

The Difference between Investment Management and Financial Planning

Investing today is not like it was 20 years ago. Expenses are coming down. It's cheaper than ever to trade. Some strategies that were once reserved for large institutional funds at prohibitive account size and fees are now available to every investor through dumbed-down mutual funds and ETFs. The sheer amount of data available has leveled the playing field in many ways between the pros and amateurs. Add to that the abundance of investment books, blogs, analysis and opinions from intelligent, thoughtful people if you know where to look and there is not a better time to be an investor.

But is investment management enough to give you peace of mind and confidence in your retirement plan? Anyone can create a portfolio, asset allocation or investment strategy. **What most people actually need is advice about how their investments fit into their overall financial plan, and more importantly their life.**

Both are necessary components for long-term success, but it's important to understand the differences. Here it goes:

Investment management is about asset allocation, expected returns, risk tolerance and time horizons. **Financial advice** is about making wise choices to accomplish retirement bucketed drawdown plans, comprehensive tax reductions strategies, roth ceiling conversions, use of private LLCs/C and S-Corps, charitable strategies to decrease tax and express your values and estate planning.

Investment management is about managing *investments*.
Financial advice is about managing *investors*.

Investment management is about portfolio construction and risk management.
Financial advice is about comprehensive financial planning and emotional management.

Investment management is about measuring portfolio performance by comparing results to predetermined index benchmarks.
Financial advice is about measuring your performance against your true benchmark — your goals.

Investment management is about allowing your money to work for you to help you reach your financial goals.
Financial advice is about helping people define their goals, dreams, desires and fears.

Investment management is about creating a process that guides your actions in a wide variety of market environments.
Financial advice is about implementing a plan and making corrections along the way as life or market and economic forces intervene.

Investment management is about creating a portfolio that can survive severe market disruptions.
Financial advice is about creating a financial plan that can survive severe life disruptions.

Investment management deals with financial capital.
Financial advice deals with human capital.

Investment management is about growing and/or preserving your wealth.
Financial advice is about understanding why money is important to you personally.

Investment management is about where to invest a lump sum.
Financial advice is about how and when to invest a lump sum.

Investment management is about asset allocation.
Financial advice is about asset location.

Investment management is about tax loss harvesting.
Financial advice helps you understand your own personal tax situation and implement advanced strategies to pay the minimum tax amounts legally possible.

Investment management is about creating policies to guide your actions in the face of economic and market uncertainty.
Financial advice is about helping people make better decisions with their money in the face of uncertainty that is impossible to reduce.

Investment management helps you understand how much you need to earn on your investments meet your future spending needs.
Financial advice helps you understand how much you need to save meet your future spending needs.

Investment management helps you figure out where to take your money from when you need to spend it.
Financial advice helps you figure out where to spend your money in a way that makes you happy.

Investment management helps you grow your savings to meet future consumption needs.
Financial advice helps you plan and budget for future consumption needs.

Investment management is about creating a long-term process to guide your actions in the markets.
Financial advice is about creating systems that allow you to spend less time worrying about your money.

Investment management is about reducing the anxiety that comes from the volatile nature of the markets.
Financial advice is about reducing the anxiety that comes from making important decisions with your money.

Investment management involves growing your wealth so some day you can become wealthy.
Financial advice involves figuring out what a wealthy life means to you.

To get the most out of investment management you really need to also be receiving well thought-out financial advice. They go hand-in-hand because you can't make legitimate investment recommendations until you understand someone's personal situation. We can help you make your dreams a reality. With our custom wealth plan and Mapper™ you'll see how close (or far) you are to retirement, when to schedule a major purchase, and how to stabilize your retirement cash flow.

Our fees are scaled on a combination of Investment Management AND Financial Advice, depending on the goals complexity of your plan.