

Malcolm Berko: Why I employ a money manager

Posted: Feb 12, 2013, 7:22 am
By Malcolm Berko

Dear Mr. Berko: I am 77, am a retired retail store owner and have a modest-sized portfolio I've managed for 33 years. I've had good ups and bad downs. I've been through a dozen brokers, but none of them was worth a darn. Most were commission-hungry jerks who sold annuities, mutual funds, limited partnerships, proprietary junk their firms pushed and lousy stocks. Fortunately, I knew enough to avoid most of their advice. I have been reading your column for 30 years and could have been knocked over with a feather when I learned that you have a professional who manages your investments. Why would a person like you need that help? Would you advise me to have one? -- SD, Durham, N.C.

Dear SD: I can't tell you whether you should hire a money manager, because that's a very personal choice. Very few folks employ money managers, because most don't need that expertise. Their retirement incomes derive primarily from employer-managed pension plans, 401(k) accounts, life insurance policies that were converted to fixed annuities, employer-sponsored annuities, Social Security, income from reverse-annuity mortgages and small stashes of cash from which they occasionally take small pieces of principal for unexpected expenses.

I've never had an employer-managed pension plan, been advised to invest in fixed annuities or owned an insurance policy that could be converted into a fixed-income investment. I do receive Social Security, for which I am grateful. But mainly, I have made my own investment decisions and depend upon my personal observations for retirement income. And for me, it's a lonely and difficult process. Almost all of my income is dependent on my portfolio selections -- which can be bloody scary, and in some market scenarios, it has been downright, outright unnerving. Over the past 50 years or so, I've done modestly well. But my concern for the remaining years is not for myself but for my wife, who, because she's so bleeding stubborn, will outlive me by at least a decade.

Yes, I employ a fee-based adviser, who manages a large portion of my portfolio. Years ago, I decided this was too important to go it alone. I wanted a professional

to peer over my shoulder, someone to hold me accountable for the goals I set and someone with whom I could counsel and from whom I could get help with tweaking those goals. I needed a professional whom I couldn't intimidate (this is important) and who would ask questions about my investment choices, keep me on my financial tiptoes and could make sure that my personal feelings or emotions did not compromise my investment decisions.

I wanted someone to worry for me, someone between me and the stupid out there and someone to remind me what was important. I had to have that insurance policy, not for myself, because I figure I could live forever in a mountain cabin with a laptop, a dog and a Jeep. But if I crashed my Cessna or got blitzed by a barreling beer truck, I needed to know that there was an equally competent professional who understood what I was trying to accomplish and whom my spouse could trust.

I found that professional, and frankly, it was a strange experience sitting on the other side of the desk for the first time in my life. It was like an out-of-body experience to observe the process from a client's perspective. It was also discomfiting that for the first time in my life, I was going to pay for financial advice.

But I got what I bargained for and perhaps more. My wife is comfortable knowing her future income should remain stable, and my son and daughter won't be anxious about their mother's security. And I'm relieved because if I predecease their mother, neither she nor they will feel compelled to deal with the locustlike deluge of financial grifters who prospect from the obituary pages.

Malcolm Berko is a syndicated columnist who, to borrow a phrase, calls them as he sees them. Send questions to P.O. Box 1416, Boca Raton, FL 33429, or mjberko@yahoo.com.

Dean Ohrt
packer501@outlook.com
grainscoop@yahoo.com
319-478-2295 Home New 319-415-9670
501 1st Street Traer, Ia 50675
Twitter @grainscoop

"To think is easy. To act is hard. But the hardest thing in the world is to act in accordance with your thinking." — [Johann Wolfgang von Goethe](#)