Are YOU Relying on Weak Sources for Retirement Information?

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In America, we have many sources of information to plan your retirement. What a great country. Truly, if the Founding Fathers had known what we would enjoy, they would have been shocked and glad at the plenty, and at our long lives.

Retirement is a new concept, based on increased longevity. When Social Security benefits beginning at age 65 were first passed into law, the male life expectancy was—no surprise if you think about it—age 65!

Longer life is certainly a blessing from God. However, the number of years we are financially non-productive increases with longevity. Our financially productive years have to support a lengthening twilight.

The idea of being old is hard enough. **Being old and poor is unacceptable**.

So you want retirement guidance; that's why you enrolled in this curriculum and downloaded this white paper. If you haven't enrolled and only downloaded this white paper, you might be discouraged. Please carry on with us to the next step—you will really be glad.

BLOWING UP THE ISLAND, or ASSUMING

This phrase is not original to me, but borrowed. I like it because it calls to mind the WWII generation and the Pacific war. Before landing on islands, the Navy and Air Force would often bombard them. Once the defenses were weakened, then the Marines and Army could more easily free the island from enemy control.

You have financial enemies. Through proven means, they have occupied your island. They mean to enrich themselves at the expense of your maximum attainable happiness.

This white paper is meant to blow up your island. If I did not begin here, with what may seem like negativity and criticism, then you would not benefit from the positive things there are to learn in the next white papers.

It is not meant to blow you up or your hopes, but to blow up your unquestioned, and possibly false and empty, reliances. Are you open to this? Sure, so read on.

At the end of this white paper, you will know if you have become open-minded, and freed from the control of assumptions that are your financial enemies.

HOW DO YOU KNOW THEY ARE WORTHY OF YOUR TRUST?

There are many sources of retirement information that people rely upon.

If you want retirement information, you'll get it from RetireRadio.com. But is it trustworthy?

Or you'll get it from your newspaper columnist. But is he or she trustworthy?

Maybe *Money Magazine* is better. But is it to be trusted?

Okay, *Wall Street Journal*, or *Barron's*. But how do you know you can trust them?

So let's go to the bookstore. There are a lot of authors there. And how do you know you can trust them? because they have neat little forewords written by names you sort of recognize. Is this the standard of trustworthiness?

Well then, let's take in the TV and radio financial gurus. Are they trustworthy?

But let's say your life is so unique you don't rely on anyone but your financial advisor, your lawyer, and/or your CPA. How do you know you can trust them?

Have you asked about their trustworthiness?

Have you asked about their trustworthiness? That is not a typo. I asked you twice on purpose and why? to get you to relax about it. No one is accusing you of anything—we aren't blowing you up.

The answer is likely no, you haven't asked them—isn't it?

So what's the cause of your docile, over-trusting behavior? why have you and millions of others trusted these sources without verifying their trustworthiness?

Answer: You assumed they were trustworthy. And as a result these sources, unverified, are entrenched on your island through billions of dollars of financial advertising and promotion. Firmly planted on your island are financial enemies to your maximum happiness.

Remember that saying about ASS-U-ME? Assuming is dangerous to your wellbeing!

Think about how much money is at stake for you—thousands, tens of thousands, hundreds of thousands, millions. What if your source of information is WRONG? Even just 10% wrong?

Think about how much of your life will be affected for worse by such error!! So hopefully this white paper will have blown up your island enough to create open-mindedness. If so, you will at least have a better chance of being happy in retirement.

In this paper, we will evaluate the pros and cons of various sources of financial guidance. The question is, "Who are you relying upon for retirement information?" Seen another way, you might ask, "Who is training you for your retirement?"

Nor am I myself exempt from this query, as shown by my own example above.

TRAINING BY JOURNALISTS?

Just look at that phrase, "training by journalists"—it makes you chuckle.

I. Journalists are easy to pick on—"the drive-by media"—because this profession consistently appears in the least trustworthy categories of occasional "whom do you trust" polls.

Nonetheless, most Americans base their financial opinions on what they read from journalists and the media. For some it is *MONEY* magazine, or the *Wall Street Journal*, but for most it is the local newspaper. After all, there is a tendency to believe what we see in print, and this tendency overcomes our poll-indicated distrust of journalists.

II. Therefore we ask, is the author of this article about retirement correct? They are quick with their financial advice, to be sure.

There are always scare articles such as the July 16th 2006 Parade magazine, "The one investment to avoid." That sells, doesn't it? But is it accurate? I personally counted 12 errors in that single article.

You yourself have had this experience—seeing a news article on a subject you know about, and quickly dismissing the article because the author obviously didn't have the experience that you have and wrote falsely on the subject.

III. Often, media instruction on finances and retirement are contradictory. In 1999, at the same time, two highly contradictory articles appeared: "Failing to Invest in Your 401(k) is Just Plain Foolish," (*LA Times*) and "The 401(k) Illusion"(*Wall Street Journal*).

What do you do? You cut them out, compare their conclusions and work backwards to their premises. By testing each article this way, you with your own intelligence can find the basic premise(s) that an author assumes to be true as the basis for the rest of the article. Then you simply ask if you agree with that premise. If you need help doing that, at the end of this paper a resource is given.

IV. Journalists have their own point of view; they are apparently trained not to identify it. So you have to do the work of figuring out, where is this journalist standing when he says these things?

Then verify that is the point of view you have. If not, then don't pay it much mind.

For instance, some are from the standpoint of self-determining people, such as "Taxing Retirement" (*Barron's*, circa 1998). More common is the perspective of compliant people who don't want to get hurt by violating the many rules of government-sponsored retirement accounts, like the article, "Four options in depleting your IRA" (*LA Times*, circa 2000) and "How to move retirement

money” (*USA Today*, circa 1999).

Then there are those who take the big picture. What field are they speaking from? Sometimes economists write laymen-level articles, such as “The invisible hand of Karl Marx” (*Washington Post*, circa 2001). And financial planners confer in articles like this one: “The New Retirement: Staying on Course in Uncharted Waters” (*Journal of Financial Planning*, circa 2001).

V. In addition to these observations, we must ask, “what right does this author have to my trust and compliance? Does he or she have a legitimate basis of authority to address this topic?” Often none is given. You will be amazed, once you begin asking this, how rarely an author does you that courtesy, to reveal any basis of legitimate authority.

What is a reporter—someone who gathers information and conveys it to you? What is their source of information? After all, the information is only as good as the source, right? Is it possible that a reporter can be manipulated to serve the interests of their information sources? Sure.

VI. We no longer evaluate people's personal value by their paycheck, ideally. But when an author writes financial advice, it is a natural and justifiable question to ask, “what does someone in that profession make? Is that the profession I want to take my financial guidance from?”

Journalists are not known for making lots of money, are they? Then naturally, they will write and opine from the standpoint of someone who doesn't make a lot of money. Such living requires a focus on squeezing out every dime for today, and hoping for a good outcome tomorrow, and that is the point of view of their writing. Is that your point of view?

On the same principle, you would be unfair to expect a journalist to write knowingly about the management and disposition of large amounts of wealth, paying the large bills that come with success and the avoidance of death tax and other concerns of successful savers.

VII. What age are journalists? By definition they are non-retired, and likely under 65. Is it possible they have experienced retirement living first hand? Very unlikely.

How much they earn, and how old they are, are factors beyond their control. I am not insulting them. No, you must determine whether you will or will not give them influence in your financial guidance.

Is their situation one that compels you to do so? No.

TRAINING BY THE MEDIA AND ADVERTISING

Closely related to the journalist is the media's role as the voice of financial advertising.

Pick out any retirement ad. What is the picture? Is it an old man sailing with a smile? Or an older couple on a motorcycle? Maybe it's a grandpa and grandkids. There's no denying that such experiences will be enjoyable.

But why have they put these images into their retirement ad?

Does it have anything to do with their proficiency or worthiness to manage your money or advise you? NO. Does it validate that they will serve you well? NO.

Rather, these images appear because they know from long testing that you and I can be emotionally influenced by images, to favor their company when we have financial decisions to make.

Let's be blunt: **the financial institutions want to get your money so they can make money off of it.** There isn't anything evil about that. But they are not altruistic, self-denying companies.

Their picture of a happy retired person in their advertising adds not one whit of legitimacy to their claim on your patronage.

So how much can you rely on the financial institution to look out for your welfare? More later. For now it is enough to recognize ads for what they are—sophisticated attempt at influence to get your favor and your money.

TRAINING BY INSTITUTIONAL SUPPORT DESK or CUSTOMER SERVICE?

Of course none of this is meant as a criticism of anyone, but rather, to help you evaluate whom you should listen to and why. Can you imagine sitting in a cubicle and taking calls all day on financial questions? So I have mercy on these folks.

The larger mutual fund firms like Fidelity and Vanguard have very successfully conditioned their customers to contact their customer service for help. These days, increasing emphasis is being put on getting it from the internet.

I. One of the first questions that arises is, “how do I feel about my money being with an institution that makes me navigate 4 menus every time I call?” What if you get too old to keep up with those options? In fact, these phone menus are one of retired people's biggest complaints about financial institutions.

Similar concerns apply to customer service folks as to journalists. II. “Are they making enough money to relate to me?” III. “Do they have enough exposure to retired living to know what retirement happiness consists of?”

IV. An additional concern applies here—they are beholden to the institution who has your money. Is there any obligation on the part of the customer service folks to you? None whatsoever, and there is definitely an obligation to their employer paying them.

Therefore, what would you expect them to consider uppermost? Your welfare or their employer's? Allow me to introduce the phrase, “the wolf watching the chicken coop.”

V. Customer service people have knowledge limited to their employer's education of them. What Vanguard wants you to know, Vanguard trains its employees to tell you. By the same token, what Vanguard doesn't want you to know, they do NOT train their employees to tell you and therefore their employees cannot tell you. What falls in between, they train employees to disclose so that they are not liable to accusation by you later.

Do you know the acronym, “C.Y.A.”? That is how customer service people are trained—don't get their employer in trouble.

When you call in for an answer to your financial question, you have been expecting a fair and unbiased answer, right? Sure. After reviewing these facts, do you feel that you can count on that from customer service employees? You would be crazy to count on it.

They have information you need. You don't swear off customer service calls. However, you don't rely on them unquestioningly.

VI. With customer service help desks, you have no advocate. If there is a dispute or problem, will anyone take your side and fight from within for you, endangering their job and respect with their employer? Not likely.

You are always told via recorded message that your call may be recorded “as part of their ongoing quality process,” or some such euphemism. I have often wondered—if I was told something wrong which harmed me so that I had to sue, would I have access to the recording of this call?

VII. EXAMPLE A client of mine retired December 22nd with almost $1,000,000 in his 401(k) held by Vanguard. Wow! But wait! He had to work to get it, as follows.

We began calling in September to make our plans for his retirement income, each time on the speaker-phone together, taking notes with date and customer service person name. (Experience has taught me to make repeated calls, take date-stamped notes, and verify everything on each call and by repeated calls.)

It was not until the third call (on Nov. 5th) that we learned from customer service person Mike K. that his “allowed rollover date” was 45 days after his Dec. 22nd retirement (why is that, anyway?). This meant he had to save some money to live on for the resulting two months without income. Fortunately, he was able to do so in a short amount of time.

Mike told us that once the 45 days was up, rollover was simple. “Just call us, give us the name of the new trustee and your new account number with them.” Great—sounds simple. But wait!

We spoke with customer service person Wayne on Jan. 30th to confirm what Mike had told us. Yes,

but, “you have to keep the true-up process in mind.” What?! Okay, Wayne explained it satisfactorily, but why hadn't we been told this by Mike? Oh, well—it will all be over soon, we thought. Wrong!

We called on February 9th to again verify Mike's statement about the simple rollover procedure (we were diversifying into several accounts). Well, my client had to call Vanguard on the 46th day after retirement. But, he could go ahead and order the paperwork from Mrs. White on January 30th. Wait a minute—that was 9 days ago—why weren't we told this when we spoke with Wayne on January 30th?

I guess thorough information was not considered a priority. It was only a million dollars, I suppose. But it was my client's million dollars and as you can guess, my client's insecurity and anger are escalating. He justifiably feels the customer service desk cannot be trusted for accurate and thorough information each call.

(In fact, that's one reason I always have the client on the speaker-phone.)

Okay, all the paperwork is done. We called on the appointed day and told customer service person Stacey S. our instructions. They were (without divulging confidential information) 4% to account A, 40% to B, 36% to C, and the balance of 20% to D. “Do you want this in writing?” No, not needed, we were told, and it was repeated back exactly as we had given it. We got our confirmation number too! Great! But wait!

On March 9th, we learned that in <u>complete disregard for my client's instructions</u>, Vanguard sent 9.5% to B (intended for 40%) and 90.5% to A (intended for 4%). We had a confirmation number, though—doesn't that count for something? This accentuated the anger felt by my client.

As for me, the best word is resignation to things being made unnecessarily difficult.

We spoke with customer service person Bill P. soon after. Why had this occurred? “Oh, it's because your account was set up a certain way and we had to send it out in that proportion. Also, we could only send it to two trustees and not more than two.”

What?! Why weren't we told by Stacey S. on day 46, and by Wayne, and by Mike, *infinitum ad nauseum*, that only two trustees were permissible? We named four and she repeated it perfectly to us in a tacit affirmation of the client's right to give such directions. “I don't know,” Bill P. said. When this discrepancy between the account holder's instructions and Vanguard's rules came to light, why wasn't the client notified? Why weren't revised instructions requested of him? “I don't know.” Why did you ignore the client's instructions and send unintended amounts, to two of the four destinations, two which you randomly selected, without consulting the client? “I don't know.”

“I don't know.”

Fortunately for my client, the destination A that received the excessive money was cooperative and actually forwarded over $800,000 to the other destinations Vanguard had chosen to ignore.

VIII. You yourself have worked with people who worked like robots. “It's just a job,” they think. In my conversations with these customer service people for the institutions, I have asked them how they like their work. I have heard that exact phrase--”It's a job.”

Do you ever read *Dilbert*?

Is that the attitude you want to rely upon for your financial guidance?

<u>TRAINING BY ADVICE PROFESSIONALS</u>

I. <u>Many professionals see things in excessively black-and-white, good-or-bad terms</u>. Let's call this the “<u>always/never</u> syndrome.”

But the real world just is not that simple. For each financial question you have to answer, there is a spectrum of possible answers. On one far end are the “always bad” answers, and they can also be found in our criminal code. On the other end are the “always good” answers. But most answers that we are forced to consider are in the gray areas, aren't they?

A good professional will have humility in this area. He will make it clear when he speaking based on situational experience. He will make it clear that you have choices, that your situation is different in

such-and-such a way.

Usually he or she will present options that you could choose from and be equally well-served. A good professional with humility and a modicum of experience wants you to make your decisions, and resists making them for you.

If you meet, in everyday life, someone who divides the world into these extreme categories, the always/never syndrome, don't you regard them as immature in some way? So don't give advice professionals a free pass to have the same unworthy behavior.

II. Inter-profession rivalry. In almost every field of professional advice, we have to deal with the results of advice from professionals in other fields. Modern wealth-building has complexities that create an interdependency, but the free flow in information in our society threatens the professional's position and job security.

Naturally in such an environment, many professionals regard each other from a turf-protecting point of view, to the harm of their clients.

It is not uncommon therefore to find professional advisors holding strong opinions that this asset or arrangement is always good or this asset is always bad. Of the good, they are always of course the purveyor, but those other advice professions are crooked, self-interested, and taking advantage of people.

If you meet people who speak and act with such opinions, you regard them as opinionated at best and unpleasant to be around at worst. So don't give your professional advisor a free pass for this arrogant, self-serving behavior.

TRAINING BY ATTORNEYS?

I rely heavily on my attorneys; I have five to whom I turn depending on their specialty. They are experienced people who have acquired good judgment in the pits of experience. As with the previous categories, I am certainly not smearing the legal profession.

Many people rely on attorneys blindly, however. Is that so smart? It's odd and unsettling to see the contrast between the skepticism in our society about lawyers, expressed in the huge body of lawyer jokes, and the unquestioning trust placed in a lawyer in fields outside his expertise.

Would you let a lawyer tell you how to run your business? No, you merely rely on him to establish a fence that keeps you out of trouble. So why would you let him tell you how to handle your money?

I. What financial training does this lawyer have? Few lawyers receive any training in how financial vehicles work. As part of their early education they may have had a course in life insurance law, but just look at law school course catalogs. Is that the training you want your financial advisors to have?

The number of lawyers with financial degrees is small. (Some lawyers have accounting degrees but these are not considered financial degrees for the reasons given in the next section.)

Attorneys have to get continuing education to keep their licenses active. Sometimes the education is in financial assets. Customarily this education consists of changes in laws or recent rulings' interpretation of existing laws. While this is valuable, it is limited to the external factors influencing subjective judgments about what is best for any given situation.

As a result, when you ask a lawyer a financial question, about half the time he or she will answer in terms of what is “allowed.” Their concern is to put you (and themselves) on the other side of the fence from trouble with the law or other bodies of rules.

Well and good, but this doesn't tell you what is *best* for you—only something that is *better than trouble*. And to be better than trouble does not even require that something be good or best—it is a very low standard. Logically, the advice you get about what is "allowed" only has to be the *less bad*.

Because of their rule-based education they receive, a lawyer can only answer questions in terms of today's rules, today's laws. A good attorney is quick to point that out. However, when it comes to financial assets in a society of increasing longevity and the ever-changing environment of financial

products and rules, the in-the-moment perspective of the attorney's financial knowledge is a handicap.

II. The other half of the time, the lawyer will answer your question with a story of something they have seen happen. This is because lawyers gain much of their financial knowledge hands-on, from the nitty-gritty of closing estates and settling divorces and partnership splits. Thank goodness for their assistance in these intimidating areas.

However, such knowledge is limited in two major ways.

First, it is limited to the specific how-to's, the procedures for handling financial plans and assets that are already established. This is valuable, for dealing with situation-dependent questions. Such knowledge is anecdotal. But *general patterns* of what you should do cannot be derived from this knowledge alone.

Second, the attorney's financial knowledge cannot alone indicate what is right or advisable to do going forward because his knowledge is gained after the fact—as he deals with plans and assets already in existence and whose qualities are much colored by the life of the client he serves.

Therefore, a lawyer errs when he makes a universal, in-advance application of a situation-dependent "lesson" he learned. Sometimes attorneys, like other professionals, can become proud.

EXAMPLE: recently a widowed client of mine inherited $550,000. In her situation, to protect her with guaranteed lifetime income, it was best to keep about $50,000 in checking and spread the other $500,000 among several annuities. The client understood the rationale for this also.

Her deceased husband had left all his personal possessions in a trust, but his business had never been transferred out of his personal name. Therefore, despite their expense and effort to procure a trust, a probate attorney still needed to be hired, even though 99% of her inheritance was outside of probate. He and I conversed by email and phone and arranged to meet.

I met with the woman, her daughter, and the probate attorney. Based on the service I had provided, I had a better knowledge of the husband's key documents' locations than the widow. When one was needed, I went to another room to get it.

While I was out, the probate attorney commented quickly , "Don't put any money into an annuity. At your death, it is income-taxed to the heirs." When I returned, unaware of his remark, and handed him the document, he stood up and said he must go, and left. After this, the widow told me his remark.

Who was served by the manner in which he did this? The widow was not—she would have much better served to hear a dialog between the attorney and me. But was the client's welfare his chief interest?

The answer is no and there are two evidences of it. He left right away after making the remark in a hit-and-run way. She was robbed of the opportunity to think it through based on our professional dialog. Her previous desires were now confused. Secondly, he made the statement in the presence of the widow's heir, the heir who had chosen him. So whose interest did he have at heart?

This behavior did not surprise me after my years of experience with members of other professions. In hopes of a working relationship beneficial to the client, I had in fact spoken with the attorney several times and suggested that if he had an opinion of what action she should take, that we discuss it together with her.

One can only assume that he did not have the confidence in his opinion to defend it before another knowledgeable professional.

The tax fact he gave about annuities is true, factually. But is his *conclusion and application* true, that she should therefore not use annuities? It depends on the situation, and that is the reason that lawyers err when they make universal applications across situational boundaries.

In the case of this widow, her heirs would receive much more inheritance after all taxes if she used an annuity, than if she used any other asset. This assertion is so simple to support mathematically and quickly. The attorney was wrong in his application of a tax fact to the judgment of what this woman should or should not do. As I recall, the daughter asked him why he had this opinion and he replied that

he had a client who had been hurt by the taxes due on an annuity left at death.

That is one situation, yet he made a universal application out of it, one-size-fits-all.

There are also many, many types of annuities and annuity advisors. Some advisors know how to use them and some do not. It was quite unprofessional for the attorney to blanket them all under one cloud of prejudice.

Just because your eight-year-old bends nails every time he tries to hammer, does that mean you, an adult, should stop using nails? Of course not. Yet this is exactly the reasoning this attorney used--"All nails are bad because some get bent."

It may be of note, that an annuity passes to beneficiaries without the need of an attorney's services. Are you surprised at his opinion?

TRAINING BY ACCOUNTANTS , BOOK-KEEPERS, and CPAs?

Wow. This is the section I have been putting off. I love my accountant. He is a personal friend of long-standing, and enjoyable company. He has advised me in so many tax questions. But he seems to be immune from the always/never syndrome that so many accountants fall prey to; I have never heard him say anything like that. He carefully considers what he says and defends to you what he thinks or advises.

But to many other advisors, it seems that reliance upon your accountant for financial direction into the future is the reliance that causes most harm to people I meet.

I. The accountant is most likely to fall prey to the always/never syndrome. Their work consists heavily of numbers and the analysis of financial alternatives—and we are glad they enjoy it. By nature, their profession attracts men and women who are heavily analytical (I suppose that is why my dad always told me I should be an accountant)--and we are glad they are!

The flip side is, many accountants (not all) cannot see anything that is not analyzable, numerical, and spreadsheetable. They gain a feeling of superiority over those who do see such things, and are quick to make you feel stupid if you make a decision accordingly.

But most everyone know that the nuances of life are non-quantifiable. There are many qualitative factors that can make a good equation into a bad thing for your life's happiness. (See for a long list of them, the FFG-Panhandle white paper, Retirement Plans and their Handicaps.)

II. The accountant works for the IRS.

I know—you pay the bill. Even more aggravating when you think about it. If there was no IRS to forcibly collect your taxes, what decisions would you defer to your accountant? Most people use accountants to stay out of trouble with the IRS.

What is the accountant's main body of knowledge? How to account for money as required by the Internal Revenue Code.

Who will penalize the accountant if they don't account for your money satisfactorily? The IRS.

III. The accountant is most likely to give you financial direction advice based on the minimum effort. (Note my words carefully—I am not referring to tax questions.)

Ask your accountant a question concerning your financial direction, and you will never get an offer to spreadsheet out your dilemma and see which choice is best. Instead, you will get either an opinion, or an opinion supported by a "rule of thumb."

And where do those "rules of thumb" come from, anyway? Your guess is as good as mine.

You should ask, "have you seen analysis supporting your rule of thumb? Would you share it with me? After all, this is my retirement we are talking about—I don't want to be wrong, not even 10% wrong."

TRAINING BY FINANCIAL PROFESSIONALS (IN-PERSON)?

Now that we have discussed the weakness of reliance upon advice from journalists, media,

customer service people, attorneys and CPAs, clearly we are left with the profession of financial advisors. This includes insurance agents and stock brokers who are not as specialized as in the past.

Most such advisors you will meet in person. Many Americans faithfully follow their favorite TV or radio financial advisor. For that matter, many people faithfully follow me also.

I. Of all the sources we have considered in this white paper, this is the profession most likely to have the broadest education in financial assets.

This is the profession with the greatest familiarity and the most training time in the financial plans and assets that you may choose from for your financial future and security. Hours and hours are required for members of this profession to stay abreast of new financial products.

The concern of the financial institutions to ensure that their representatives are conveying products accurately leads to this time requirement, together with the rapid development of new financial products thanks to increasing computerization.

This profession has a collegial quality which leads to cross-pollination, not simply locally but nationally. Ideas are shared more freely than in other professions.

Perhaps most importantly, this is the profession called in during crises and opportunities. When people run out of money, when someone dies, when a windfall comes, when advancement occurs, people don't call their accountant or lawyer first—they call their professional financial advisor.

It is this profession who brings money to the client. The others generally collect fees and keep you out of trouble. But the professional financial advisor is the one who is responsible for money coming into you.

Lastly, think of which professional you more often have in your home. The professional financial advisor isn't primarily concerned with the external rules in thick reference books, like accountants and attorneys. He isn't concerned primarily with numbers and analysis and outputs and rates of return.

The professional financial advisor, of all the previous sources, is far more likely to ask you questions like "what do you want?" "what are your goals?" "What is your family situation?" "What makes you happy?" And as a result, it is the members of this profession who are far more likely to come to your home—the only one still making "house calls."

This doesn't make the professional financial advisor more virtuous than the other professions—it's just what they do by nature and by training. It was in recognition of their nature that society and people and circumstances directed them into the field to begin with.

II. Financial professionals fall into two categories based on how they are paid.

First are advisors who are commission-compensated. There is nothing new about that, and it doesn't mean that the advice you get is bad.

Commission-compensation means that all your money is working for you (not, "your money after fees"). It also means that this advisor has been paid to commit to you without further charges. Sometimes that service is extensive and demanding.

There are also fee-basis financial advisors. They may charging an hourly fee of they may charge a fee as a percentage of your assets under their management. Usually such advisors are independents. Their marketing and reputation usually consists of not being biased toward any company's plans, or having a financial stake in your decision which might taint their advice.

II. In my remarks following, I won't name any names out of respect for my colleagues. In twelve years I have only personally dealt with five or so whom I felt were charlatans and opportunists, and the other hundred or so personally known to me are well-meaning individuals. Most of them are faithful Christians who want to make a good report on Judgment Day, as do I.

Truthfully, it's not the charlatan who will hurt you, generally. If you are smart enough to make and save money in our society, then you have the necessary judgment to avoid such people, or at least, to rectify their erroneous advice as soon as you realize it.

But like you, I have personally witnessed bad and harmful advice from good people. I have not been quiet about it because there is so much at stake, and so there are some colleagues who won't speak

to me or give me the time of day.

III. Financial institutions set up a system in which both the independent and company-hired advisor are tempted to do what the financial institution wants.

Temptations exist in life. Everyone has to have a way of dealing with them to be successful. Every profession has a unique set of them.

Likewise unique temptations arise for financial advisors. What will the advisors do? I have always felt that the battle is won when an advisor recognizes the temptation for what it is—a temptation.

Let's start with the commission-compensated advisor—an easy target. He or she are often required by their company to maintain certain quotas, and sometimes quotas can emphasize one plan over others.

In order to enjoy good standing, win contests, be thought of as a team player and enjoy respect from their colleagues, they are required to "push" the plan that the financial institution wans to sell.

Thus, if your welfare suggests the usage of a financial asset unavailable through that advisor's company, the advisor will have a cost if they reveal that to you or direct you to it. They will lose in one of the areas above.

You can scrutinize a commission-compensated advisor for this very thing—can he recognize situations in which your welfare would conflict with his, and what will he do?

Fee-basis advisors have the same temptation—it just comes through a different door.

Although they are free of company quotas, they still have looks-like, smells-like quotas known as "overhead" which they must cover.

They often recommend the use of non-commissioned assets and plans, as an evidence of their assertion that they do not have a bias. However, in order to get good service from a financial institution, fee-basis advisors can be tempted to direct their clients to that institution. How can this be?

The institution sometimes allures them, not with more money, like commission-compensated advisors, but with easier dealing. Since the advisor is working on a fee, the less time necessary to service what he does for you, the more time he has for other such clients. This is not bad—it is just a temptation.

Often fee-based advisors must refer you to a commission-generating plan for items such as life insurance. Their supposed lack of bias in the matter is least supportable here. Once again, if a particular plan or agent or commission-compensated individual is easier to work with, you will be likely referred to that person with far less concern whether their plan is the best for you.

You can scrutinize the fee-basis advisor by going to him with a certain asset or plan that you want to use, and to build around, and then see if he tries to deter you from it.

It is noteworthy that fee-basis advisors exhibit a strong, even emotional, dislike for plans which require you to work with a commission-compensated advisor. The opposite is not true in my experience.

Fee-basis advisors share many traits with accountants which were described earlier. If you show independent thinking, then they may be tempted to regard you as a less desirable client because you take more time.

No profession is free of temptation to put their interests over yours, and fee-basis advisors are no exception.

You want your financial advisor to make a good living. They have to, not only to stay in business but also to enjoy your trust and to have the life experiences necessary to serve you with wisdom. Very few professional financial advisors are getting really rich on what they earn serving you.

So the key issue is not how they are paid. It is, will they put your interests over theirs? And how will they deal with the temptations they face?

EXAMPLE: In cases where another advisor and I had mutually overlapping clients and were giving seriously conflicting advice, the client and I have asked that the other advisor meet together with us, in order to allow the client opportunity to hear us dialog professionally.

Usually the answer is a silent uncooperativeness. Clients have fired advisors because of their unwillingness to respond to the facts I presented.

EXAMPLE: Lastly, my story and the training I was given by the financial institutions exemplifies the principles of this section.

I am a financial professional and have been for 12 years. My first career of 12 years was as a missionary. In 1994, I entered the financial business, becoming my region's first Certified Senior Advisor in 2002.

My first three years were heavy on training. Financial companies invest tens of thousands in training every agent.

During that time, my wife's parents simultaneously suffered deteriorating health and as their power of attorney, she and I assumed responsibilities for their financial welfare.

It was quite an experience to simultaneously undergo training by the financial industry and serve as steward of an older couple's finances for the last three years of their lives.

While on the one hand I was being taught to sell certain financial instruments, on the other hand I was seeing how the ownership of those instruments was causing bad loss for my in-laws.

I began advising my clients to use financial instruments that would protect them against the harms my in-laws suffered through their use of what my company trained me to sell and promoted in every venue. My conscience demanded this.

Naturally, I was not favored by the management, nor by my colleagues who were willing to engage in the systematic deception of themselves and their clients. For such reasons we parted company at the end of my training and I chose to build a financial practice my conscience could live with.

There are very few of my colleagues in the professional financial advice community, regardless of how they are paid, that I refer business to, after this experience and many like it.

I feel that there are very few advisors who pattern their advice to the non-retired primarily upon on their learning from their retired clients. Yet this is the most common sense way to derive the most beneficial retirement advice.

TRAINING BY TV, RADIO, and CELEBRITY FINANCIAL GURUS

I. TV and radio financial gurus usually come out of the financial training I just described, so in such cases, they have also been trained by the wolf trying to watch your financial chicken coop.

II. So you ask, and they should tell you, what is their source of information?

When they promote their retirement investment ideologies, are they basing it on extensive experience serving actual retired people? Or, are they repeating what they have been trained in? Have they ever investigated the training they received?

III. You and I both know that to be a successful TV and radio personality, you have to be as good or better at showmanship, as you are in your field. Rush Limbaugh is the only host I know from any field who is plain-spoken about it when he says that he is an entertainer first and foremost.

There is an element of pretense close at hand, when someone becomes an on-air financial guru. I am well aware of it as a radio host myself, and with God's help I will never succumb to the pretense. I rarely listen to a broadcast guru if I feel this pretense to any degree.

IV. To me the second worst behavior by radio and TV financial gurus is triple-dipping. That is to say, here they are on their show, making the money from their advertisers by trading on your attention and loyalty. Okay, that's business, right? But then they sell their books and tapes to you. Well, okay I suppose, but I draw the line when the guru has a financial interest in the advertisers their show is promoting to you.

I mean, it's like you're being seen not as someone to help, but as their cash cow.

V. But the top worst habit of TV and radio financial gurus is the ugly assumption latent in all their

remarks—one size fits all. Well, it doesn't! When I listen to these shows, and hear all the facts presented by the call-in person, half the time I think, “Guru, you don't have all the facts; ask for more.” The other half of the time I am pulling my hair because the guru spews advice based on his time remaining in segment—rather than thoroughly learning the needs of the caller.

And that is why my show will never be a live call-in show. I will ask too many questions, violating the radio rule of controlling the microphone. And the answers will be personal enough that noone would call in anyway!!

THE FINANCIAL WOLF WATCHING YOUR CHICKEN COOP

This paper has taken two months to write and edit. Much care has been given to tar no entire group or provide insult or offense. If you are a member of any of these groups, and perceived offense or disrespect, please communicate that immediately using wwww.PanhandleFFG.com.

Have we blown up your island? Here is a test to help you determine if you have become sufficiently open-minded for the rest of the curriculum to benefit you. Answer “Yes” to all these and you score 100!

1. I will ask each potential advisor why I should trust them and why they are trustworthy.
2. I will be watchful to learn the ways they deal with temptations to put their interests above mine.
3. I will select advisors and sources of information for their selflessness, their humility and their respect for my independent intelligence, unique life circumstances, and need for individualized counsel and planning.
4. I will rely upon each source only for what they can actually give me with an authoritative standing—not what I want them to give me.
5. I will un-invite advisors who overstep the bounds of their trustworthiness or authority.
6. I will not risk my older age happiness by being too lazy or procrastinating to do the above.
7. I will respect the professional training an authority of my advisors chosen on this basis, and resist the urge to be a do-it-yourselfer in this complex field and challenging times.

The financial institutions have one goal, and that is to bring your money in so they can make money managing it for you. Therefore they train their representatives to believe in financial tools that achieve that goal. This is a simple formula.

It is not sinister. It is not evil. It is business.

Subsequent white papers will take plans and asset types specifically. In the meantime, your feedback to the improvement of this offering is most welcome. Use the “Contact Us” at www.EmeraldCoastAccounts.com.