

In Search of Personal Financial Advisor – by Vivien Szu-Tu

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Introduction

I've been a member of GMU OLLI since 2023 and started attending the Investment Club Forum pretty soon thereafter. One of the reasons I wanted to do this talk today was to thank the Forum -- Its hosts and participants who have helped me gain more confidence in making personal investment decisions.

Specifically, today, I will share my experience in searching for a Financial Advisor. While my path and choices are unique to me, I hope you will find some of my experiences relevant and useful for your own financial journey.

Full Disclaimer/Disclosure: neither I nor any member of my family is a professional investment advisor. I am a largely self-taught. In recounting my experience, I am not making any particular recommendation.

I have a BA in English and a Masters Degree in Management – After completing my master's, I settled in the Washington DC area and had a career with Booz Allen and Hamilton as a consultant to government agencies in information strategic planning. At the height of my career, the equivalent of a zoom conference call across the United States was \$100,000/per minute. There was no MS office or standard email. I mention this only because during my career I spent much of my time on the beltway for face-to-face meetings – a grossly inefficient use of my time and energy and I was burnt out.

I never mastered the art of balancing work and personal life and I quit to be a full- time mom to my daughter who was 11 at the time.

Concurrently with me quitting my job, my husband and I started buying and renovating small, condos in DC. – my husband was my personal REIT – he had a real talent for finding undervalued property and developing them for resale.

The gains from the sales of these condos along with my daughter getting a full 4-year scholarship for her academic excellence that *included room and board* enabled us to retire early and we chose to relocate to Tallahassee Fla. –

We enjoyed a great standard of living at half the cost of the DC metro area. The weather was great without fear of hurricanes.

We were close enough to ageing parents, but everyone had to call first – no “pop-ins.”

Factors that led me to consider engaging an FA –

We were living a charmed life.

We had sold our last investment property; we had given our parents a “soft landing.” We were settled in our final retirement home, and our daughter had her dream job working at National Geographic living in her own DC condo...

Then in 2015, my husband was diagnosed with terminal cancer – with a prognosis of 5-7 years.

At the height of the Covid pandemic, my husband died. – While I had originally intended to stay in Tallahassee, by 2021 I wanted to explore some options – I looked at several retirement communities both in and outside of Florida where the cost of living would be comparable to Tallahassee – but ultimately I wanted to know

What was my long-term financial health prognosis if I moved to Northern Va to be closer to my daughter and soon to arrive granddaughter?

The 900-mile move would increase my cost of living by 50- 75% --

- Comparable Residential real estate was 2x's the cost of TLH real estate

- Property taxes could be double

- Virginia has state income tax; Florida does not

- I wanted to be able to drive to my daughter's home without getting on the beltway or any toll roads

I sought the advice of a financial advisor who could answer the question:

If I relocate, will my money last till I am 99 and allow me to maintain my current Quality of Life?

Getting FA recommendations/Reviewing FA's/Pursuing one

I had an account with Fidelity Investments who has a Fidelity Wealth Advisor Solutions® Program: a referral service designed for clients of Fidelity who want third-party independent investment advisory service recommendations. (See WAS letter attached)

Based on discussions with Fidelity and criteria set by me, Fidelity Identified two firms for my consideration:

Mariner Wealth Advisors – <https://www.marinerwealthadvisors.com>

The Mather Group - <https://www.themathergroup.com>

Both were

Fee-based

Offered a one-stop shop with a broad range of financial services (investments, taxes, estate planning, accounting, insurance...)

Mariner would be physically accessible for occasional face-to-face meetings with a branch office in Bethesda

Both had a track record of success – Mariner was rated highly by Barron's

I pursued discussions with Mariner Wealth rather than the Mather Group because TMG's growth seemed to be largely due to mergers with other firms and they didn't have an office in the DC metro area.

I had additional questions for Mariner:

Communication – accessibility — How would the FA keep me informed?

Investment autonomy -- Would I be consulted for investment decisions – how would I learn about tax consequences?

Investment growth expectations. What was a reasonable rate of return?

Trust – did I feel comfortable with the FA -- would they truly act as a Fiduciary –

Cost – what was the fee? How would the fee impact my return?

After a preliminary zoom meeting, Mariner set up a private portal for me to upload the following information:

Documents to upload: All reasonable questions from the FA, but my circumstances made some difficult to answer

- All Investment/Retirement Acct Statements
- Social Security Statements
- List of assets/debts not included on your financial statements (rough business valuation, primary residence, investment properties, etc.)
- Summation of any debt (amount, interest rate, duration, and any comments you feel are appropriate)
- All family member's dates of birth

- Recent personal tax returns – ***** I didn't have one as a single filer due to my husband's recent death

- Approximate income and expenses (monthly or annualized)
**** -- income I could approximate – costs were more difficult because there had been no recent period of steady expenses in the past 10 years – during Covid we barely spent any money except for medical cost

- Any other pieces of information that you believe are pertinent to your holistic financial plan
***** uncertainty about the cost of living in Va – I was looking for a place to live within 5 miles of my daughter. After looking at several condos in the Falls Church/Mclean area, I had a purchase price range and part of what I wanted to know from the FA was how much could I afford?

Mariner Did Several Analyses of My Financial Outlook – which I accessed via the portal but could not download – Note: at this point in time, I had not committed to use Mariner and one of the caveats of the analysis was that I would get a more in-depth look from their investment team once I actually became a client.

Mariner did multiple simulations of the probability my money would last given better-than-average, average, and lower-than-average market performance.

The financial models were mostly graphs and charts that I found cryptic and required explanations from the advisor.

In trying to decipher the economic models – I asked

What inflation rate was assumed? 2% was the answer -- (the actual rate at the time was closer to 7% and was still rising).

Where is the management fee reflected? --

What about taxes? (federal and state income tax, property tax,) as well as capital gains if they needed to sell investments to rebalance my portfolio – I didn't get answers that were totally satisfactory

Ultimately, it seemed there was a 90% probability my money would last to age 95 under better to average market performance – The advisor told me they like to see 90% success rate to age 99 and I could increase my probability of success by buying a less expensive residence.

Reviewing the FA contract/services/costs/other factors –

Disclaimers/disclosures longer than investment agreement – (sample attached)

The offer of specialty expertise – tax accountants, attorneys, etc. are offered, but for the most part at an additional cost.

There was the suggestion that the FA can provide investment opportunities that are normally reserved for institutional investors or the mega rich, but there was nothing quantifiable with regard to this “benefit” – given the ubiquity of low-cost investment brokerages like Fidelity, Vanguard and Schwab, I was skeptical about this.

The FA was cancellable, but you pay the fee upfront (either annually or per quarter).

The basic fee is based on a sliding scale of Assets Under Management (AUM) – the higher the AUM, the lower the cost for the next AUM increment – 1-2% percent for Mariner and The Mather Group, respectively.

I would lose some autonomy in choosing the investments and wouldn't necessarily be consulted before a trade was taken in my behalf –

My conclusions:

In 2022, inflation was running around 7% and 3-month treasuries were paying less than .05%.

Given my Low Risk Tolerance and High Loss Aversion temperament, and desire for autonomy over my investments, I put Mariner on hold. I felt that their fee would just be an unnecessary expense that would weigh down my returns.

I welcomed my first grandchild in June 2022 and moved into a condo 5 miles from my daughter in Dec 2022.

I am not seeking better than average market returns. I was looking for “investment peace of mind” where I could have a steady stream of income, get some growth and stay ahead of inflation.

The insights provided by the OLLI Investment Forum have empowered me to continue to self-manage my investments. As I periodically review my finances, I feel I will have adequate time to explore Financial Advisors in the future.

Post script – as of this writing Mariner Wealth is under heavy scrutiny and a number of lawsuits. – Article attached.

Sources of Investment Information I have Found Particularly Helpful

GMU OLLI classes in Finance and the Investment Club have been especially helpful and empowering. Incredibly smart people have been so generous with their time and willingness to respond to my questions and share their insights and experiences. I am truly grateful.

OLLI classes on Finance, Taxes, Retirement and Estate Planning

OLLI Investment Club – amazingly responsive one-on-one feedback and advice on questions related to bonds, stocks, budgeting, sources of financial information...

The following are free on PBS or online or available from your local library:

Consuelo Mack WealthTrack - a PBS weekly program hosted by business journalist Consuelo Mack (She guest-hosted much of the PBS show “Wall Street Week” hosted by Louis Rukeyser prior to his retirement).

Fidelity Investments - has many online investment and retirement planning tools. Their site for fixed income and CDs makes it very easy to compare and purchase bonds if you have a Fidelity account.

BogleCenter.net – Bogleheads University -- a collection of presentations on Bogleheads Principles of Investing provides a framework for understanding the basics, as well as Social Security, retirement tax planning, real estate and factor investing. Videos from past annual conferences are available at this site.

Bogleheads.org – online forum for investing advice inspired by John C. Bogle – founder of the Vanguard Group

How to Think About Money by Jonathan Clements – The audio version of this book is free from Amazon if you subscribe to Amazon audio. -- Clements was a personal finance columnist for *The Wall Street Journal* and was Director of Financial Education for Citi Personal Wealth Management.

HumbleDollar Forum – online forum and free newsletter started by Jonathan Clements

The Four Pillars of Investing by William J. Bernstein, MD, PhD 1st and 2nd editions.

Morningstar.com free online service from your public library.