

PERSONAL FINANCE

There is purpose in the money



BY CHRISTOPHER W. DAVIS

Your compass will point the way. Yes, we all have an internal compass or north star. I am grateful I was asked to try my hand at the You and Your Money column. Why? Your money matters. You matter. Your future matters. So let's talk about you, the purpose for investing and the role of your financial advisor.

Do you get financial advice? Of course you do, even if you consider yourself "self-advised." How do you value that financial advice? There is an old adage, "You get what you pay for." I submit a new adage, "you get what you ask for." You may ask, "So, smart guy, what should I be asking for?"

If you ask, "help me beat the market," you're going to get this old cranky financial advisor a little riled up and preachy.

"Show me the money!" Personally, that leaves me cold. Instead, I think, a good advisor wants to know, "What is the purpose of your money?" Tell me that and now I'm really interested. Any financial advisor—even robo advisors—can help you invest once you clearly articulate the purpose of the money.

Now, we can set goals. Goals-based investing works. But how are goals created? A good advisor helps align

your investments to your plan. This plan should be aligned to your goals. Your goals represent tangible measurement of the purpose of the money. The purpose of the money should be aligned with the purpose of your life.

Sounds preachy, doesn't it? Yet if you stay with me a moment, I will help it ring true.

Take a sheet of paper and sit quietly for 10 minutes somewhere without distraction. Envision today's date, only 5, 10, or 20 years out. Pretend it is 10 in the morning. What are you doing? What are you seeing? What have you accomplished over the past few years? What had to happen for you to be where you are? What do you have to look forward too? Does it put a smile on your face?

You have begun the process of identifying the purpose of your life. If you can articulate even a skeleton of this to a financial advisor, you can ask him or her the right questions. The conversation may sound something like this: "Here is what I want my future look like. What can we do together to get me there?" "What will your role be?" "What is your value proposition?" In other words, what are you paying the advisor for?

Later on, questions can sound like this: "Given changes in the economy or

my circumstances, what should we be doing regarding the plan?" "Are my investments still aligned to the plan?" "Are my investments performing as they should, given their purpose?"

Just as we are responsible for our life, we are responsible for our investments and managing those that provide us advice. If your life has purpose, so should your investments.

In my opinion, a good financial advisor should help you with your compass. A really good adviser will help you find it, and teach you how to use it. Your financial advisor should be one of your most valuable resources. And worth every penny. Why? Because you matter. Your future matters. There is purpose in the money.

Christopher W. Davis, Managing Director - Investments, Certified Financial Planner at Davidson Wealth Management of Wells Fargo Advisors in Davidson. A graduate of UNC-Chapel Hill, Davis has been an investment adviser since 1981. His column will appear monthly.

You & Your Money



CHRIS DAVIS

Business Today

Editor

Dave Yochum
nebiztoday@gmail.com

Sales & Marketing Director

Gail Williams
gail.todaypubs@gmail.com

General Manager

Stephen Nance
production.todaypubs@gmail.com

Contributing Writers

Erica Batten, Donald White,
Cheryl Kane, Marty Price, Dave Vieser,
Cathryn Piccirillo Sherman

Phone 704-895-1335

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