



Mullooly Asset Show: Episode 44 Transcription

Tom Mullooly: We're talking to you millennials in episode 44. Listen up.

Welcome to the Mullooly Asset Show. I'm your host Tom Mullooly and this is episode number 44. People ask us all the time, "Where do you get these questions from? They're really good." We get them from our viewers, we get them from our clients, we get them from conversations that we have with people all day long who are asking about some guidance with their investments. So if you've got a question, I can almost guarantee that someone else is thinking the same thing you are. Get in touch with us. It will probably show up in a future video.

So Tim, what's the question that we're going to cover today?

Tim: "If I'm a 31 year old millennial, with a long way to go until retirement, why should I pay for an advisor?"

Tom Mullooly: So why should you work with an advisor? A lot of people think that you need to have a lot of money to work with an advisor. That sounds like only something rich people do. It used to be that way. It's not so much anymore, and we've got some details that we'd like to share with you.

So Mass Mutual the investment company did a study and it showed only 8% of millennials are working with an advisor. So all right, what's happening with the other 92? Well, some people are still paying off student loans. Some people are not working. Some people are trying to do it themselves. What is interesting though, is in that same study it showed that 62% of people over age 65 are working with an advisor. Think about that. So almost, well 62% of people at 65 or older are finally saying "I can't handle this on my own. I need to work with someone who's going to give me a little bit of guidance, steer me in the right direction."

So flip flopping through different investment strategies is not really a plan, in fact it's a plan to help you underperform the markets over long periods of time. In fact, bad decisions regarding market timing, moving things in and out, will lead to an average under-performance, get this, an

average under-performance of 2.5% per year. That's according to a study done by Morning Star. So I just want to put it in numbers that everybody can understand.

Suppose you put the money into some market investment. If it goes up 10%, on average people who are not working with an advisor, they're trying to time the markets, moving in and out, their average return on the 10% gainer ... somewhere around 7.5%. Why is that? We look at these things all the time. Clients ask us "Hey this fund said it returned 18%, but I didn't get 18%." Want to know why? Because you freaked out and saw that something was happening in the news, and you took the money out of the fund, and then a month later decided to go back into the fund. You missed a nice chunk of the return. Don't do that. Please don't do that.

Hey, there's something else that we want to add. In the same study, only 23% of millennials maintain their retirement strategy. Okay so look, like in the question that we got, someone who's 31, they're not going to be needing this money for 30 or 35 years. Maybe even longer. But 3 out of 4 millennials are jerking their money around in and out of the market, depending on the weather, or depending on the news they read on Yahoo that day, or wherever they're getting their news from. They hear "Oh the market's down yesterday, I should sell." That's not really a plan.

An advisor is going to build a strategy for you and most importantly, they're going to keep you plugged in to look at the big picture.

Advisors bring a lot of value to the table. Consider working with one. If you don't have one or you just want to ask a question, get in touch with us. 732-223-9000 or you can find us on the web at Mullooly.net.

Thanks for watching episode 44. See you on the next one.