The Ethical Treatment of Somebody Else's Money

Straight From The Horses' Mouth

July 23, 2017

YOU ASKED US TO DO IT AND WE DID!

SEE OUR NEWLY RE-DESIGNED WEBSITE
www.somebodyelsesmoney.com

WHAT'S NEW:

Easier to navigate
Better organized
Graphically professional
Colorful

Our new pitch and tag line:
WE ARE MONEYCULTURE© "We can't help you get rich quick, but we can help you not get poor quick"

We have the same great content, information and education, but it is packaged better:

Signature Content

MONEYCULTURE©
RETIREMENTCULTURE©
FIDUCIARY FORENSICS©
DANTE'S CORNER© (FRAUD)
SOMEBODY ELSE'S MONEY© (ETHICS)
THE FIDUCIARY SALE©

Core Content

INDEX INDEX
FROM THE REGULATORS
BUSINESS BUILDERS
PLANNING POINTERS
READING LOUNGE (ARCHIVES)
BLOG

Continued on page 2.

In This Issue

Custom Research
FRAUD DETECTOR
ADVISOR CSI:
HALL OF FAME
HALL OF SHAME
COMPLIANCE SOLUTIONS
CUSTOMIZED MEDIA (AUDIO AND VIDEO)

You can read our free stuff, including the newsletter, subscribe to our original research, own it, license it or have us create custom content for your firm.

We have individual and firm pricing. We hope we hear from you. Contact us any time.
Email: john@somebodyelsesmoney.com

FIDUCIARY FORENSICS©

ABOUT THAT DOL FIDUCIARY RULE:

The well-known ERISA lawyer, Fred Reish of Drinker Biddle says that the transition period the ill-fated DOL fiduciary Rule is under will probably be extended beyond the end of this year. “At this point, it seems likely that the DOL will propose changes to the fiduciary rule and exemptions. As a practical matter, this means the transition period will be extended, probably to the end of 2018 and possibly even longer.”

With all due respect to Counsellor Reish, he didn’t go far enough. I have been betting that it will not see the light of day, and I say “Good riddance”.

It is not up to some agency or some legislative dictate to protect us from some rogue sales people in the investing world. It is up to US. If we collectively or individually dumb enough to throw money at some investment newsletter or book that tells us there’s a “Secret asset that nobody else knows about that will make us millionaires in days”, we deserve to be taken. Seriously? Some Fiduciary Rule will NOT make ethical Financial advisers.

The CFA Institute and the Wall Street Journal agreed that the number one regulatory need was to address the Fiduciary Obligation of Investment Professionals. The CFA Institute had an interesting idea, that will never get adopted: Change the titles. “Adviser” or “Advisor” should be reserved exclusively for those who “adhere to the Investment Advisers Act and the fiduciary duty implied by common law interpretation of the Act.“ Brokers who make commissions should now be titled “salespersons: Nah; never happen.

The WSJ said: The WSJ also pans the idea of a common fiduciary under the sub-banner, “Fiduciary isn’t everything”. They accurately state that having a fiduciary responsibility doesn’t guarantee a financial professional will dole out sound advice or generate better investment returns for clients. That’s the subject for my soapbox this week at Seeking Alpha “How Many Bills does it take to kill the DOL Fiduciary rule”. Look for it here next week.

Industry veteran, Jamie Price,CEO of Advisor Group, advises investors to refuse to work with anyone—fiduciary or not—who doesn’t meet their expectations.
“The best advisers are very transparent about everything,” he says.

MONEYCULTURE©

BUYER BEWARE:
Stansberry Research (See below for the skinny on this hype -master marketer) puts out a Free magazine that promotes their newsletters and stuff which said last week that...We should:

- Buy stocks now because things are great again:
- A Great time for investors: Interest rates near all time lows: will drive stock prices up
- Everyone who wants a job can get one
- Everyone who wants a home can get one
- And, there is a melt up (presumably before the melt down)

About those Bitcoins you like so much:

Brit Charged In $37M Bitcoin, Office Co. Scam Skips Court.

- Renwick Haddow, A British man on the lam from the FBI and the U.S. Securities and Exchange Commission who stands accused of raising $37 million from investors in fraudulent schemes involving a bitcoin trading company and a co-working startup on Wednesday skipped a hearing on the New York federal civil case, surprising no one.

To buy or not to buy?

Michael Katchen, the 29-year-old co-founder and CEO of millennial-focused investing company Wealthsimple, says that while many young people work hard and save to buy a home, it is a bad investment. He advises, instead, but into the stock market.

"I see a lot of peers, young people, that say, 'I have got to buy a house because I have got to get into the real estate market because it is a great investment.' And then they take all of their money and they put it in a house, and then they put all of their income and they put it towards their mortgage, …And suddenly they have this house that they can barely afford."

RETIREMENTCULTURE©

GET YOUR BAD INVESTMENT ADVICE FROM THE MEDIA:

1. There's no Retirement crisis!
Andrew Biggs, a scholar with the American Enterprise Institute in Washington and former deputy commissioner for policy at the Social Security Administration says so, noting poverty is lower during retirement than during people's working years. A study shows that 8.8 percent of people 65 and older were impoverished, compared to 19.7 percent of children under 18. What I wonder is why closer to 100% of the under 18s aren't in poverty level? So much for studies.

Biggs places blame for the "fake crisis" squarely on the shoulders of the product pushers.

"What is the chance that a company that makes its business by selling retirement savings products is going to tell you that you're saving too much for retirement?"

2. Post retirement spending is not a function of age, according to Alicia Munnell, director of the Center for Retirement Research at Boston College. She said it occurs because retirees can't afford to spend more. "While it is true that spending declines as people age, this pattern may simply track declining income rather than an actual preference," she said. She obviously is not a 70 year old who can't do the things that used to be done in their 30s or 40s. Trust me, you can't spend as much in your 70s (other than on medical things) because you can't do as much.

3. No media talks about this: Roughly 6/7 of the retiring persona assets today is composed of the home—Real estate. So, why not cash in on your biggest asset. Don't go getting a reverse mortgage. It's a bad and costly way to saddle your heirs with debt. Downsize. Why do you need that big, empty house. Consider renting now.

4. Bad advice from the Motley Fool and Nerd Wallet. You seriously want to get your investing advice from something called Nerd Wallet? When you go to their website, the first thing you see is long advertisements for credit cards. Great investing advice there.

So, these Nerd (my shorthand) folks recommend that to create retirement income, you should: (italics, bold my comments)

1. Buy an immediate annuity. ***Income now, sure, but if you die tomorrow, it's gone. Bye bye.***

2. Keep stocks and don't take more than you need. ***Well, there is a required minimum distribution, but while you have to take it, you don't have to spend it.***

3. Take a reverse mortgage. ***Already covered that. No.***

4. Downsize to reduce expenses. ***Don't make it like a penalty. Downsize because you don't need it.***

Continued on page 3.

RetirementCulture© Continued...

5. Business Insider (a widely read financial website whose CEO, Henry Blodget was permanently banned from the securities industry and paid about $4 million for apparent conflicts of interest while at Merrill Lynch) put out a retirement-simple article. “Retirement can be an endless summer… “If Saturday beach trips and golf games have you dreaming about walking away from your 9-to-5 for good, there’s a simple way to calculate how much you need to save to make it happen.”

The magic formula?

“Your desired retirement income divided by 4 percent equals how much money you need to retire,”

They apparently forgot that the 4% rule is now widely de-bunked in the Retirement industry. They also didn’t read the risks of getting a 5% annual return, which you would need to make it, the longevity risks and a host of other problems. Still somebody will read this tripe and believe it is guidance.

BUSINESS BUILDERS:

Investment advisers and other U.S. Securities and Exchange Commission-registered entities have been grappling with what experts say is an increasingly demanding examination program, but funds and firms are hopeful for a reprieve going forward as SEC Chairman Jay Clayton looks to reduce what he sees as the growing costs of regulatory compliance.

DANTE’S CORNER©

In an article on how to avoid getting scammed, some writer named Dan Ferris says you should:

1. Put your stock money in a Vanguard index fund because they have the lowest fees.

We all know that may be a good conclusion, but the wrong reason.

2. Put everything that’s left into World Dominating Dividend Growers. ***(His fancy term for higher dividend blue chip household names. No big secret there.). The overriding reason seems to be that he wrote a book about WDDGs you can get for $19.95 from him or about $1.66 on Amazon. I didn’t waste the money.***

3. “Avoid financial planners and advisors who make money by putting your money into investments. As a group, licensed, trained financial planners and advisors have failed America's investors.” ***Gee, Dan, ALL of them? You’re stepping on some of my friends here. We know that’s simply not true.***

There is a group called Stansberry Research that claims to be the “world’s largest independent financial research firm.” *Did anybody tell Morningstar?*

Under the guise of publishing investing advice, they publish newsletters, books and media and they market the daylights (and sense, if any) out of them. Wading through the hyperbole and self-congratulatory back-patting, they admit they are owned by Agora, Inc., which they admit themselves are synonymous with alternative research and direct marketing. They are not in business to lose money. They are in business to se. ll you stuff.
By the way, CEO, Porter Stansberry touted insider information and the firm was slapped with a $1 Million fine by the SEC, in a case Stansberry lost.

The 2 or 3 pages of righteous indignation about government retribution that Stansberry puts out made me puke. They were also fined by Social Security for something they put out in a case that’s too ridiculous to recount. $76,000 went out.