

V A L U A B L E S

Ideas, Systems and Strategies for Managing Family Wealth to Fulfill Your Greatest Values.

About VALUABLES

Many financial advisors focus on communicating with clients to provide complex analysis of the investment markets and economies. However, we have learned that most clients are not particularly interested in this complex analysis. Most clients hire an advisor for their knowledge of the markets, not for their ability to explain that knowledge. Most want to know what time it is, not how to build a watch.

Experience has taught us that wealthy families care most about using their wealth as a means to a desirable end, which is to achieve a more satisfying, fulfilled and impactful life, and to fulfill their most important Life Values.

VALUABLES is a periodic article series focused on the concepts, systems, and habits which we have observed among families who have been successful in this quest to use their wealth as a tool to live a life of significance. The most successful families share a set of habits, systems, and insights which enable them to use their wealth as a tool to fulfill their Values and what is most important to them.

We are naming this article series **VALUABLES**, because it will provide an exploration of those habits, systems, and insights. We hope it will help you to consider your assets and possessions which are most valuable to you, and how you can use your financial wealth to enhance and cultivate your true "Valuables".

Time is the Stuff that Life is Made of

By Erik Strid

"A Man is Rich, only in Proportion to the number of Things he can afford to let alone."

- Henry David Thoreau

A Philosophy for Living a Great Life

In our quest to identify some of the essential principles of successful families, one important skill we have noticed among many of our client families, which appears to support an excellent quality of life is **Delegation**. In fact, it is our firm view that this mindset represents a philosophy that is critical to adopt for anyone who wishes to live a great life, and to actualize your Values and what is most important to you.

In order to articulate this skill and mindset, I'd like to use a story to illustrate this important philosophical approach. In his book Values Based Financial Planning, author and consultant Bill Bachrach tells a story of an encounter at a restaurant:

He was dining out at a restaurant, and since his kids were the same age as some others at the restaurant, the youngsters started playing together. Naturally, the parents started talking, and they quickly got around to the subject of occupations.

It turned out that the fellow at the next table was a neurosurgeon. John was a financial advisor. When the neurosurgeon heard this, his eyes lit up. "Wow" he said. "That's great. The market's kind of a hobby of mine."

He was probably about the same age as John, in his early forties. What made the exchange so memorable for John was not only his surprise that the good doctor would spend what little discretionary time he had on learning about and playing the stock market, but also that he was obviously neglecting his health, of all things, to do it. He was seriously overweight.

Here was a fellow who no doubt understood the implications of obesity on his physical health, longevity, and therefore on his young family, but he was choosing to invest his time and attention on the stock market. He may even have justified it to himself as something he did for his family. Yet if we'd had the chance to ask why he didn't make his health and exercise a hobby – something that would more directly benefit his family in the long run – he would probably have told John that he has no time for exercise.

The obvious question is why he has the time to manage the money and no time for his health. Why not delegate what he can, and spend time on what is important? No one else can do his exercise for him. No one else can spend time with his kids for him. But

the stock market? There are plenty of people qualified to invest for him. Maybe he just lost sight of his priorities, and forgot that his health is more important than money.

Many people mistakenly move money up the priority list because the people who sell financial products, magazines, and information spend a lot of advertising money trying to convince people they should, and appealing to their base desire and greed. Much of the financial services industry and media pummels you with information, making you feel that if you don't know all about finance, you are either stupid or inadequate.

As you may have figured out by now, our **VALUABLES** article series is not necessarily about the importance of accumulating more money or more 'things', but rather, about using the money you do have to live a great life. Money is an enabler...but you get to choose what it enables you to do. It certainly can help you accumulate more 'things'. We believe, more importantly, it can allow you to spend your time on the things that are really important, so you don't have to waste time on things that are not. We believe in three central ideas that can really impact the quality of your life:

1. There are only 168 hours in every week. No matter your age, how much money you make, or how smart you are, there are no exceptions to this fact. Your quality of life is a direct function of how you choose to spend that time.
2. Some things can be delegated, but many of the most important things cannot. You can't pay someone else to spend time with your family for you, take a vacation with you, or play golf for you.
3. The key to a high quality life is to focus on the truly important things that cannot be delegated, and hire someone else to take care of all of the things that can be delegated.

In other words, it is smart to pay someone else to mow your lawn, launder your shirts, change your oil, or manage your money, so that you can do all the things that you can't pay someone else to do...exercise, spend time with your family, take vacations, play golf, volunteer for a charitable cause, or read a great book.

When it comes to planning and managing your money, we encourage you to embrace a specific mindset of delegation of the details of your wealth plan to our team, trusting that we will handle all of the details of your wealth planning with your best

*Why not delegate what you can,
and spend time on what is
important?*

interests at the forefront of our efforts. After all, the management of your wealth is a very time consuming task, which can be delegated to your trusted advisory team. The whole point of hiring a qualified advisor to handle this job for you, is so that you can focus on living a very high quality life while we take care of the details of your money. In the words of Ben Franklin:

"Time is the stuff that life is made of".

Investing as a "Hobby"

Some investors express a certain sense of "enjoyment" or interest in investing, and consider it to be an enjoyable hobby. Some are interested in the markets, and like to tinker with their investments as an interesting hobby, while some others feel a sense of obligation to take an active role in managing their investments. However, with all due respect – Investing is not a "hobby", and for most investors their interest in running their own money decisions is a mistake. Most amateur investors are almost certainly never really going to understand how markets work, why one insurance policy is better than another, or how global events affect your investments. The brightest financial minds in the world spend their entire lives immersing themselves in economics and being students of how events affect the financial world, as a full time job. Any belief that you are going to figure it out, in your spare time, may be an unrealistic endeavor.

Even though investing may be an enjoyable "hobby" for you, is it truly an activity that reflects what is most important to you? Do you enjoy it more than spending time with family, golfing, traveling, or reading a good book? Author Wayne Dyer is famous for writing about his work with people with terminal illnesses. Perhaps his most quotable remark has been that none of those people, confronted with their final days, said they wished they'd spent more time at the office. It's hard to imagine that they would have said they wished they'd spent more time watching their stock portfolios or meeting with their advisor either.

Achieving “Diversity of Ideas”

There is another scenario we see very often, in which investors wish to “diversify their advisors”, by holding some portion of their investments with several different advisors or money managers. We commonly encounter potential clients who feel it is in their best interest to “spread their money around”, keeping some of their money with Merrill Lynch, some with Vanguard, and perhaps another chunk with their local independent money manager they play golf with on weekends. Usually, the logic behind this strategy is a belief that it is better to obtain a “diversity of investing ideas”, and that by having more investment custodians, one can obtain the “best ideas” from a more diverse group of advisors.

However, this strategy of “Diversifying Advisors” by holding some of your money with several different advisors is problematic in several important ways. It makes it almost impossible to analyze total portfolio performance and overall asset allocation when your money is spread around in different places, which makes it difficult to adopt a comprehensive strategic investment approach. This approach also tends to create a “Horse Race” mentality among your multiple advisors. Each of your advisors knows that they haven’t earned all of your money, and as a result is more focused on beating the other advisors than on properly taking care of your money. This competitive mentality can lead to all sorts of opportunities for your portfolio to depart from your true risk/reward expectations, as advisors make decisions to compete with each other as opposed to achieving an appropriate result for you. Finally, by spreading your money around in this way, you make yourself the “B Client” or even “C Client” of several different advisors, instead of becoming the “A Client” of one advisor.

Most importantly, the idea of “Diversifying Advisors” defeats the whole purpose of having an advisor in the first place. The point of having a financial advisor is to find someone you can trust to take care of all of the details for you so that you can go and spend your time doing more important things. By multiplying the number of advisors you have, you are also multiplying the amount of complexity and detail that you have to attend to. Three different advisors means 3 different sets of brokerage statements, 3 sets of performance reports, 3 quarterly review meetings, three online passwords to remember, 3 of everything – instead of 1 of each of these things. This complicates your life instead of simplifying it, which is one of the reasons for using a financial advisor in the first place.

What Can Be Left Alone

The quote above from Henry David Thoreau is one of our favorites, because it is incredibly insightful about an important reality of life. It is true that one of the primary benefits of worldly riches is that money can buy you more time – it allows you to multiply the number of things you can “Afford to let alone”, and pay someone else to do for you. After all, time is the ultimate commodity, the one thing we can all use much more of.

Erik Strid – CFP®, ChFC
Principal

Concentus Wealth Advisors

1000 Continental Drive, Suite 560 | King of Prussia, PA 19406
855-568-1500 | erik.strid@concentuswealth.com
www.concentuswealth.com | twitter: @concentuswealth

Disclosures

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