

How to win the war for your money

— by **Robert A. Sagar**
Founder of The Senior Financial Center

Wait. Is there really a war going on for control of your money? I hate to be the bearer of disturbing news but yes. And if you can spare a few minutes to read this Report, you'll quickly understand how important it is to your future.

One of the best known researchers in the financial industry is Russ Alan Prince. Last October he surveyed 400 affluent investors with at least \$1 million invested. (Note that this was right in the middle of the current economic meltdown). The findings stunned and frightened the financial industry. Look:

- 81% of those people surveyed said they were going to leave their advisors.
- 86% said they would not refer their advisors to their friends and associates; they actually planned to warn their friends and associates about their advisors.
- Only 2% planned to make referrals.

Before we go any farther, please realize that most financial professionals are well-meaning people. The problem is many of them simply have not been trained in how to bring appropriate financial security to people near or in retirement. The numbers above are merely a barometer, showing you that a whole lot of investors are really ticked-off at the advisors who charged fees and/or commissions while helping their clients lose a lot of money.

If you believe in the value of accurate research, you might agree with me that it's prudent to take a hard look at the person who protects your money. Whose best interest is that person serving? With that in mind, let's look at how financial advisors have put themselves into such a deep hole.

Meet the Elephant



There is an ancient legend of an elephant and six financial advisors with 20/20 vision. Each was asked to stand in the elephant's room and then describe what he saw.

1. The first claimed to see nothing.
2. The second said he recognized the color and thought it might be a corporate cubical.
3. The third recognized the elephant from advertisements.
4. The fourth said that according to modern economic theory, elephants were the world's greatest performance animal.
5. The fifth claimed that elephants and the people who associate with

them were no different from anyone else.

6. The sixth demanded to be paid for his time before answering the question.

What's the relevance? If you are retired or nearing retirement, that ancient legend illustrates something relevant to you: the elephant represents the enormous amount of money you and your generations have earned. It is the result of a life time of earning and saving. More generally, it is the collective assets of leading-edge Boomers, retirees and seniors – people 60 and better.

The six advisors in the Elephant Story represent the prevailing attitudes of today's financial advisors: 1) selective blindness, 2) small mindedness, 3) believing the hype, 4) irrelevance, 5) misinformation, and 6) self-interest. You might think of them as the "Keystone Cops of Financial Security." This Report explains how they fail you and what you can do to protect yourself from them. After all, with advice like theirs, who needs inflation?

How they make money from you.

The term that describes the business model used in the financial industry is "Money under management." The more of your money the advisor has entrusted to him, the more money he makes. This is true for investment advisors and wealth managers. In other words, their business strategy is to accumulate as much of your money as possible.

The typical strategy is to invest your money, with an eye toward accumulating more of it. As soon as they focus exclusively on accumulation, they make money from you and they fail you, all at the same time. Want to know why? Just keep reading.

Until recently, most Americans were still riding the high wave of their careers. They were at the top of their income-earning years. In that phase of their professional lives, people are also in the "growth and accumulation" phase of their financial lives.

That would be the perfect scenario IF all investments only went up, IF incomes continued forever and IF you never got older.

However, stocks always go down, we all retire, and we all get older. Those three things recently collided and caused everything to crash:

1. The downturn in the stock market and American economy has already robbed years of accumulation from many people. The financial industry's own business model has turned



around and bitten a big chunk out of its clients' assets. In other words: millions of people have lost a lot of money!

2. The weakened economy has caused the job market to become unsteady. Vast numbers of people saw their incomes stop in mid-stride, many of them are your age. National Public Radio hosted a series of features interviewing several different middle-class individuals as they lost jobs or had to come out of retirement. In other words: income streams have been interrupted!

3. Your friends are turning 60. That means if you lose money in the market at this point, you may not have enough years left to earn it back!

While the "growth and accumulation" investment strategy may have once made sense, it no longer makes sense today because it exposes you to so much risk. If you are near 60 or retirement, this is important to you. Let's look at some facts:

1. By 2010 (next year) there will be 10,000 Boomers turning 60 every day.
2. In an economy that is as troubled as this one is, people near retirement age need to shift their focus from accumulation to preservation and distribution.
3. For many of those Boomers wanting to tap into their own money, it's too late!

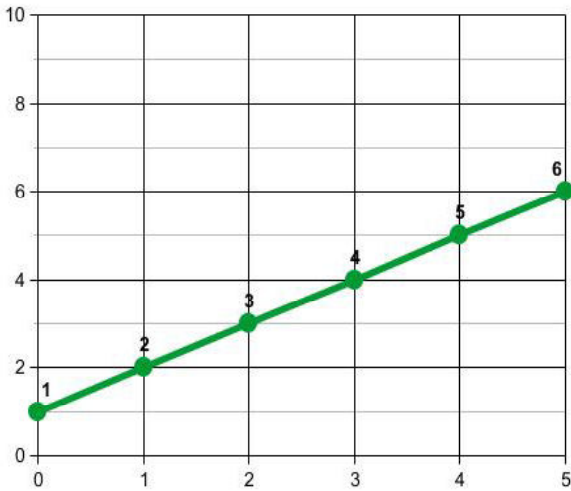
What do those facts show you? A picture that is oh so simple, and apparently oh so invisible as the war for your money. It's a picture of an industry that is painfully slow to adjust to reality. An industry that is failing its older clients. An industry that has an obsessive-compulsive disorder – it can't stop putting your retirement at risk.

The bottom line is...

The financial needs of the American population changed faster than the mindsets of the financial advisors who serve it.

The wealth in America is in three populations. Boomers, Seniors and traditional financial advisors. The advisors are fighting the Boomers and Seniors for control.

If that's you, the most pressing financial issue in your future is called "distribution." It seems simple. You just call your advisor and say, "Hey, I want to implement the distribution strategy." However, financial advisors do not make money when you take money away from them. In other words, when you tell your advisor that you want to get out of the market and start collecting your distribution, be prepared to



see the look of confusion and fear hit his/her face.

Many advisors simply are not mentally, emotionally or professionally prepared for you to take money away from them. Worse, many of them don't know what an effective distribution strategy looks like or how to create one. Again, let's look at some facts:



1. Distribution represents a totally different mind set for traditional financial advisors - money goes out instead of coming in.
2. Distribution requires a totally different product mastery for advisors – more focus on retirement income, rather than accumulation.
3. Distribution takes a completely different financial strategy – one that is 180 degrees different from what many advisors have been taught.

In other words, traditional financial advisors are more likely to put your money at risk, investing it in a volatile stock market, simply because they don't what else to do.

Shooting at the wrong target. Think of people you know between 60 and 80 years old. Doesn't it make sense that those people should have a financial strategy that moves more and more money away from the risks in the stock market? Doesn't it make sense that as you move money out of the stock market, you move it into safer "guaranteed" financial vehicles? And doesn't it make sense to do this over time on a sliding scale, shifting more to the safer side?

That's what we believe. Our firm has worked exclusively with retirees and seniors for 16 years. We've studied their needs and analyzed the financial options available to them. And we've observed the advice other firms are giving this same age group. When I report the results of our research, I'm speaking from first-hand experience and a massive amount of learning and personal observation.

Bottom lines:

1. It seems to go against the nature of the typical financial advisors to help a person (like you) accumulate money over a lifetime and then give that money back. Perhaps they think of your money as their money. It's a tug of war with your money.
2. Although the typical financial advisors are not trained to help seniors, they experiences pangs of professional jealousy and

financial loss when people (like you) move their money to a different kind of advisor – one who specializes in distribution strategies for seniors.

3. Through the eyes of the typical investment firm and typical financial advisor, there is little (or no) incentive to focus on distributing your money back to you. To them, there is no business case for it. To them, their clients (you) are supposed to be their annuity, their retirement income. To them, it's insane to give it back.

What is the picture here? Most adults have this experience: they go to take a toy from a baby, only to hear the baby starts screaming, "Mine! Mine!" How is that related to your current financial situation?



America's populations have aged – thus changed. Financial needs have changed, too. Parallel, many of the financial products have also changed. One thing that has not changed is the traditional financial advisor's way of thinking. He is fighting an illogical war for control of your money.

Jumping ship

Business development expert Mark Tibergien (one of our favorites) suggests that advisors have grown comfortable with 1% to 2% of their clients leaving each year. However, this rate of exodus is inching higher and actually expected to triple soon. Tibergien says:

“When we asked clients who had left their advisors in the past five years why they terminated their relationship, they said it was because they didn't believe their advisors could help them with the next phase of their lives—distribution planning.”

In others words, people like you, who hired advisors to help them accumulate wealth for retirement, discovered that those same advisors could not manage their money in retirement. Remember, financial strategies require a totally different skill set. And, it takes technical knowledge of a totally different category of financial products.

With that in mind, let's look at more facts. Here's what we found in an article titled, “Asset Distribution versus Accumulation” in one of the financial industry's most respected publications, *Investment News*, December 11, 2006.



“The financial planners and advisors who build distribution planning into their practices will enjoy a serious market advantage in the years to come. Those who do not will be left on the sidelines.”

Remember that 81% of clients plan to fire their advisor, it indicates that about 81% of advisors have put blinders on, and failed to add distribution planning to their practices. The following adds even more power to this point. It comes from a brilliant FundQuest white paper titled, A Process-Centered Approach to Retirement Income. Take a deep breath because this quote is a little technical:

“... institutions and their advisers have been focused on investors’ asset accumulation phase and have been using platforms and products designed for accumulation. Without access to a well-defined retirement income process and an integrated platform specifically designed for income distribution, most advisers are left to take ad hoc approaches with predictably mixed results.”

The traditional financial advisors, who still want to invest all your money, have placed your money at risk – against repeated advice from respected experts!

Can you see the danger looking into your eyes? Continue trusting the traditional financial advisor and you could find yourself losing the war for your money. The philosophy in the US Marine Corps is, “Adapt and overcome!” If the advisors follow that, you will be positioned appropriately. But if they refuse to adapt, then both of you are in deep trouble. You’ll be following a blind leader into a hostile environment with little chance of success.

It’s a hard lesson to learn. All I ask is that you look at the evidence then make the logical adjustments.

Next step for you.

Now you know what to ask your current advisor about. Now you know what to look for. Again, let’s look at the FundQuest white paper, A Process-Centered Approach to Retirement Income:

“As the financial services industry scrambles to create products to allow retirees to spend their nest eggs without going broke, advisers who adopt a ‘process oriented’ approach to retirement income planning will likely dominate...”

In Conclusion

You may have trusted someone to safe-guard your money. I hope so because there are many credible advisors who can help you in the right way. However, remember that you are the general in command of your advisor(s). You are the one person who ultimately has the final say. The war I keep referencing is with those traditional advisors who believe that it is they who are in control of your money. If you don't win the fight, you will likely lose money.



Robert A. Sagar, founder and president of
The Senior Financial Center.

Robert A. Sagar is a true “out of the box” financial professional. His creative ideas and solutions helped him win numerous regional and national awards for his dedication and exemplary service. Bob speaks at many conferences through the year, teaching financial advisors how to provide “different and better” service to senior clients. He has also been featured in Newsweek, Time and U.S. News & World Report, three years in a row for his outstanding service to the business community.

Bob is a real specialist. He’s a frequent guest on radio and TV, discussing issues important to retirees. He’s the author of the book *Financial Success for Seniors*. He hosted the popular radio show “Senior Straight Talk.” And, he created America’s first financial franchise model exclusively serving people 60 and better.

The Senior Financial Center, Inc.
330 Sunrise Highway
Rockville Centre, NY 11570
800-618 1825
info@seniorfinancialcenter.com

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