

VIGIL Strategies

Taking you where you want to be

The Value of Hiring a Professional

Recently the temperature gauge in my old “knocking around” pickup truck stopped working. My brother, who used to own an auto repair shop, happened to be on hand and diagnosed the problem as a bad temperature sensor. He opened the hood, showed me where the problem was and said, “get a new temperature sensor, take the old one out right here and put the new one in.” Sounded simple. So, I decided to tackle the problem myself.

I went to the store to get the part. The salesman asked a bunch of questions about my truck so he could get the right part, but I didn’t have the answers. The salesman looked at me like “this IS YOUR TRUCK, isn’t it?” Anyway, \$30 later I had my part and I was ready to begin my project.

I began to take the old part off and disconnect the wires. But it didn’t look like those wires would fit on the new part.

Guess what? It didn’t. Wrong part. Back to the store. This time I got the right part. For the second time I began to take the old part off. But the sockets for my socket wrench were too shallow. And I couldn’t get a crescent wrench on the part. No problem. Off to the hardware store to get deeper sockets. Of course, the sockets don’t come individually, so I am now the proud owner of a whole set of deep sockets that I haven’t needed in my life to date and will likely never need again. Armed with deep sockets, I tried a third time to remove the part. I put the deeper socket on the old part – but alas, the socket was too long. There was no room to get the ratchet on the socket after it was on the part, and when the socket was on the ratchet, I couldn’t get it on the part. Back to the hardware store to search for a solution.

Another \$30 later, I was the proud owner a new-age, thin ratchet and a non-ratcheting bar. Returning to the project for the fourth time, I found the new tools were still too thick and wouldn’t work. Out of options, I was rescanned my toolbox in desperate search for SOMETHING that would work, and I came across my vice grips. Placing the socket on the part, securely attaching my vice grips to the socket I hammered on my vice grips to loosen the part. SUCCESS!! The part started to loosen.

My brother had warned me that I might lose a “few drops” of antifreeze when

exchanging the new part for the old. Well, when I got the old part off, antifreeze came pouring out of the hole like milk out of a jug – onto the floor of my mother-in-law’s garage floor. And her floor drain doesn’t work. But I digress. I scrambled to quickly reinsert the new part, but the threads didn’t take. Nearly a gallon of antifreeze later, the part attached.

To recap: 5 hours of my time, four trips to two different stores, \$100 for parts and tools I either didn’t need or that will be used once, antifreeze for the truck, and a gallon of antifreeze on my mother-in-law’s garage floor (and because it is mid-Winter it won’t freeze and won’t drain so it needs to be soaked up).

Why did I do this? Because the garage probably would have charged me \$50-75 to replace this one little part! Boy, did I make a really stupid decision by not taking this to a professional, thinking I was “saving myself some money” in the process.

Reflecting back, I realize there are many similarities between my success as a part-



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The Value of Hiring a Professional

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time auto mechanic and individuals who attempt to be their own part-time financial managers. Part-timers pay too much for their “parts” and end up with the wrong “parts.” Part-timers don’t have the right tools for the job so they either do the job without the right tools or pay too much to acquire the tools and then, because they aren’t experienced they end up with the financial equivalent of “antifreeze all over the floor of the garage”-lost resources and a big mess to clean up. In retrospect, most would be much better off paying a professional for the financial advice they need than trying to “save money” and paying more for worse results.

Recently someone questioned me about a fee a professional like Vigil needs to charge for the work we do. Their thoughts vacillated between the “I can do it myself, it doesn’t cost me anything” and “there are cheaper alternatives” lines of thinking. Statistics show that over time, inexperienced individuals managing their own affairs get returns that are 60% worse than the market. Ignoring many needless costs incurred because they aren’t aware of them, investors end up with a -60% “no-cost” returns. Is this really no-cost? Of course not. The “cost” is actually quite high. Assuming the “cheaper alternative” provides the same type and level of service as Vigil (and this a BIG assumption), is the alternative truly less expensive or does it just appear that way since all of the costs are not clearly disclosed as they are with professionals like Vigil, where our professional fee is our only charge?

If you are ever in a position to reassess how you are making financial decisions, remember that “apparently cheapest” is not always “cheapest” when you consider both known and unknown costs as well as the “cost” of poor results. Thinking I was getting a “cheaper” solution for my truck ended up costing me more time and money than hiring a professional, and it created a bunch of aggravation I didn’t need. If you decide to hire a professional to avoid the anti-freeze on the garage floor, remember just as you don’t necessarily want the “cheapest” lawyer or doctor, you don’t want the cheapest financial advisor. Select an advisor who will provide you with the best results. 




Tom Batterman
President
Vigil Trust & Financial Advocacy

A Man Is Not a Financial Plan

Historically, many women have been excluded from managing the family finances and planning retirement saving strategies. However, with record numbers of females in the workforce and changing attitudes about gender, old barriers are being broken with impunity. While investment selection may be gender-blind, strategy should not be. On a whole, men and women do have different planning concerns that need to be addressed. Women live longer and will likely earn less than men, so their investment goals need to reflect this, and putting their money to work becomes even more important.

Unfortunately, most women still leave the investing responsibilities to their husbands, or even worse, face a crisis before they start taking the reins, leaving them unprepared to handle their financial affairs. Ninety percent of all women, either through divorce, widowhood, or because they have never married, will be in charge of their own finances at some point in their life. So if you're a woman concerned about your investments, it's important to stay involved. Women should not wait for crisis to propel them into a crash course on investing and finances.

A recent Harris poll shows that only 53% of women have the confidence to invest, as compared to the 82% of men who are confident investors. Without guidance, investment possibilities can seem both endless and confusing. Still, lack of confidence should never be a reason not to invest. Women do not need to try to master their finances on their own. Rather they can turn to an experienced fee-only financial advisor for help. A fee-only financial advisor can provide women with the information they need to succeed and by selecting a fee-only advisor, women can be assured that the advice they receive is objective and is not merely a sales pitch to invest in a particular product.

At Vigil, we enjoy assisting women investors in all different stages of their lives. We work with teenage trust fund beneficiaries, young women who have received inheritances or gifts, professional working women, widows, and retirees. Remember, a man is not a financial plan. It is up to women to make sure that they understand their investments. If you're not quite there yet, take the time to get there. Help is available. 




Are You Saving Enough?

From the time you graduate to the time you retire, you'll have earned nearly one thousand paychecks. That's one thousand opportunities to save and invest for your retirement. So how many checks have you put away for your future?

According to a recently released survey by Putnam Investment, retirees are finding that they did not save enough for retirement. Fifty-nine percent of the nearly 2,000 respondents wished they had started saving earlier, while 70% regretted not saving more through their employee-sponsored retirement plan or via an independent plan. These retirees overwhelmingly stated that they wished their employers had more actively encouraged savings.


The study also shows Social Security makes up less than 10% of income in households making \$125,000 or more per year, but it remains the lion's share

of income in households earning \$50,000 or less. Retirees that earned a higher income primarily fund retirement through money saved in defined benefit or cash balance pension plans.

Regardless of your age, regardless of your income it is not too late to plan for retirement and make your future more comfortable. Unfortunately for current workers, defined benefit and cash balance pension plans that were widely available to older workers have now greatly declined as offerings to employees due in part to legal uncertainties engulfing cash balance plans. This means employees need to self-fund a larger percent of their retirement than past generations. If you haven't started saving, start now. If you have started saving but aren't sure your saving enough or if you don't know if your saving and investing in the right way seek the advice of a financial advocate. 

Is It Time For Your Financial Check Up?


If you don't have a financial advisor, if you aren't pleased with your current advisor, or if your current advisor is too far away and busy to keep a close eye on your portfolio, it's time to schedule a one-time financial "check-up" with Vigil Trust and Financial Advocacy. Since 1988, countless professionals and retirees have used our one-time consultation service to improve their investments, plan for retirement, set up trusts, and invest in the most tax advantaged way.

Vigil Trust and Financial Advocacy provides advice from experienced, knowledgeable, highly educated financial experts. All of our recommendations are presented to you in a bound report with advice specific to your unique needs. You can implement changes as you see fit or engage Vigil to make those changes. Consider it a prescription for your financial well being. For more information contact Anza at 800-950-8110. 

Beware of Stock Tips "Accidentally" Sent Your Way

Right before Christmas we received a fax addressed to a fictional Dr. Mitchel from Chris, his equally fictional financial planner. Chris wrote to recommend a few small cap stocks (Infinium Labs, AVL Global, Soleil Firm), noting that he had already provided the good doctor with four wins in a row.

Fax recipients were supposed to think they'd gotten a hot tip by mistake and then run out to buy the stocks. This is a classic pump-and-dump scam in which scammers plug thinly traded and therefore easily manipulated stocks to drive up their price. The scammers then swoop down like birds of prey to sell their stock at a quick profit.

It turns out we weren't the only ones who got this fax. While we tossed the fax in the garbage apparently many people acted on this "tip." The week after the fax went out, Infinium's price had doubled. Naturally all companies listed in the fax deny any knowledge of this scam. If you suspect such a scam, contact the Securities and Exchange Commission at enforcement@sec.gov or by calling 800-732-0330. You can also always contact your financial advocate with your investing questions. That's what we are here for. 



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Call us at
800-950-8110
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Do You Own American Funds?

Ever wonder how objective the advice you receive from your broker is?

American Funds, the largest United States seller of mutual funds, was recently cited for *paying brokers over \$100 million in commissions for promoting American Funds over others*. These kickbacks were made to over fifty different brokerage firms.

For over a decade we have been trying to explain to our readers that traditional financial services model offers advice based on what is being sold rather than what is in the investor's best interest. I suppose you can't really blame the broker, after all they are being paid based on what they sell. Why wouldn't they recommend American Funds or any other financial product if that is where their paycheck comes from?

If you want truly objective financial and investment advice you need to seek out a fee-only advocate. Fee-only advocates are paid by the investor not mutual fund companies, insurance companies, or anyone else. Fee-only advocates are only compensated by the investor and do not accept any form of compensation (including trips, computer software, golf clubs, etc) from anyone else. 



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