

LIVE BY THE SWORD, DIE BY THE SWORD

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A longtime client asked me to comment on a social-media post—clearly not mine—that has struck a chord with advisors and echoes nearly every financial-services commercial:

"I presented a financial plan to a thirty-something client. You know what question she never asked? 'Will we beat the market?!'

Investments should be the least interesting part of a client's financial plan. Taxes, retirement, the mid-life-crisis Porsche, the beach house, sailing the Greek islands at 60, paying for college, caring for ageing parents—there are a thousand planning issues and opportunities for an advisor to add value.

None has anything to do with how you manage money.

Calm down, Warren Buffett. Investments are important—obviously. But a financial planner's job is not to play Oracle of Omaha with client funds. It is to select investments appropriate for achieving the client's goals.

As the saying goes: Live by the sword, die by the sword."

Typical financial-services commercial: Planning is everything; investment performance is secondary.

My answer was simple. We vastly disagree, and here is why—an argument I believe will resonate with inquisitive investors:

The irony is that virtually every goal listed is a function of investment returns: the beach house, the Porsche, the sailing, the retirement age, the children's college, the parental care and, above all, the margin of safety.

Change the return assumption and you change the entire plan. A thirty-something investor who compounds at 10% rather than 7% does not end up modestly better off; that investor often lives an entirely different financial life.

An advisor who doesn't elevate investment management to first place is like an architect who downplays engineering. Both matter, but only one determines whether the structure can support the weight placed upon it.

If investment management truly were secondary, clients might be better served by a no-fee index provider and a wealth planning review every five to ten years. The advisory profession itself rests on the premise that investment outcomes matter—that wealth is not merely allocated, but cultivated robustly, sustainably and competitively.

Wealth plans extrapolate. Investment management navigates. Plans assume future market conditions and project portfolio outcomes. Investment management engages the market as it is, manages risk as it emerges and cultivates wealth in real time.

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Planning should be rigorous, which is why we stress-test our clients' financial trajectories across the full history of the markets. But planning cannot create wealth. At best, it estimates what wealth may do. Investment management produces the outcome—and ultimately makes planning possible, not the other way around.

Contact us to explore how you can live by the planning sword—without dying by the market sword.

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