

How to Choose a **FINANCIAL ADVISOR**



Are You Gambling With Your Financial Future?

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Wealth Teams Alliance

Why Use a Wealth Teams Coach?

Bill joined me for a breakfast meeting. He wanted to discuss his upcoming retirement plans and how he would be able to build a stable and consistent income in retirement. After discussing the three retirement questions virtually no one can answer, I showed him the Wealth Teams Solution. At the end of the meeting, he shook my hand and said, “Thank you! I feel so much better now.” I told him, “This is why I do this -- to help people find hope in their future and provide a way to achieve their retirement goals.”



In recent industry surveys, which asked investors about retirement, a number of key differentiators emerged to help investors answer the questions, “Why should I use your company?” After all, aren’t all financial planners and investment advisors pretty much the same? Don’t they offer the same investment solution, buy into the same market, use the same metrics? How can you be that much better than my advisor, whom I trust and has served me well for many years?

We hear these questions frequently. We know these questions and others like them are on the minds of the people we meet who want to find out more about Wealth Teams. But, if they are so content, why does all the research show nearly 80 percent of all investors are dissatisfied with their current investment advisor? Unhappy with the returns they have gotten over the last twenty years? Feel they are not getting the service and answers they need from their current relationship? These same investors say, “I feel like a number and have no real personal contact, unless of course if my advisor wants to sell me something.”

Dimensional Fund Advisors (DFA) recently completed a global



“Investors may attribute peace of mind to many aspects of their advisor relationship – and we believe that sense of security is an outcome of an advisor setting the right expectations.”

DAVE BUTLER

Co-Chief Executive Officer & Head of Global Financial Advisor Services

survey dealing with questions about satisfaction and utilization. The 18,967 responses received gave insight into the investors’ concerns about selecting the best advisor. These responses came from clients of 436 advisory firms in eight countries. Such a diverse and incredible response provided understanding about how investors view the advantages of using an advice-based wealth coach and the services a coach provides. After all, every investor has several choices when it comes to investing. They can: 1) make their own investment decisions through a low-cost broker, 2) use a Robo- Advisor, 3) go to a national wire-house and use a stock broker, 4) work with a large trust company or private banker, or 5) they can work with an independent, fee-only financial advisor. In all cases, the key factors that determine satisfaction and outcomes are addressed in this DFA Study.

Does the Cost of Investment Advice Equal Value?

DFA received four responses from the survey when clients were asked this, “How do you primarily measure the value received from your advisor?” Over one third of the respondents (35%) ranked “sense of security and peace of mind” as their primary measurement. Another 23 percent of respondents valued the advisor’s knowledge of their personal situation as the highest value. Number three was the feeling they were “making progress toward their goals.” Interestingly, the fourth response was investment return, which does not mean respondents did not value investment returns, but rather the other three -- peace of mind, their relationship with the advisor, and progress towards their goals -- were more important to them. It was almost as if they looked at investment returns as a common denominator, that all returns were about in the same range.

Since DFA is a market based investment methodology, the emphasis is more likely to be on utilization than results. DFA investors are confident they are getting market returns in their portfolio. Understanding the power of the DFA models and the importance of market based investing brings confidence and assurance to investors.

Peace of Mind

I believe peace of mind ranked higher than returns because investors assume their returns are equivalent or better than all other options. I have never heard anyone tell me they were unhappy with their portfolio performance. In fact, comments are usually the exact opposite. That being the case, other factors become the drivers of satisfaction. We have seen through our portfolio analysis process, though, that investors are not achieving market based returns. Their portfolios are not structured on the Efficient Frontier and have fallen short of their benchmarks.



“In our view, peace of mind is what success is all about. Achieving returns in a way that enables people to relax just a little bit more is very important.”

DAVE BOOTH

Founder and Executive Chairman of Dimensional Fund Advisors

When David Booth, the founder of Dimensional Funds, started DFA with Rex Sinquefeld, he understood the importance of academic research, using the scientific method and historical data to provide investor peace of mind. Even though the market is chaotic, and unpredictable, research and hypothesis testing has shown that a well-diversified portfolio, allocated in accordance with academic research, has a higher probability of delivering superior, long term results. DFA has proven, despite all the market chaos, there is order in the markets over the long run. Finding that order and managing it through the random chaos is how DFA has grown to be one of the most successful and highly esteemed investment firms in the world. This is why Wealth Teams Alliance has chosen to follow these investment guidelines with regular discipline. We have seen the history of DFA’s acumen and their ability to deliver outstanding performance despite the market volatility.

This is not always the case for the portfolios we analyze. After reviewing hundreds of portfolios, we have discovered most investors are not achieving optimal investment results when compared to benchmark returns. The Wealth Teams Expected Return Analysis (ERA) deconstructs an investor’s portfolio and demonstrates how well that portfolio has performed when compared to the category benchmark. As a result, we have a quantitative way to assess relative performance. The ERA analysis provides peace of mind for our investors. They can clearly see how their portfolio is meeting their expectations.

Importance of Client Service Experience



Another aspect of investor satisfaction is their service experience. Investors say they like to know their advisor is experienced and understands their issues and the problems they face. When asked about advisor attributes, 31percent said the advisor service experience was as important as investment returns (32%). The other two important requirements were “the range of services” (6%), and the “advisor’s experience with peer clients” (26%). Once again, the survey shows that while investment returns are important, they are not the most dominating issue. Feeling served and having a solid relationship is just as important, when considering the advantages of one advisor over another.

At Wealth Teams, we know our role is more than managing money for our clients. We find coaching clients on how to handle financial matters in real time is where we bring additional value. Our team is available and diversified. We are able to handle legal, accounting, financial and investment matters. We have found that knowing the questions that need to be asked is as important as knowing the best answers.

Progress Toward Goals -- What Financial Information Would Help Me the Most?

Most investors surveyed said the size of their retirement nest egg is important when preparing for retirement. However, this concern was less important than having confidence in the amount of income they will be able to spend each month.



The DFA survey segmented investor questions into two categories: 1) Are you preparing for retirement, or 2) Are you already in retirement? Those planning for retirement thought knowing how much they could spend and the likelihood of reaching their objective were equally important. Both were more important than how much money was in their investment account.

This result is not surprising. The Transamerica Retirement Institute and other surveys have discovered that more than 80 percent of Americans have no idea how much money they need when they

retire. Lee Eisenberg was the first person to label this required amount for retirement, “Your Number.” A simple rule of thumb to determine “Your Number” is 20 times your desired income at age 70. If you are 65, then your number would be 25 times your target income. So if you want \$100,000 a year for life, over and above your social security or other guaranteed income, you will need at least \$2,000,000 to retire at age 70, or \$2,500,000 to retire at age 65. This number, assumes no earnings on the capital. You will have virtually nothing left when you reach age 90, and with life expectancy being extended, this could be a potential problem. But focusing on \$2,000,000 as the goal, is better than not having any goal. Unfortunately, most people approach retirement with no tangible goal in mind.

“What is your Number?” is one of the three questions most people cannot answer about retirement. The second question is “How much do I need to save?” To answer this question, you need to do some math. Factors such as age, the amount you have already saved, your life expectancy, and your willingness to take risk, are all going to impact the savings rate you will need to achieve to reach retirement. Essentially, the longer you are likely to live, the more money you need when you retire. The third question asks, “Do you have an investment process that has the highest probability of achieving the optimum return for the lowest amount of risk?” Most investors have no idea how much risk they are buying, or how to allocate the asset classes to achieve that optimum return. The Wealth Teams Solution was designed to answer this question and provide an intellectual framework for investing long term.

Those already in retirement, are very concerned about their net spendable income every month (33%). The return on their portfolio is the next important factor, followed by the size of their nest egg. This why we developed the Wealth Teams Solution. It is a combination of laddered Treasury Inflation Protected Securities (TIPS), first trust deeds, and a balanced investment portfolio. The targeted distribution rate is 8 percent annually. *Notice, I did NOT say the rate of return is 8% percent.* Our studies have shown, most retirees will need to implement an “asset liquidation program” to meet their income needs. They will have to systematically spend

down capital to maintain an income that will sustain them through retirement. This is just a mathematical fact. So the ideal solution has to provide a reasonably high distribution rate plus an asset growth strategy to replenish the capital spent. The Wealth Teams Solution is formulated to meet both of these requirements.

What is your Greatest Fear regarding your Personal Finances?

The answers to this question in DFA’s global survey mirror the previous responses. Over 37 percent replied they were most concerned they would not have enough income to have a comfortable lifestyle. The second most expressed fear was that they might suffer a loss of capital in a down market (31%). Only 13 percent were concerned about outliving their money, while 12 percent worried about dealing with unforeseen expenses.



These are problems common to many families as retirement, old age, and sickness become a reality. Our role as **Your Wealth Coach**, is to help you prepare for this eventuality and structure a solution for you that gives the highest probability of success. This approach is why Bill told me that “he felt so much better.” He now had a plan that helped him see how he could have the income he wanted and have the confidence it would be there every month, which gave him peace of mind. I have heard many others say the same thing. We have helped many families establish a long term plan that would give them the optimum income from their resources. We can do the same thing for you. One of the most important steps you can take is to start NOW. Putting off this planning and preparation is detrimental to your wealth and actually will impede your ability to achieve your retirement objectives.

There are many financial advisors in the marketplace, so we know you have a choice. As a Wealth Coach, we make it our business to help you win at retirement. To help you evaluate our ability to successfully serve you, here are some facts, principles and philosophies that drive our business model:

Facts

What we know from the academic research and hypothesis testing:

Markets go up and markets go down. No portfolio will always give you a positive return every year. Harry Markowitz, the 1990 winner of the Nobel Prize in Economics, won the award for proving diversification is the single most important strategy an investor can implement to help protect their portfolio in turbulent markets, while still providing a sustainable return over time.



“Naturally, many investors have fears about what is likely their most important financial goal – saving for retirement. By helping clients understand what they can and cannot control, advisors can create a different experience to help ease their client’s concerns.”

DAVE BUTLER

Co-Chief Executive Officer & Head of Global Financial Advisor Services

Every Asset class has an expected return. If you know how your portfolio is allocated, you can determine mathematically, with a high probability of being accurate, how your portfolio will perform in the future over longer time periods. Wouldn’t you like to know whether you have adequate diversification and whether your portfolio is allocated in the most efficient way possible?

An efficient allocation is determined by finding your position on the Efficient Frontier. In theory, this is the optimum allocation for the selected set of securities in your portfolio. Based on expected return for your entire portfolio, the Efficient Frontier can be used as part of a strategy to find the allocation that will give you the highest expected return with the least amount of corresponding risk. Any other allocation will be less likely to deliver the optimum results.

Risk is measurable and can be diversified. How much risk are you buying? The same average return can have the same standard deviation of risk. When that happens, one portfolio will return a greater dollar value than another. Knowing how much risk you are buying and how it is allocated will help an investor improve their results over time.

Principles

Having no principles is like steering a ship without a rudder

Portfolios structured by understanding academic anomalies have produced higher returns over the last 90 years than portfolios that have ignored these classifications. These anomalies are documented in academic writings for more than 50 years and been proven to be accurate and reliable.

Buy and hold is a much better strategy than trying to outguess and time the market. Nearly 100,000,000 shares of stock trade every day. These shares are worth more than \$450,000,000,000. How can one individual investor hope to find opportunity in a market that is so diverse and dominant? It is not possible, yet investors pay their advisor handsome sums to try and beat the market. It makes no sense.



The market is totally random. No one has the ability to predict market performance. As a result, you either stay in the market, or you try to time the market. Knowing when to get in and when to get out is impossible to predict accurately, which is classic supply and demand economics. There is no academic evidence anyone has successfully timed the market.

You can either try to beat the market, or BE the market. You can't do both. In 2000, there were over 2758 funds in existence. By the end of 2016, 57 percent were no longer operating. They merged into other funds. Only 17 percent of the funds matched their benchmark. What do we learn from these facts? It is virtually impossible to know in advance what any one fund is going to do, or how it is going to perform. It is better to BE the market, than try to beat it.

Philosophies

You have to have a philosophy or else you will not have a standard for decision making

People do what they want to do, when they want to do it. That is why we call ourselves a Coach. We are here to guide, encourage and train. But in the final analysis, the decisions of what you want to do and how you want to do it. The main variable is when.

The “Whys” Carry. What we do and how we do it are very important, but not as important as why we do it. Our team of dedicated coaches and client service associates want to bring peace of mind and security to all of our clients. We are here to serve and make sure we deliver on our promises and give you the best client experience possible.

The stock market is NOT a straight line up. Markets are a see-saw of spurts and sputters. But, over extended periods of time, the market has continued to trend upwards. It just may be a bit chaotic on the journey. Our Wealth Teams Solution has been designed to make that journey smoother, less chaotic and hopefully, not as frightening as it might be if you did something else.

We do the work and God gets the results, even in the market. All we can do is provide disciplined implementation of the principles and research we know has delivered solid results in the past. Will this be true in the future, no one knows? But I would rather trust an intellectual framework based on hypothesis testing, academic research and robust data, than a method that has no substance or foundation of fact.

Summing it up

In the final analysis, making the decision regarding which advisor to use has long term implications. After more than 50 years of serving clients, I can tell you the most important factor is availability. Will your advisor be there to answer your questions, deliver on the expectations and help you when you need someone to give you guidance?

The Wealth Teams Alliance has a long track record of delivering

value to their clients. We hope you will take the time to evaluate our services.

Past performance is no guarantee of future results. All investing involves risk, including the potential for loss of principal. There is no guarantee that any investment plan or strategy will be successful.

Compare WTA To Other Advisors		
	Wealth Teams Alliance	Other Advisor
Years of Experience	Assets under management since 1993. New development and growth under DFA since 2012.	
Credentials	Multitude of certifications and Higher Degrees, Ph.D, CFP, ChFC, CLU, MSFS	
Communication Protocols	Newsletters, blogs, videos, website. Available for consultation and discussion. Numerous books, brochures and articles addressing the WT Solution.	
Education of Clients	Indepth Primer discussing how the Wealth Teams Solution can address the accumulation and decumulation needs of our clients.	
Staff and Services	16 full-time staff members – many have been with WTA and associated companies 20+ years. Firm also has 15 affiliates locally and around the U.S.	
Depth of Organization	WTA provides one on one counseling for all of our clients as needed. WTA does not rely on outside money managers to build or monitor portfolios. All work is internal to WTA.	
Succession Plan	WTA realizes the importance of service and ownership continuity and has a plan in place to train, build and grow the succession management team.	

By Buying Markets vs Stocks

- Decrease Volatility...Increase Return
- Optimize Portfolio Construction...
Modern Portfolio Theory
- Reduce Fees & Expenses...Up to 50% Reduction
- Reduce Taxes... Up to 40% Reduction

Wealth Teams Solutions Can Help You



Listed among the 250 top Registered Investment Advisors in the United States by Worth Magazine, Guy Baker, MBA, CFP, MSFS, ChFC is nationally acclaimed for his expertise and financial planning skills. Guy has been serving clients since 1966 and was selected by the National Association of Estate Planning Councils for his Distinguished Service. He was also elected

President of the prestigious Million Dollar Round Table, an association of over 65,000 advisors worldwide and is a 40 year member of the TOP OF THE TABLE, one of only 20 Financial Advisors to reach this milestone.



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