“What am I paying fees for?”

Answer: Ongoing guidance and advice for your financial well-being.

A relationship with your advisor can be one of your best investments.

With a wealth of information at our fingertips, we may think we understand the markets enough to invest for ourselves or believe that getting a financial professional to manage our assets is expensive. However, investing can be challenging and emotional responses in periods of volatility have the potential to undo years of past or future success in your portfolio.

We know that investment advisors provide a variety of services: these can include selecting investments, retirement and estate planning, guidance on taxation and educational planning for your children. These functions can help guide you to reach your goals. But when we ask advisors what is the most important role they play in their clients’ lives, their answer isn’t as a retirement specialist or estate planner. It’s behavior coach.

In addition to helping clients manage their emotions during volatile markets, advisors also play an important role as educators. Advisors understand there is a difference between ease of access to information versus the value of that information.

Here are just a few ways a relationship with an advisor may be worthwhile:

1. Head over heart

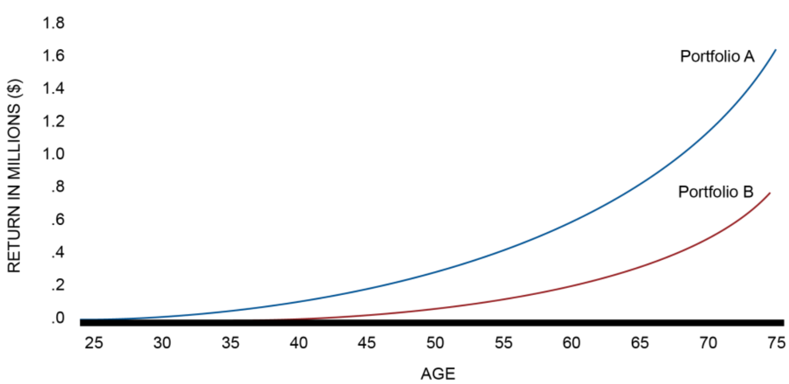
We tend to let emotions and other human tendencies get in the way of our financial goals.

Some of the most common mistakes that investors make when it comes to emotional decisions are:

SITUATION	REACTION	MISTAKE
Market falls	Pull out of the market and move to cash!	Solidifies losses, could mean missing market rebound and buying back in at higher prices.
Market continues to rise	Keep putting money into the market at higher prices, increasing the risk that they are buying at market peak	Buying high and deviating from your strategic asset mix
Asset classes go in and out of favor	Switching between asset classes to try to capture the next “big thing”	Trying to make bets and not allowing your investments enough time to grow

2. Financial projections are less complicated than life

A sound financial plan is a key element in helping investors reach their goals. The visual representation of your projected financial path can look something like this:



This hypothetical example is for illustrative purposes only.

In reality, life doesn't move along a nice smooth line. Having an advisor proactively go through an exercise of discovery with you helps build a robust financial plan that will consider your many goals and will adapt as you move from one stage to another. This can save you time and give you peace of mind, knowing a professional has thoroughly considered the outcomes you are trying to reach and is actively managing your portfolio to your personal goals and within your risk tolerance.

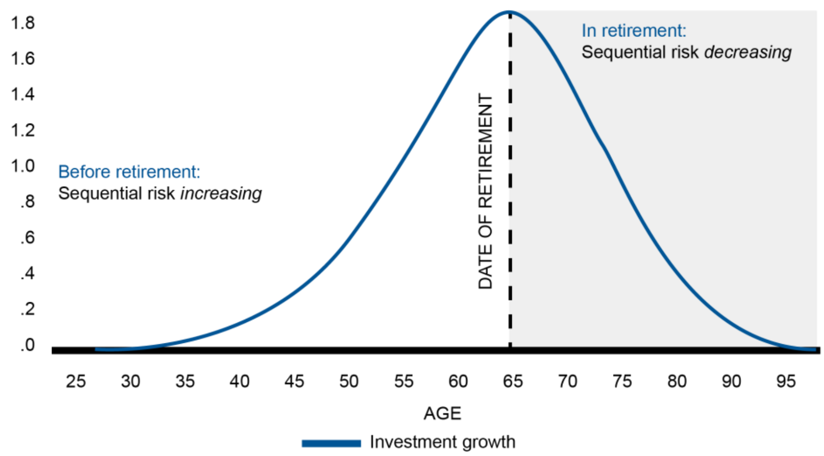
3. Timing your withdrawals is as important as the withdrawals themselves

As investors reach retirement, they begin withdrawing income from their investment portfolios to help maintain their lifestyle. At that point, the face two big issues: longevity risk and sequential risk.[1] Human lifespans are rapidly lengthening due to improved medical care, better nutrition, innovations in disease prevention and control, and a general increase in the standard of living. While increased longevity is great, it does mean your portfolio has to provide for your needs over a potentially longer period.

And the date of your retirement is important due to sequential risk. The timing of market pullbacks when you are entering the "decumulation" phase is critical, as poor market returns early in your retirement are much more damaging to your portfolio's market value than poor market returns late in your retirement.

Typically, a portfolio's market value peaks at or near retirement age. Therefore, a poor market return at that time will have a larger absolute loss (in dollar terms) than at any other period during the accumulation phase.

Get the timing right and your money is likely to last over the course of your retirement. Get the timing wrong and it may not.



Hypothetical example for illustrative purposes only.

Professional guidance during what can be an extended period of withdrawals is an important element in the pursuit of long-term financial success.

We believe that even in this day of "there's an app for that", having a personal relationship and human insight is irreplaceable—more importantly, it may be worth it.

[1] Sequential risk refers to the impact the sequence of returns can have on a portfolio

Important Information

Date of first publication: September 2018
RETAIL-02303 [EXP-09-2020]