

# Benefits of a co-pilot in portfolio management

Appendix removal? Use a professional every time. Root canal? Same answer. Litigation? Go with the best pro you can hire. Car repair? Hire a specialist. Invest your money? Save money by doing it yourself.

Let's see. Do you see any inconsistencies in the above thinking?

It's true that an investment adviser is going to charge a fee for services rendered. That seems to be a reasonable expectation. But why wouldn't you be inclined to hire a professional in this case, as you would in the other examples above?

It's fairly easy to simply hold your investments, make few changes, collect the income, and distribute funds according to your financial plan. It's often sound financial advice to find some good investments and hold them for the long term. So maybe in that case, where everything is on autopilot, an investment advisor may seem unneeded.

But, as you are automatically flying along, do conditions change? Do objectives change? Does the equipment you are using need attention? Are there facts that arise that you did not consider when you filed your flight plan?

You understand the need to hire a pro when it involves something that you absolutely cannot do yourself. You also know that you can't simply create a plan and make no changes for the rest of time.

Now, consider the possibility that your results would improve with the help of an investment advisor. Consider whether the advisor might earn a fee and still return more to you than you are earning right now. Consider also the possibility that the advisor will not make rapid changes, but will make adjustments to your investment portfolio that make sense as times change. It might just make sense to sit down periodically with your advisor to take an independent look at the portfolio. With this outside push and evaluation, you could more likely be motivated to take a hard look at where you are now, and if that is where you want to be in the future.

Also, consider all of the time and resources that the fee that you pay will bring to the table. You cannot possibly duplicate the knowledge and experience of a firm of advisors who are doing investment management full time. You may have a newsletter or two you read faithfully. You may tune into your favorite cable financial show. You probably read the *Wall Street Journal* and other financial periodicals. Does that give you a base knowledge to assist you with your financial management? Yes, it does that very thing. But, can you do better with an investment advisor who has made a career of it? Probably so. In fact, if you are a knowledgeable user of those services, the advisor will appreciate your input and the discussion about your investments will be even more productive.

A friend recently noted, "There is one other reason to use a professional. That is when one marriage partner has little investing experience. I decided I was getting to an age where the chances of me dying or developing a serious illness is greatly increasing; so, I want to have test driven an advisor before that happens."

Certainly, look around at the alternative services that are available. Meet with the potential advisers. See if you like their approach and relate well to what they say. Yes, you can compare costs from one to another. You can also ask to see what their past performance has been. You can even start out with a small part of your portfolio to see how it goes.

You may find that you get better results. You might have a better assurance that your investments are being well taken care of. Think of all the other times you buy insurance to protect against risk. Plus, there is the added benefit of more time to enjoy the fruits of your investments and less time to spend studying, managing, changing and updating your portfolio on your own. You may not be on autopilot, but you will feel better, perhaps, having a co-pilot on board.

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Any developments occurring after January 1, 2014, are not reflected in this article.