



Investors Learned the Hard Way & Move Away From Brokers/Advisors in Doves

Bob Tonachio, CEO, CFO Robert James & Associates, Inc.

Many of you have learned the hard way that "buy and hold" is a myth as well as you have to be diversified. **How about the super dumb statements: Don't move your account or you will lose money! Or, Stay the course it will come back! Or, Look at xyz it went up 20% this month.. from \$10 to \$12.. Not to good, if you bought xyz at \$48...**

The lower the price the bigger percentage a small dollar move looks. All you have to do is look at the bottom line... is your account worth less now than it was a year or two ago? If so Your broker or financial advisor really doesn't know what he is doing, and that you'd better make your own decisions -- and ASAP -- if you're going to come even close to recovering your losses and start increasing your income and wealth once again.

Unfortunately retired investors may not have time to do so! With the unprecedented volatility we are seeing... comes the tendency is to make emotional trading decisions... which usually backfire. Let's, say the market is down 25% in a month. Nobody knows if we've hit bottom or not. Emotional traders will look at their stocks, see that they've lost 30-50%, and say to themselves, **"I can't sell now and take a loss... They have GOT to come back."** Next thing you know they lose another 25%.

Rarely are your interests and those of the so-called "experts" aligned.

Your Broker has two main goals. The first is to convince you that matching the performance of the **unmanaged S&P 500 index** -- is to be considered a success. If that's all that's expected of him, he has more time to hustle new accounts.

Your broker's second goal is to keep you invested and the fees rolling in. If he told you to get out of all your stocks and go to cash because the market was on the verge of a sell-off, and you move out of the market... He loses fee income from you. Sure, there are many good stockbrokers out there. Maybe you have had a long term profitable relationship with yours. **I'm simply saying that their interests in the vast majority of cases are not the same as yours. His firm figured out a long time ago to charge fees of 1% to 3% on your accounts. That's how to make money on you whether you trade or not. Here's another thing to think about: Who's going to get the job at the brokerage firm? Applicant A, who is a no-nonsense, pragmatic investor who's cerebral and perhaps a bit shy, or Applicant B who's gregarious, could sell ice in Antarctica and is sure to be a top-commission generator for the firm? Have you seen an award go to the broker/advisor that made the most money for his clients? Nope, the Award goes to the broker that made the most fees or commissions for the brokerage firm!**

Bob Tonachio is CEO, CFO of Robert James & Associates. He may be contacted at 1-800-530-5700. His firm does not charge a fee for consultations or reviews.