

Financial Freedom

It's not often that I come upon an article online that I find interesting enough to share with clients. Today I came upon an article titled, "Suze Orman shares the biggest money mistake that almost everyone makes." (You can read it here: <https://cnb.cx/2KaXI6o>) For the record, Suze Orman and I don't see eye-to-eye on many things. My biggest issue is with her oversimplified investment ideology.



The article that I read widely quoted Suze from a presentation she gave at the 2017 eMerge Americas conference when she told the audience that they were too focused on success rather than taking control of their finances. "I'm worried about you... Every single one of you... because you're focusing on success, which is great, but you're not focusing on making more out of less."

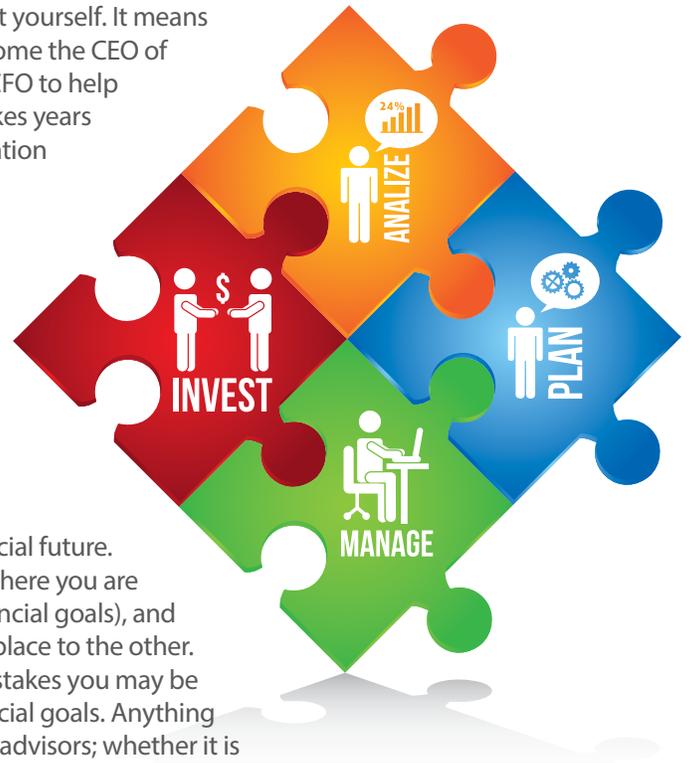
"The biggest problem is when you do make it big... you [won't] know what to do with your money. [Some] financial advisor is going to come by and give you a slick presentation, they're going to give you an elevator speech and a pitch, and you're going to take it. And you're going to lose everything that you have worked for." The last bit of Suze's statement is a bit extreme, but unfortunately, she is correct that most stock brokers, financial advisors, or whatever fancy title you want to give them, are paid by their firm to sell products to their clients. "Pitch" them. I wish I could tell you that this approach is uncommon, but it's not. We often see the aftermath once the investor leaves their advisor and seeks our help.

In my opinion, the brokerage industry is set up to fail the average investor. Having worked at two of the largest brokerage firms in the industry prior to founding Polaris, I know far too well the conflicts of interest these advisors face (the exact reason I left and started my own firm). Let's just look at the 80/20 rule. 80% of a broker's income comes from the top 20% of their book of business. Unless you are in that top 20%, don't expect to see much service. If you do have service, it's normally by a very junior advisor working in their team. Most of the time you are "sold" products, rather than having someone work side by side with you to accomplish your financial goals. Brokers must only follow a "suitability" standard when giving advice. It doesn't have to be the right investment for you, just suitable for you.

Suze Orman went on to discuss the issue further. She felt that most people lacked confidence when dealing with their finances. While most people take ownership over their careers and personal lives, they're less assertive when it comes to their personal finances. "If you want to be powerful in life, you have to be powerful over your own money." But isn't that circular logic? She's asking someone to become "powerful over [their] own money" when they lack confidence when dealing with finances. I'm completely confused with this logic.

"Being powerful over your money" doesn't mean that you must do it yourself. It means that you have to be responsible for your financial life. You must become the CEO of your financial life. Most successful people then look for the correct CFO to help them. Managing your finances is extraordinarily challenging and takes years of training to manage your financial affairs correctly. Lack of information is not the issue but rather sifting through the endless available information trying to figure out what is important and what is simply noise in the markets. The financial industry also has its own language that if not used regularly is easily forgotten. How are you to become powerful over your financial affairs when you are trying to be successful at your full-time job and trying to balance family life? It's not fair to think that you can compete with professional investors who spend all day, every day, investing in the markets. It's nearly impossible to become powerful over your own money without help.

Polaris Greystone was created to help you take control of your financial future. We believe in "being successful on purpose." This means: knowing where you are now, having a plan for where you want to be in the future (your financial goals), and having a well thought out and actionable way to get you from one place to the other. Our financial planning is set up to uncover any holes or financial mistakes you may be unknowingly making, that keep you from accomplishing your financial goals. Anything that touches your financial life should be discussed with our wealth advisors; whether it is estate planning, debt management, poor investments, or lack of insurance. We are committed to discussing complex subjects with you in an easy to understand way. Only then can you be empowered to make wise decisions for you and your family.





Polaris Greystone Educational Series

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Financial planning is an extremely important component of being financially successful but it won't get you from one place to the other; your investments do. Polaris Greystone's investment strategies are tactical, meaning that we invest more into the stock market when risk is low and we lower our exposure as risk increases. Our investment strategies are designed to mitigate the downside risks in your portfolio when the stock market is dropping, and they are designed to capture as much upside as possible, based upon your risk tolerance. Understanding risk is the key to investing.

We are held to a fiduciary standard, meaning we must always do what we feel is in our clients' best interest (even if it costs us money). We work with our clients on a fee-only basis, which is fully transparent and easy to understand. We meet with our clients on a regular basis so they feel fully informed and empowered with what is going on in their financial lives.

It is our goal to provide our clients the peace of mind to know that they will be able to accomplish their goals and have the retirement that they worked so hard to achieve. This can only happen when you combine a customized financial plan with hard working investments, and then layer it with a firm whose sole mission is to help their clients' financial dreams come true. That is why we work together with you, as a team, to provide you Financial Freedom!

I hope that this article helped you understand the differences between the brokerage industry and how Polaris Greystone works with our clients. I also hope this helped you to understand why Suze Orman and other well-known investment coaches may be well intended but often frustrate the average investor more than they help them.

As always, please feel free to call or write your wealth advisor if you have any questions or comment.



Sincerely,

Jeffrey J. Powell

Managing Partner, Chief Investment Officer