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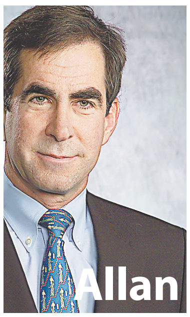
DARE TO BE DULL

A look back on five years and some final advice



Here it is, 2010. Not only the start of a new year, but a new decade as well. And it wasn't even half way through the last one when Mike Boyd, Business Journal editor at the time, asked me to write a column for the Business Journal. It was brave new territory for a left-brainer like me, but it sounded like something fun to do for a few months. Little did I know that the "few months" would stretch into years, over five years. Thanks to Mike and the Business Journal, I developed my writing "sea legs," and went on to write for the likes of CBS MoneyWatch, Money Magazine, Financial Planning, and others, with even a book emerging from one of the articles. When that book garnered some nice press from The New York Times to CSPAN, giving it a bounce to the #1 investment book in Amazon for a time, I was particularly grateful to the place where it all started. So while 2010 still has that "new decade" smell, I thought the time was right to pen my final column for the Business Journal and offer some final advice for investors, financial planners, and the staff at the Business Journal.

To investors

Okay, I admit that I've hammered some points repeatedly, and that my style of investing is anything but exciting. I'm going to take a bow, however, because during this treacherous decade of investing, with two stock market plunges, a simple low-cost 60 percent equity portfolio clocked in at least a 3.7 percent annual return. Not a spectacular return to be sure, but also not the financial Titanic that many investors experienced at the hands of so called "experts" who claimed they could manage risk.

And what did investors need to do to get this return? Just hold low cost diversified index funds and rebalance occasionally. So simple yet many of us instead let expenses and emotions to be the thieves of our financial independence. To avoid more of the same in this new decade, here are ten things to remember to help you in investing.

1. Incentives matter — be skeptical of those in my industry claiming to help you, particularly if they claim to know the future.

2. Never completely trust anyone with your money. Make sure you can explain your investment strategy in simple terms.

3. If an investment looks too good to be true, it probably is.

4. Good companies and fast-growing economies usually result in below average investment returns.

5. Nearly all investments are professionally managed and, by definition, are average before costs and underperform by their total costs.

6. Nearly all new paradigms are likely to be false. Real estate can actually decline and capitalism is not dead.

7. When it comes to investing, if you can't be right, at least be consistent. Sticking to an asset allocation strategy means buying when the stock market is down and selling when it's up. Simple but not easy.

8. Never feel too good about your investments. The better you feel, the bigger the disaster that probably awaits.

9. Ignore the experts, they nearly always predict the past and tell us what we want to hear.

10. To find our biggest enemy, look in the mirror. Our instincts lead us to buy high and sell low.

Yes, index investing is dull but, as one person who e-mailed me noted, "dull has become the new sexy."

To the financial industry

As a result of my columns, I've had a lot of lively discussion with some great financial professionals over the years. I've also received what I would call "hate mail" from financial planners who didn't like my columns, many of which ran the gambit from questioning my IQ to questioning my ancestry.

The adolescent name-calling could be amusing, yet I also gathered that there were times my columns negatively impacted somebody's business. I have to say this bothered me because I knew they were real people with real mortgages and kids to send to college. My advice to planners is to openly discuss different viewpoints, rather than try to bully those who hold those different viewpoints.

To the CSBJ staff

I have now worked with many writers and editors of national publications from The Wall Street Journal to the CBS network. Let me say that you guys are second to none. We in Colorado Springs are very fortunate to have such great reporters and writers who dig deep to get the real story. From the editorial staff to the sales side, you all are the best in the business. So my final advice to you all is to keep doing what you are doing.

A final "thank you"

There truly aren't words to express my appreciation to the CSBJ for turning a math geek into a writer. I thank them, and I thank the readers for all of the feedback that led to new topics and better columns.

I have many fond memories of the last half decade with the CSBJ to take with me in my travels. But to steal a quote from Mike Boyd's final column two weeks earlier, "all good things must come to an end."

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