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BUSINESS NEWS

I Can Solve All Your Problems! (for just \$12.95 a Month)

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Traverse City, MI --- Confession: I am a bit of a “whistle blower.” I don’t try to be. It’s just my nature. If I see something wrong, I cannot keep it to myself no matter how hard I try. I do follow the laws of diplomacy, as taught to me by a great mentor when I was in my 20s but, it is cathartic for me to share my true feelings. So, I guess I am a bit of a whistle blower. Maybe that’s also why I write...

A few weeks ago I was meeting with a client for a routine review. During our meeting, he mentioned to me that he is seriously thinking about selling out his entire investment portfolio and “buying gold.” He isn’t unhappy with performance, as he was salvaged from the worst of the meltdown last year and his recovery this year has been exceptional. However, he is semi-retired and works as a realtor so; his personal income is obviously down. He shared with me that he can’t help thinking that there has to be something out there that we can buy into that is just... well, safe. So, he is literally thinking gold bars. My reaction was a bit shocked. He continued by expressing that he is skeptical of where our country is headed and for the first time in his life he is really scared. He is scared. He is concerned that maybe this really is different and that the economy as we know it will never be the same. Gee, wonder where he could have ever gotten such an idea? I think I saw 14 “gold, gold, gold” commercials today alone. This is an astute, successful, semi-retired man with decades of experience under him. His main issue however, is that he tunes into the media much too much and reads “financial press” much too often.

I have said it before and I will say it again; 20 years from now students will be writing master’s thesis entirely on the media’s role in the financial meltdown of 2008. Take my client for one, succinct example. During our review he says,

“I have been following this economist lately. He says that we should cash out and buy gold bars.” I asked him “who is this economist that you are following?” I had never heard the name. I then ask, “Does this man *charge* you a fee for his advice?” The answer: of course he does. He has a subscription based newsletter that charges a fee but, will solve all investor’s problems --- just keep sending that monthly fee. Without that monthly fee, this man wouldn’t be in business. He depends on that fee to fund his lifestyle. Gosh forbid an economist change his lifestyle during a financial crisis. Heck no, he’s a capitalist; he’s going to exploit it and get more subscribers!

Here’s the whistle blower part: Are his headlines and news pieces really meant to dispense good advice? Do you think this guy is sitting on actual gold bars himself at his dinner table? I doubt it. His headlines and stories are meant to keep people reading on. Think rationally about that. If you read something that said, “All is well, don’t worry about anything” would you continue to read on? Absolutely not. The only way to get you to read on and keep paying the subscription is to scare the pants off you. A friend recently asked me if I knew that the National Enquirer was one of the most popular selling “news outlets” in the United States. I did not know that. But, it wouldn’t surprise me. We love a good train wreck. We can’t help but be entranced by it. Even those of us who try to look away are still curious. The past year or so has been a complete train wreck and we just cannot help but tune in, buy in and get sucked in.

For every piece of bad news, I can find two pieces of good news and vice versa. Credible journalists that give two sides to the story and use 3 reliable sources have my respect. Economists and financial advisors that offer subscription-based, vending machine advice will never have my respect.

For \$12.95 a month they tell you cash isn’t safe, gold is the answer, how to avoid the next financial disaster. What are you really getting? Other than anxiety. If all they are feeding you is negative, fear-based headlines then my guess is they just want your \$12.95 a month so they don’t lose their money. If they cared about yours, they would be dispensing fact based information that can help educate, not scare.

Ninety nine percent of what we fear will never happen. So, before you trade in your cushy high backed dining room chairs for bars of gold, question the motives behind the information you are receiving. It can be enlightening.

About the author: Kelly is an investment manager with fee-only Registered Investment Advisor, Legacy Financial Services Group, LLC. Alongside Legacy’s founder and CEO, Derek E. Weeks, Kelly specializes in bringing long term success and peace of mind to business owners and retirees. Kelly can be reached via email at kelly.kaz@charter.net or by phone at 231.933.0631.