

# Being Human: Biggest Obstacle to Your Investing Success?

“Be careful when you follow the masses . . . sometimes the ‘m’ is silent.” – Mark Twain

Investing is tricky and many people are doing it so wrong they are dramatically limiting their future prosperity. Today in my video newsletter I want to talk about avoiding doing something wrong.

And the wrong often comes simply from following our instincts and being human. Let’s talk about how “being human” can get in the way of successful investing.

## What We’re Reading

How Salespeople Make Money from Your Wealth: This is something that we wrote for the popular website Investopedia.com. It is a must read as it shares with you some first-hand experience of how sales can hurt you (current example is Wells Fargo). It also offers a suggestion of what you can do about it.

If Wall Street is Bearish, I’m Bullish! Barry Ritholtz explains all the scenarios to be negative (bearish) on the market. He then explains why this could actually be bullish for the markets as most of this information is priced in the market. Our take – it all boils down to buying good companies at good prices

Playing Golf can add 5 years to your Life: Our take...this sounds great! Make

sure you plan appropriately to live an extra 5 years as well as to save extra money for the green fees!

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## Big Banks Are Flushing Your Wealth Down the Toilet: Here's How

Wells Fargo, Edward Jones, and Morgan Stanley. What do they all have in common? In the past month they have all been involved in some pretty shady activity. They have done things that are completely contrary to what's in the best of interest of clients.

The biggest and most recent example of this is Wells Fargo. In case you haven't heard, Wells Fargo employees, in an attempt to hit internal sales quotas, opened millions of phony accounts for clients. This allowed those Wells Fargo sales people to hit goals and receive bonuses. They were rewarded for breaking the law.

Wells Fargo responded by firing 5,300 employees (yes, it was that widespread!) and by firing the Executive that headed the "phony account" department. They were also fined \$185 million by the Consumer Finance Protection Bureau (CFPB).

A month before this story broke, this now fired Executive, was touted by the Wells Fargo CEO as being the "standard-bearer" for the bank. To make things even worse this "standard-bearer" who was fired is leaving with a huge pay day of \$124.6 million! This is insane!

I (Brett) worked for ten years for an investor education company. At the time it was the biggest investor educational company in the industry. In 2009 this educational company was acquired by a major online brokerage. While I had a great time with great people during my ten years, I must say the last two years were hard. I encountered situations that made me sick. Not law-breaking situations like Wells Fargo, but certainly ethical situations.

You've got to understand that brokerages like this (Schwab, TD Ameritrade, Scottrade, E\*TRADE, Edward Jones, etc.) have sales people. These sales people are rewarded for putting client assets in certain funds or portfolios or by selling clients certain products.

Think about it this way. If you're in Sales and your boss says you can receive a \$1,000 bonus by selling product A or a \$2,000 bonus for selling product B, which one are you going to sell? If you're telling yourself you would sell what's best for the client, you're living in a dream world (as evidenced by Wells Fargo). **You're going to sell the product that gets you the most money in your pocket. Period!**

The brokerage that I worked for has a product like this (and probably many more that I'm not aware of). Sales people in branches receive a higher commission rate selling this canned product compared to something else. What do you think will happen, will they sell product A or product B?

**When internal sales goals are to get assets into a certain product, and sales people are rewarded when they do, how do you think that plays out for clients?**

I could go on and on and on, but won't. Let me however leave you with one piece of advice.

Your money is important. It's your future we are talking about here. It's not a game of sales.

My advice- please find someone that is independent of these major financial institutions. Someone you trust that is not rewarded for selling you some product just to make money. Someone that is a Fiduciary, meaning they are legally responsible to put your interests above their own. Someone that listens to your situation and builds a portfolio for you.

There is a reason I left my comfortable job to partner with and build this great firm I'm now at. It was to help people in a way that I could never before do at a big publicly traded brokerage.

I urge you to review where and with whom your assets are currently held. Make sure that individual or that company has your best interest in mind. If not, look for someone that does.

Articles that accompany this topic:

5,300 Wells Fargo employees fired over 2 million phony accounts

Ex-NFL player, Mega Millions winner press \$7.8M claims against Morgan Stanley

Edward Jones faces lawsuit over 401(k) fees

## **What We're Reading**

When the Markets Get Noisy, Invest \$5 – I love this concept! Carl Richards points out something that we and many others have said including Warren Buffett, "We simply attempt to be fearful when others are greedy and to be greedy when others are fearful."

Jack Bogle: Admitting a mistake makes you look better – We agree with Vanguard's founder! Humility is important in the world of investing. Once you lose it you will be forced to get humble by the market! This is why in every client quarterly report we tell people about our best investment, and our worst. It's our way of providing transparency to what we're doing for our clients.

Kevin Harlan called a 49ers fan running across the field like it was the Super Bowl – Okay, this is not financial news in any way, but it is absolutely classic and will put a huge smile on your face. Just listen to Kevin Harlan as he gives the call of his life. We're sure you'll enjoy it!

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# What I'd Tell Every Teenager and It's The Key For Your Wealth Too

I just had a great conversation with a fifteen year old who had been working hard to save his money. I told him one secret about what to do with it and it blew his mind.

That secret is the one thing you too should be applying to your wealth building approach. It's the very first thing everyone needs to do when planning for their financial future.

This video reviews that conversation and is a great check up for you as to whether you have the right mind set for your portfolio. It's short (three and a half minutes long). It's sweet. And it's the key to wealth. I hope you're already doing this one thing.

Enjoy.

## What We're Reading

**More Money, More Success, More Stuff? Don't Count on More Happiness** – Money and items are not the key to happiness, including winning the lottery! Read the full article.

**One Popular Investor Obsession You Should Give up Right Now** – We agree with this article 100%! While we look at the history of the market to help guide

some of our decisions, the key to investing is understanding great businesses and buying them at great prices. Read the full article.

### **The Power of Compounding Your Wealth in one image**

Public service: Find a young person and teach them about the power of compound interest. [pic.twitter.com/qwKU0GinQp](https://pic.twitter.com/qwKU0GinQp)

– The Motley Fool (@themotleyfool) August 3, 2016