Financial FITNESS

by Thomas K. Brueckner

Hiring a Retirement Specialist

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When we were in our thirties, forties, and fifties, an advisor's mission was to get us to our target retirement date by growing our retirement savings subject to risk, primarily in the stock market. When the market grew, we benefitted fully from that advance. When the market retreated, we were reminded that we were long-term investors with a 20+ year time horizon, and that we should remain invested "for the long term, because most attempts at timing the market are unsuccessful." It was understood that our time in the market was more important than our timing of the market. During these decades, we also remained active contributors to our accounts at work, and those 401(k)s and SEP-IRAs benefitted from continual feeding and ongoing investment. Any non-qualified (non-IRA) investment accounts we had also benefitted by the reinvestment (rather than the taking) of dividends.

If you've arrived at your sixties with financial scar tissue still visible all over your retirement accounts, you're not alone. The volatility over the last fourteen years has devastated many investors, even as they poured precious assets into the capricious environment that was Wall Street from 2000-2014. You understand that now is the time to emphasize preserving your accounts, for you and your spouse, as well as any legacy you hope to leave your children. As such, you now believe that the majority of your holdings should be in safe, guaranteed instruments, with a minority share remaining in a conservatively managed and well-diversified equities account. Regulators, CFPs and actuaries have long maintained that the older an investor gets (and the further into retirement), the less risk he/she should be taking.

However, the advisor who handles the now smaller at-risk piece often doesn't have the training, perspective, or expertise to also handle what should be the larger, safety-focused piece. A revealing study in Financial Planning magazine reported most risk-based advisors are woefully out of touch with the primary goals of their retired clients: When clients were asked their top concern, 86.6% said "losing their wealth." Of the advisors asked the same question, only 15.4% believed "losing their wealth" was the most important issue to those same clients.

In the same way that many of us have a dentist and an orthodontist, a tax preparer and an estate planning attorney, we should also have two financial advisors; a growth money manager whose specialties are risk-based, and a safe-money advisor who specializes in guarantees, income-planning, wealth transfer, long-term care planning, and reasonable rates of return on your money.

This brings me to my final point, and it's an important one: When you choose these two financial specialists, if either of them are unwilling to work with the other on your behalf, you should seriously consider finding a replacement for that person. Specialties should be respected, not disparaged, especially when one is dealing with monies that it's taken one's client 40 years to save. After all, it's not their money, it's yours.