cool crisp morning, there was dew on the grass, the sun had just come up and there was a subtle but very manageable breeze. It was going to be a good day. Alan stepped up to the first hole, positioned himself, and swung the club. The ball shot straight and far. He turned with a smile and said, “Rob, my boy, I think this is going to be a very good day.” Rob stepped up to the tee, set up the ball, took a deep breath, and swung. “Excellent!” said Rob, “I think you’re right!”

After five holes, they realized they were playing one of the better games they had ever played. Both were playing below par. “Alan, why can’t we play like this every Saturday?” As they walked, they talked about this and that and as usual, the subject of money came up. “Rob, you always seem so confident and self assured when it comes to your retirement. Whatever gave you the guts to make the decision to finally stop working after all those years?”

“Well, it’s really pretty simple. When the company made that early retirement offer, I realized that I had spent 30 years doing a pretty good job of saving money into my retirement accounts at the company, but I also realized I was pretty disorganized when it came to everything else financial. I felt like what few investments I had accumulated over the years outside of my retirement money was just a disorganized patchwork quilt of investment products I had accumulated by taking the advice of the life insurance agents and stockbrokers that I met over



the years. Not to mention the fact that after the kids finished college I realized I had way too much credit card debt, but frankly that was the only way I could figure out how to get the kids through school. I didn't want my retirement to be that disorganized so I made a decision to go find a Trusted Advisor who could look at my financial situation and get everything organized so that I could accomplish all the things that Susan and I had always wanted to do financially."

"And then...voila, everything worked out OK, Rob?"

"No Alan, life's never that easy. We had a lot of work to do, but having a plan in place and setting some specific goals really helped. But even that wasn't the starting point for us."

"Okay Rob, I've known you for a long time. You don't like sticking to a plan. I remember that time we all went on vacation together and you drove 80 miles before Susan could convince you to pull over to get directions. We were lost and you didn't even want to buy a map. Even the kids were nervous."

"Now you're making fun of me, Alan. Let's just play golf and enjoy this unbelievable day."

"No, seriously Rob, what was the starting point for you? I'm having to make a decision right now about whether to retire or keep working. I haven't told you this, for heaven sakes...I haven't even told Mary this, but I might get caught up in our company's downsizing this time around. I don't even want to think about it right now but to be perfectly honest...for the first time in 30 years I'm scared."

"Alan, let's not think about that today. Let's just enjoy golf."

They finished the first nine holes, and they were slightly over par. Still a good day and nine holes yet to go. The tenth hole was at a beautiful high spot. They just paused for a minute to enjoy the view. It was peaceful and they each respected the silence until Alan started making moves for the tee. "Now, back to golf."

After two more holes, the conversation turned back to money. "Rob, I just don't know what to do. If they let me go from my job I'm not sure if I have enough money to retire. Not to mention the fact that I've got all these benefits packages that I have to make decisions about. You know stock options the company has given me over the years and a bunch of company stock I've accumulated. Anyway, I've been working with this financial guy for more than ten years and I don't really get advice. Don't get me wrong, I trust this guy but all we ever really talk about are the investments that he wants to recommend to me.

If I have the money lying around we usually make the investments and I think I'm doing OK. But I'm not really sure. I wish we would just sit down sometimes and talk about how I have done with my investments since the first time I walked in to talk to him. And with this market decline over the past few years, I find myself dodging his calls more and more. I just don't feel comfortable buying into the stock market with everything going down."

"Alan, I felt the same way before Susan and I put a solid plan in place."

"Rob, are you going to stand here and tell me that the stock market has not made you nervous over the last couple of years? I mean you're retired, you know...unemployed! As in, no



more paychecks coming in! I know you're invested in the stock market. I've heard you talk about it."

"No, Alan...I'm not going to tell you that the last few years haven't been a little nerve racking to live through. That's all I'm saying."

"So Rob, when they came on the nightly news night after night, month after month and said, 'We've had a bad day on Wall Street today,' how did that make you feel? I mean, even the best-laid plan can't keep the stock market from going down if that's what it decides to do. And now that I'm thinking about it, how does having a really solid financial plan take



into account things like terrorism, the war in Iraq and all these corporate scandals that we've seen? It's hard for me to believe that your Trusted Advisor foresaw any of that."

"No, nobody could have predicted that. He just told me when we put this whole plan together that he couldn't predict the future so we had to invest in a very sensible way and then just focus on the things that we can control, versus the things we can't control...like the stock market or world events. No, when they came on the news every night and talked about how bad the stock market was doing, Susan and I just shrugged and said isn't it great that we have a plan so that no matter what happens in the stock market or in world events, short of a complete meltdown, we're going to be OK financially because we have a plan in place that's taken all that into account."

"Well, Rob, what on earth can you control in an environment like that? It felt for awhile there like all hell had broken loose."



“That’s my point Alan, there’s a lot you can control. We tightened our belts a little bit at the beginning just to make sure we were OK. And some of our big goals, like that cruise to Alaska, got delayed. But the key is that our Trusted Advisor told us from the beginning that our goals were not unrealistic, but that the timing of them might be. So we were confident that even when things looked pretty bad there for awhile that our goals wouldn’t disappear from the plan, but the dates to accomplish them might get pushed out a little bit.”

“But wait a minute, Rob. You and Susan just got back from that cruise to Alaska.”

“That’s what I mean, Alan...some goals were delayed, but that doesn’t mean they were forgotten. Our Trusted Advisor sits down with us every year, fully updates our comprehensive plan, and lets us know, in his opinion, when we can go do things without risking our financial stability. Eventually, the time came for us to go to Alaska, and we had the most wonderful time of our lives on that cruise.”

“OK, I get it. This guy just controls your money and you do what he says. I don’t think I’d like someone telling me what to do with my money.”

“No, Alan, it’s not like that at all. You don’t understand. I’ve hired this guy to give me advice and I want to hear what he has to say. He’s the first to tell us that this is our money and we can do whatever we want with it, but he has the guts to tell us when it’s not smart to do things. As a matter of fact, I can remember a couple of times when I wanted to do some stuff and he literally risked our professional relationship to tell me the truth. He is so concerned about us knowing we’ve made smart choices about our money that he’s willing to tell us things that he knows we don’t want to hear just because he’s convinced we’d be better off knowing the truth. He’ll risk the relationship to tell you the truth.”

“Well, Rob, I’m still not sure I could trust anybody that much to manage my money. I mean, how involved is this guy in your financial life? Does he want to know everything?”

“Well...Yeah, Alan! How can he give us good advice if he doesn’t have the whole picture?”

“I still don’t see how having a comprehensive plan like that can guarantee that you and Susan will be OK financially.”

“Alan, there are no guarantees in life. Look at what you’re going through right now. Did you ever think your company would fire you after 30 years of service? No, all the plan does is give us the greatest probability that we’re going to be OK financially. Our Trusted Advisor tells us all the time that he can’t predict the future. The key is that he updates the plan frequently. By doing that, if in some year he runs the projections and sees that Susan and I might have some financial problems 20 or 30 years from now, well, he would just be honest



and tell us and we would need to make whatever adjustments necessary that year to be sure that those problems wouldn't happen. Our Trusted Advisor helps us focus on things we can control, stopping us from worrying about the things we can't control. That's what planning is all about, Alan. Our Trusted Advisor maps the course to Susan's and my goals, but we must be willing to make course corrections along the way to increase the probability that we'll reach our destination."

"Yeah, I think I'll read the map, Rob, after our recent experience. So what all does this guy do for you and Susan besides investments?"

"Everything I can think of. He updates our plan every year, does our taxes for us every year, and he puts a war plan together on our debt. In fact, we just paid off our last credit card a year ago. Now we just have the mortgage to pay off and after he arranged for us to get that refinancing last year, we're on tract to having that paid off in less than 10 years. My company stock options were a real big issue. They were worthless for a long time because my old company's stock had dropped so much, but as soon as the stock price came up and the options were worth something, I got a call from him with a really great plan on how to handle them. When they changed all the estate tax laws a couple years ago, he called us to review our estate plan and sent us to an attorney to make a couple of changes just to keep up with the new laws. Alan, Susan and I don't know what we would do without him anymore. When we bought my truck last year, I called him up and he helped me get that truck for thousands of dollars less than I could've gotten it on my own."

"Yeah, Rob, I never told you this but I never forgave you for buying that truck. Mary kept asking me over and over why I didn't go out and buy a new truck as nice as yours. The truth is I didn't feel comfortable spending the money, and until now, I couldn't believe you were comfortable spending money on something like that either. Anyway, sounds like you've got someone really good helping you. My life insurance agent and my stockbroker are nice people, but I can't imagine either of them helping me like you're talking about. Honestly, I didn't even know there was somebody like that out there who could help you make everything work together so well financially. So you and Susan feel like you're making smart choices about your money?"

"Yeah. Before I met this guy, our finances were kind of like when you go to the symphony and all the instruments are tuning up at the beginning and it sounds like a mess. This guy is not unlike the orchestra conductor. He stands up there with his baton and all the instruments are now playing together like a symphony should. We are definitely making smart choices about our money in all areas now."



“I’m still not sure I could ever trust anybody that much, though, Rob.”

“Yeah. I wasn’t sure either before I went through this guy’s process. This fellow was referred to me by a friend at work so I called him up and told him that I was interviewing Financial Advisors to handle my retirement. He was the fourth guy I had called and the first three people were drooling so much over me and my money that I just couldn’t stand it. So, I called this guy up. Do you know what the first thing that he did was? We chatted for about fifteen minutes on the phone, and instead of suggesting that I come in to do a “financial striptease” like the others had done, he offered to send me a book to read. I was impressed! He suggested that I develop a process for interviewing advisors so that I could determine a relationship that would be a good fit for both me and the advisor. He highly recommended the book and said it would help me understand the process better. In fact, the book described the process he used, it’s all right there.”

“So what happened?”

“Well, you know me...good intentions, but weak on following through. I think I read the first chapter before I got sidetracked.”

“So you never read the book?”

“No, but it didn’t matter. About a week after I got the book, out of the blue, he called me back to go through the key concepts.”

“Rob, think about it. That was smart on his part. After talking to you, he probably figured that you’d never read the book and he still wanted your business. That’s why he followed up with you.”

“No, actually when he called me up, he told me that I was still at kind of a three way fork in the road. I had to decide if I wanted to do it myself, work with my existing life insurance agent, who really wanted me to invest my money with him, or hire a more comprehensive advisor to just handle the whole thing. It seemed to me that his biggest priority at the beginning was to determine whether we would have a good fit in working together or not. One thing that impressed me a lot was that he had rules, or maybe I should say ‘high standards’ about who he worked with as clients and how he worked with them.”

“What do you mean by ‘rules’ and ‘high standards?’”

“Well, for example, when he sent me the book, he also sent me his ideal client profile.”

“What was that all about? You mean you had to fit a profile before he was willing to work with you?”

“Sort of, Alan. He explained that he had a unique set of services designed to benefit a certain profile of client. He mainly wanted to make sure that he was working with people who could benefit the most from the services he offered.”

“OK, that kind of makes sense. What other rules did he have?”

“On the phone, when we went over the key concepts of the book that he sent me, I told him I thought it would be a good idea for us to meet. He agreed, but explained that there were a couple of ground rules to the first meeting. I thought to myself...oooooooooakaaaaay! The first rule was that I had to bring every single financial document that exists on the planet related to



Susan and me. The second rule was that both Susan and I had to attend this first meeting together. I just got the sense from talking to him that he looked at marriage like a team effort and that it made sense for everyone on the team to be at this meeting.”

“So did you feel like this guy was being strict with all these rules? Were there any more rules?”

“No, Alan. I think I’m making it sound worse than it was. Everything just made sense when we spoke. He was being honest and candid about the type of client that he could do a good job for, and the so-called ‘rules’ just showed me a high level of professionalism. I had dealt with so many financial salespeople over the years. It became clear to me pretty quick that this guy was a Trusted Advisor and that there’s a difference between salespeople and Trusted Advisors. Anyway, let’s just focus on these last four holes. We’ve been talking so much.... Have you noticed our game is slipping?”

“Yeah. I noticed. That’s why I started asking you all those questions. I didn’t want to think about how bad my game was going. And we started off so well, too.”

“Wait a minute. We’re still playing way above average for the day. We were just playing over our heads earlier. I’m still proud of our scores right now. Let’s just focus and finish up. We can talk more at the clubhouse later.”

They finished the eighteenth hole. The last few holes went really well, and they walked back to the clubhouse energized by the good day they had. Alan seemed a little troubled, though. The fact that he might be losing his job was a real burden on his mind. He and Mary wouldn’t starve. He knew that. Mary had just made partner at her law firm last year and she didn’t plan to retire for at least five or six more years anyway. He was sure they would be OK. He just wasn’t sure if they had enough money for him to retire right now or not.

Rob and Alan grabbed two comfortable chairs in the grill and sunk down into them with deep sighs. It felt good to sit down after a long round of golf, but Rob knew that Alan was still feeling anxious about his job.

“Alan, are you OK?”

“Yeah, I’m going to be fine. I’m just not sure what I need to do next and I really wish I had as much confidence about my financial situation as you do, but I don’t. I’ve just got all these financial decisions that I need to make and I definitely feel like that symphony you were talking about earlier today, except I feel like the part you described at the beginning of the symphony when the orchestra’s tuning up. Nothing seems organized right now. Right when some big decisions need to be made. It’s just uncomfortable.”



“Can I make a suggestion, Alan?”

“Sure. Go ahead. I could use some good advice right about now.”

“Why don’t I loan you that book my Trusted Advisor gave me. It’s a very short book. It will be my gift to you and Mary. Think of it as a gift of clarity. I’d be very surprised if you read that book and weren’t very clear about what the next step for you should be.”

“How would you know, Rob? You never read the book.” “How come?”

“Well, Susan was talking about how money just gave her a sense of security, and peace of mind, and confidence that the kids and I would be OK no matter what happened to her because we were the most important things in her life. She said that she would have a sense of ultimate fulfillment if she could make a difference in our lives. All I could think about, Alan, was those cancer treatments she went through 5 years ago...when I was terrified we were going to lose her. Anyway, I realized after that meeting that the starting point for me wasn’t talking about the money or our goals. The starting point was for Susan and me to focus on what was really important in life. After that, all the decisions were pretty easy. This advisor convinced us that the accomplishment of our financial goals simply set up an environment where we could enjoy the things that were really important in life to us. Things that were more important than money. After our Trusted Advisor went over the key concepts, I eventually read the book. It was really embarrassing. It only took a few hours to finish, but I can tell you that the concepts in that book and the process that our Trusted Advisor took us through has literally changed our lives.”

“Well, you know what they say: ‘Today a reader, tomorrow a leader.’ You’re a real friend, Rob. So, explain something to me. Earlier today, you told me that your Trusted Advisor put a solid plan in place for you and Susan, and helped you set specific goals, right?”

“Yeah. That’s right. What’s your point?”

“Well, you said that wasn’t even the starting point for you. So what was the starting point for you and Susan?”

“That was the most unique part about working with this advisor, Rob. When Susan and I first sat down with him at that very first meeting, he didn’t just start talking about our money or even our goals. He was unlike the other three that I had met with before. For heaven’s sake! The meeting with my life insurance agent was three hours long. It was grueling! We started off talking about fishing and golf and how we had gone to the same college and that he had played football there and all kinds of stuff that had nothing to do with me or what I was trying to accomplish financially. Since Susan wasn’t there, I humored him, but it took so long I got nervous. This Trusted Advisor, however, had a very straightforward process focused entirely on Susan and me. His first question was to ask me, ‘What’s important about money to you?’ We talked for a while and then he asked Susan the same thing. When she started talking about the things that were most important to her in life during that short conversation with him, I started crying.” They both sat there in silence for a moment.

“That’s pretty big stuff, Rob.”



“Yeah, I realized that in my case that the best reason to hire this guy as my Trusted Advisor was that money was the only important thing in my life that I could delegate to someone else. I trusted him and I knew he was competent. I looked at all the other important things in my life, like relationships and my physical health, and I realized I couldn’t delegate any of those. So I decided that if I delegated the management of my money to someone else, which I had never really done before, that I would make a conscious decision to use that ‘found time’ to enhance my own quality of life. Alan, did you know that there are only 168 hours in a week? My Trusted Advisor even had Susan and I go through an exercise to determine how we should invest that time to enhance our quality of life.”

“Man, this guy sounds more like a life advisor who specializes in money.”

“You’re right. He is. After working with him, I’ve come to believe that if you want to emotionally deal with the past mistakes, you get a therapist. If you want to create a better future, you get a coach. The most successful people have financial coaches. This guy never allows us to obsess about financial disappointments in the past. He coaches us about our future.”

They left feeling good about that day, and Alan felt a little better just talking everything over with Rob. After he read the book Rob had sent him, he realized the mistakes he had been making and resolved to fix them. He did not have a plan in place. He did not have his investments structured in any organized way. He had no way of tracking the progress he was making. He wasn’t sitting down with his advisors periodically to review his overall structure and strategy. He made the decision to sit down with Rob’s Trusted Advisor for an initial meeting. He wanted to get better organized. He was excited about setting goals. He was ready to get a solid plan in place for the rest of his financial life, but most of all, he was excited about Mary and him having that conversation with this advisor about what was most important to them. He read a quote in that book Rob sent that really struck him. Walt Disney had a brother named Roy, who was heard to have said, “When your values are clear, your decisions are easy.”

The purpose of this letter is for you to get a feel for how a relationship with a Trusted Advisor might be different than a relationship with financial salespeople, such as life insurance agents and stockbrokers. I realize that there are a fair number of people who are genuinely more comfortable managing their own money. There are also a fair number of people who are unwilling or unable to take the advice of an expert and therefore, are extremely comfortable collaborating with salespeople who might give them advice, but are willing to do whatever you want to do. I realize that before a relationship of trust can be built with a Trusted Advisor who is willing to be accountable for handling most financial issues for a family that there has to be a good fit both with personality and methods. The advisor and the client must be comfortable with each other or else things will not work out in the long run.

I recall a commercial that ran a few years ago on television for a discount brokerage firm. The commercial began with a guy sitting on a lounge chair out on a dock with his arms folded behind his neck. He was just staring dreamily at the sky. You could tell this guy had a lot of money because even though it was a little blurry, you could see his yacht in the water behind him. When the voice started talking in the commercial, you realized it was this same guy thinking, ‘Why would I pay anyone to do



anything I could do for myself.” The screen flashed away from the guy to a billboard that said “\$8.00 a trade.” The implication being: why pay a broker or an advisor anything when you could do it yourself for \$8.00 a trade? That’s why I’m saying that some people are much more suited to managing their own money. This guy was obviously very comfortable doing it himself.

I can tell you, however, that my clients would have a great answer to that guy’s question. My clients’ response to this guy would be: Why would I ever do anything myself that I could possibly pay someone else to do for me? I have things in my life more important than money that I should be focusing on. I just needed to find someone trustworthy and competent to manage all my money and financial stuff for me. I spent so many years working hard and am at the point in my life where I’m happy to delegate as much as possible to other people so I can spend the rest of my life focused on enhancing my quality of life.

Enclosed you will find our firm’s ideal client profile. If you feel you fit the profile and would like to sit down and spend about an hour to complete your financial road map, you will walk away from that meeting with more clarity and focus about what you need to do next to accomplish your financial goals for the reasons that are most important to you.

Regardless of whether we ever meet or not, I do encourage you to read the book *Values-Based Financial Planning*. It’s a great book on the subject of taking control of your financial planning process. If you meet my ideal client profile, I’d be happy to send you a copy of that book for no charge. If you aren’t, the book is available on Amazon.com. Whether you manage your own money or work with another advisor, this book should give you more focus and clarity, and should help increase the probability that your financial plans will work out well.

I wish you every future success.

Warmest regards,

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**P.S. “When your values are clear, your decisions are easy.”
-Roy Disney**