



Simply Laugh Knowingly and Walk Away

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I was being propositioned and proselytized at the same time and neither one of them was doing a very good job. So I was neither tempted nor persuaded. The setting was a downtown Detroit bus station on Christmas Eve morning of 1972. I was sitting on a bench, minding my own business, when I was joined on my right by a prostitute and on my left by a Jehovah's Witness. My first thought was that they needed to switch places because the angel of consciousness is supposed to be seated on the right shoulder, whereas the tempting devil is always on the person's left. Anyway, without even any introductions they started into their respective appeals.

It felt like I was stuck in the middle of a Stealers Wheel song with, "Clowns to the left of me. Jokers to the right..." Their sales pitches weren't much better than the infamous vacuum cleaner sketch done by Christopher Lloyd's character, Reverend Jim Ignatowski, in the TV show, Taxi. While extolling the virtues of a vacuum cleaner he is selling door-to-door, Reverend Jim dumps all kinds of dirt, dust, and grime onto a prospect's floor. Once he has the carpet thoroughly trashed, he opens his case to retrieve the miracle machine, only to discover, as he put it, "Encyclopedias? Oh yeah... I didn't get the vacuum cleaner job."

After listening to my two bench-mates' muddled appeals, I stood up and said "You guys could really use each other" and then walked away. It was my sarcastic way of saying that I was skeptical of her promises and his motives. Author Helaine Olen says we should be similarly skeptical of the personal financial services industry. In her book, *Pound Foolish*, she writes that "...we were sold on a dream...that personal finance had almost magical abilities... [to] save our...financial souls..." She goes on to say that this "...fantasy was sold to us by people, organizations, and businesses that had a vested monetary interest in selling it to us." And unlike my not-so-happy hooker, they are a lot better at selling "it" than she was.

They are better at selling it, Olen explains, because the industry "...is really good at teaching people how to sell... [And] the best way to do this, according to numerous marketers, is through fear." In other words, the prospects must be convinced that they face financial damnation and their only salvation is the product being sold.

Unfortunately, a lot of what is being sold Pat Hudson, a former SEC enforcement branch chief, refers to as "crap" and Olen refers to as "retirement porn."

As a financial columnist for the LA Times, Olen was initially addicted to this financial porn. But she soon realized that, "Investing is risky and there are no guarantees... No one, no matter how much they claim to know, can predict what an individual stock, mutual fund or commodity like oil will be worth in six month, never mind six years..." And, she points out, there "...are reams of research data to back [this] up..." She cites the work of Brad Barber and Terrance Odean at the University of California which cautions active investors, "...that the search for the perfect investment is a waste of time and that just about every last one of us would be better off placing funds in a diversified set of index funds."

However, Olen notes that most investors don't follow this advice because they desperately want to believe prostitutes promising financial "fantasies" and proselytizers "...painting themselves as our financial saviors." So when you are tempted, know that both the prostitute and the purveyor of financial fantasies are only after your money. And when you are persuaded by a prediction of economic salvation, understand that it is a false prophecy. Certain things are unknowable. The Bible says no one, not even the angels in heaven, know the timing of God and *Pound Foolish* warns us that no one, not even the experts at CNBC, know the timing of markets. And that's why you should heed Reverend Jim's advice. "If you find yourself in a confusing situation, simply laugh knowingly and walk away."

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