

Value for Money Investing by Gordon Stockman, CA, CFP Experts Everywhere



Seven Six Mistakes Retirees Make with Their Finances

I do not know about you but I am constantly bombarded with flyers and mailers to attend seminars. Recently, the most common one is Six Mistakes Retirees Make with Their Finances or, alternatively, Six Mistakes Seniors Make About Their Finances.

The most common topics advertised in Canada seem to be:

- How to avoid outliving your money
- The two most common mistakes in selecting mutual funds
- Avoiding risk while maximizing growth
- The least cost method of long term care protection
- Avoid the government becoming your biggest beneficiary
- And the Biggest One!!!

The company that invented these seminars in the US discusses:

- The wrong time horizon
- Not covering long term care risks
- Failure to understand investment fees
- Failure to understand historical market trends
- Not recognizing opportunity to potentially increase income
- Not using annuities

Yes, I said invented these seminars. A company in the US called Javelin Marketing has for years sold seminars to be used by advisors called, yep, you guessed it Six Mistakes That Retirees Make With Their Finances. This program has been copied (or pirated) by advisors in Canada and who have given it a Canadian slant.

Well, I have decided to add one more mistake to the list, making it seven in total – “Attending seminars with sales people masquerading as experts”.

Now, Javelin or any company like them is not at fault here. They just provide marketing ideas and tools. They provide the slides, the materials and many of the handouts or other literature. In the US, these companies have caught the attention of regulators not because they are doing anything wrong, but because of how the materials they supply to the advisors are being used. You see, they assist

advisors in looking like experts and authors and then advisors are portraying themselves falsely. They also provide ghostwritten books and newsletters that portray the advisor as the author, adding the advisor's picture and bio to the cover. Regulators in the US found this technique especially compelling with seniors. One company's website pitch to advisors is – “Seniors...think that everything in writing is credible and true -- and that people who write must be experts”. State and federal authorities are greatly concerned and are starting to act on misleading sales pitches directed at senior citizens. Common complaints are about unscrupulous financial advisors that are preying on retirees by calling themselves “senior experts”, and using fancy titles to lure the elderly to marketing seminars and then selling them insurance products or investments that carry high commissions and withdrawal fees and are unsuitable to the situation.

A great Canadian example was detailed last year by David Baines of the Vancouver Sun – June 28, 2007. I have posted the link to “Scoundrel or just silly? You decide” on our website at <http://www.efficientwealth.com/TheWeeklyRant.shtml>. It is a great example of a so-called “expert” named Jill MacGregor Bock, holding a seminar titled, yep, “Six mistakes retirees make with their finances and how to avoid them.”

Now, there is fundamentally nothing wrong with attending seminars per say. Seminars, free talks, and interviews are a great way to gather information. But be prepared to find out that it is a way to push products and you are in an environment that makes you susceptible to buying. Ask anyone that has visited a hotel property for “free” and left the proud owner of a timeshare unit.

They will not even spend the time, finding out what you need and then match that need to a product. Gee, do you suppose that's why the seminar was free?

Remember, as I have stressed in other columns, most financial planning or retirement planning advice is product-driven. Which doesn't mean it's all bad, it just means it's all biased and focused on the completion of a sale. When someone is selling a retirement or financial planning product, you'll get the best advice from them on which of their products to buy. But they won't tell you other approaches that may be much more to your benefit — and often they don't seem aware these perfectly legal and sound approaches even exist.

Find a real expert. A good pace to start is a Certified Financial Planner (CFP) or a Chartered Accountant. They can tell you all of the mistakes you may be making, fit the solutions to you and openly discuss the fees. A real professional will not try to just “make the sale”.

Value For Money Investing means we wish to allocate and use our hard-earned resources in order to improve investment outcomes in a continuous and sustainable way at a fair and equitable price. In other words, achieve good investment returns AND receive fair value for the services provided.



Gordon Stockman, CA, CFP

Gordon is the Vice President – Financial Planning at Efficient Wealth Management Inc. a leader in cost efficient financial planning. He teaches at George Brown College in their Financial Services and Accounting area. He is also a frequent guest on television and has written numerous articles on investing and financial planning.



Efficient Wealth Management

We endeavour to provide unbiased, independent superior financial planning and wealth management services, on a fee only basis.

Efficient Wealth Management is a leader in cost efficient financial planning. We have developed cost efficient strategies for managing the wealth of investors, both small and large.

COSTS DO MATTER	START VALUE	RETURN OF %7	RETURN OF %8	YOUR SAVINGS
Look at the chart and determine how much more you could keep in your pocket after a 20-year period, if you could reduce the overall fees in your portfolio by just 1%	\$100,000	\$386,000	\$466,000	\$80,000
	\$250,000	\$967,000	\$1,165,000	\$198,000
	\$700,000	\$2,700,000	\$3,262,000	\$562,000

Call us. We Can Help!

Efficient Wealth Management Inc.
169 Lakeshore Road East, Port Credit
(416) 410-9809 www.efficientwealth.com