



# Investor Fears – and how to conquer them

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## Introduction

A recent study from Tata Capital revealed some of the worst fears people have about investing and working with financial advisors.

## Investor Fear 1: Fear of Losing Money

The fear of losing money is a pretty big fear among people, especially those near or in retirement. There is truth in that fear because the markets do go up and down. Throughout history the downs have proven to be temporary, but the ups, permanent. 34 Years ago, the DOW was around 1200.

If you are getting close to retirement, there are ways to make some of the stock market returns while still managing risk. If you're interested in talking with Noel about our active management style, give us a call at 1-800-277-0025

## Investor Fear 2: Fear of Fraud

With names like Bernie Madoff , and Alan Wilson the silver swindle, it's no wonder people are worried of being defrauded.

- 1) One way to ensure you aren't being taken advantage of is to make sure your statements are coming from the investment company and not from the office.
- 2) Another way is to go to Brokercheck.com and make sure the FA is registered. If they're not registered, don't buy a stock type investment. If you would like to check out Noel's background, go to the broker check link at the bottom of our home page, [www.provestwealth.com](http://www.provestwealth.com).

## Investor Fear 3: Fear of not understanding the fees or paying too much

There are three ways Financial Professionals charge:

- 1) Commission
- 2) Fees based on assets under management
- 3) Hourly

Here are the pros of each.

- 1) Since commission is usually paid upfront, there are no further charges to the client.
- 3) Fees are paid by investment amount so the FA has an incentive to do good service.
- 2) The advantage for By the Hour is the FA works so many hours a year on your portfolio so you know what it costs. The disadvantage is that the FA has no incentive to increase your net worth.

Here are some cons of each.

- 1) Commission is good for agent. He gets paid up front but as a result, there is a long surrender time because the client has to pay the company back for paying agent. Therefore, the agent has no incentive for continuing service
- 2) Fees are paid on an ongoing basis
- 3) According to [nerdwallet.com](http://nerdwallet.com), hourly can be from \$250 to \$450 hr and you write a check upfront.

Smartassets.com tell us that the yearly fees are usually from .5% to 2%, depending on size of account – but average around 1% to the FA and the fee comes out of investment on monthly or qtrly basis. This is how ProVest does it and we pride ourselves with being transparent with our fees.

If you go to a CPA that charges you \$4,000 but he saved you \$20,000 in taxes, then he's worth it, right? So if FA's add 3% per year average to returns, then it would seem they're worth their fee as well. If you have any questions about the fees that ProVest charge, call us at 1-800-277-0025.

## Investor Fear 4: Fear of the Stock Market

Many investors fear the stock market because they either don't understand it or they just don't trust it. In the past few months, it has been very unpredictable. The DOW has gone from 6507 on March 9, 2009 to 35144 on close of the business day of July 26, 2021.

The reality is there has never been a wealth producing machine like the stock market. When you buy a share of stock you become an owner of that company. Interest bearing accounts where you give them your money and they give you a little bit along is a lot like socialism. Investing DOES involve some risk, and that's what scares some people.

ProVest uses the risk assessment tool in the wealth toolkit to monitor and match clients' personal tolerance for risk with the risk that's in their portfolio. Don't be afraid of stocks. That's your best shot at wealth. If you would to talk with us about our Risk Assessment Tool to make sure your personal risk is matched with your portfolio risk, call us at 1-800-277-0025.

## Investor Fear 5: Fear of Change

The Fear of Change is so crippling that it can stop you from taking any action at all, even when you know that no change at all will hurt you in the long run?

So why do people fear change? the main reasons people fear change are:

**Loss of control.** Change interferes with autonomy and can make people feel that they've lost control over their territory

**Excess uncertainty.** If change feels like walking off a cliff blindfolded, then people will reject it.

**Everything seems different.** We are creatures of habit. Routines become automatic, but change jolts us into consciousness, sometimes in uncomfortable ways.

**More work.** Here is a universal challenge. Change is indeed more work

## Investor Fear 6: Fear of Running out of Money

Social Security is such an important part of your income in retirement. We want to be sure it is maxed out in retirement so we have the Social Security analyzer in our wealth toolkit to do just that.

But Social Security is not enough. You also must be sure that your investments have a chance to grow and keep up with inflation. You can't do that with an annuity. To help manage risk, ProVest invests in the stock market with an active management style that looks at daily indicators so we can make portfolio changes to minimize loss. This is important because of reverse dollar cost averaging which plays an important role during retirement to be sure you don't run out of money.

If you would like to talk to us about our retirement planning tool or our social security analysis tool to be sure you don't run out of money during retirement, give us a call at 1-800-277-0025.

<https://money.com/investors-biggest-fear-inflation/>

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Examples are hypothetical and for illustrative purposes only. The rates of return do not represent any actual investment and cannot be guaranteed. Any investment involves potential loss of principal.

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