



*How Popular Culture Is Misleading You About
Successful Wealth Planning and What to Do About It*

Erik O. Strid

Clarity

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commitment to client service with them to work every day.

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Introduction

Clarity!

Peter Lynch was the legendary portfolio manager of the Fidelity Magellan fund, and is widely regarded as one of the most successful investors of our time. He once said that you can't get a high school diploma in America today without knowing what a cosine is. However, millions of Americans graduate from high school every year without knowing the difference between a stock and a bond. The United States is the greatest and wealthiest capitalist nation in the history of the world, yet we don't teach our children basic financial literacy.

As a result, most people have no idea how to effectively plan and manage their money. Because nobody ever taught us the truth about the investment markets, instead we receive our information about investing from one of two sources.

First is the financial media, which has no interest in providing us with true education. There is an old saying in the media that "if it bleeds it reads." The financial news industry has no interest in reporting the truth or in educating you; instead, there is an interest in deliberately disturbing you about the latest global crisis that threatens to take us all down.

The second source consists of our friends and relatives, who are subject to our same

misperceptions, lack of education, and media influences. As a result, the majority of what most of us believe about successful investing and wealth planning is at worst totally false, or at best, a distraction from the real issues that will impact the real-life financial outcomes we desire.

Our team at Concentus has more than 200 years of combined experience in helping families plan their wealth and invest their capital. In that time, we have developed a simple yet effective philosophy, which is grounded in the fundamental belief that all successful investing is focused on the life goals of the investor, and driven by the execution of a written financial plan. In a world which is overwhelmingly focused on the gyrations of the markets, and driven by the obsessive search for investment “performance”, we understand that this philosophy is contrary to what most people have been taught to believe about wealth planning and investing by the media and popular culture. Our mission is to bring intelligent, long-term planning to people who have not been taught how to plan for themselves, and we understand the fact that for many of the families we first meet, this belief system may be contrary to everything they have been taught about investing.

At Concentus, we are passionate about helping our clients to see through the fog of misinformation that popular culture has taught most people to “know” about investing, and

shining a light on the real issues which will impact your financial future in real life. Most people's misperceptions bring them a great deal of anxiety about the wealth planning process, and very often cause them to make critical mistakes in their investing and wealth planning decisions. When our clients achieve clarity about the simple truths of the capital markets, they are able to act confidently and decisively, avoiding the confusion, anxiety, and mistakes which plague most investors and prevent most people from becoming as financially successful as they should be.

I hope that you will enjoy this book.

My greatest hope is that it will make a transformational difference for you and your family, and will give you confidence and the 100% certainty that you won't fall prey to the many wealth-planning misperceptions and related mistakes that we have seen people make. After spending more than 25 years working with wealthy families, we have unfortunately seen it happen far too many times. I am extremely motivated to make sure this doesn't happen in your family!

To your success!

Erik Strid

Why Most People are Confused about Wealth Building and Investing

One fear appears to be held in common among a great number of families, which is that wealth planning and investing are incredibly complex topics which they are not fully equipped to understand. In fact, many people are so worried and intimidated by this complexity that it prevents them from planning their wealth properly and achieving the best success possible.

When it comes to investing and wealth planning, many people believe that the achievement of significant financial success will require them to wrestle with a great deal of complicated information and decisions. Popular culture and the financial media would have us believe that investing is a difficult puzzle to be solved and that the effort to master that complexity and “beat the market” is our only hope for long-term financial success in life.

I have found that many people struggle with anxiety about their wealth planning, and are intimidated by the topic of investing, because they have bought into this perception of complexity. As a result, most people seem to believe that their only hope is to find sophisticated solutions to their wealth planning challenges, but they feel ill-equipped to find those solutions because they don’t have the

required level of education and understanding about financial markets to tackle that complexity.

No wonder so many people feel confusion and anxiety about wealth planning and investing. Consider for a moment the messages about investing which bombard you and your household every day by the financial media.

You are told that the stock market is a dark, dangerous, and scary place, where you might lose all of your money at any moment. You are exhorted to be constantly vigilant and able to react to market volatility at every moment. To avoid such disastrous losses, you must check your stock portfolio on your iPhone several times a day.

You are encouraged to believe that the stock market is nothing but a giant casino, where the odds are stacked against you, and that unpredictable and unstable geopolitical events constantly threaten your financial wellbeing.

You are told that “beating the market” is the only fundamental measure of success in your wealth planning efforts, a task which most investors find incredibly intimidating and difficult. You are counseled that only a lucky few investors are capable of mastering the complexities of markets, and of finding the “magic formula” which will lead to the Holy Grail of consistent outperformance of the market. You are made to feel intimidated and exasperated by the prospect

of trying to find that magic formula for yourself. Where would you begin to look?

Finally, you are led to believe that even those experts who can be turned to for help, the wealth management industry, is nothing but a pack of wolves in sheep's clothing and not to be trusted. Financial advisors are nothing but conflicted salespeople who have no interest in your wellbeing, but only care about selling you something to earn a commission.

Complicating all this confusion is the fact that most people don't have the time and energy required to master all this perceived complexity and to seek the knowledge they need to become successful. Because of the fast pace of modern life, and the overscheduled and overcommitted lives of most successful people, the idea of finding time to become and stay sufficiently educated can seem overwhelming.

It's no wonder that the topics of investing and wealth planning make most people feel on edge, and want to throw up their hands in frustration.

Very often, people become bogged down by this tendency to overcomplicate their planning and feel a lack of clarity about taking action. Very often, this anxiety causes people to take no action at all, to put off the vital process of designing and implementing an effective wealth plan until they feel more confident in their knowledge or skills or until "things seem more stable" in the markets or the world. Even more

often, this confusion causes people to take all the wrong actions for the wrong reasons, and to make vital mistakes in their investing and wealth planning.

It's interesting that this anxiety about complexity has nothing to do with your intelligence or intellectual sophistication. In fact, rational intelligence can actually be an obstacle to successful investing and wealth planning. People who are smart know they are smart, so they have a tendency to believe that they have the rational brain power to solve the complex problems presented by markets and that they can "solve the puzzle" of the markets, thus achieving superior investing performance. The smarter we are, the more likely we are to believe that we are smarter than the reality of markets.

The problem is that rational "knowledge" or reason cannot be used successfully in most human affairs, such as investment markets, because such affairs are governed by human emotion, which often defies logic and reason.

Author Nassim Taleb wonderfully captured the essence of this "curse of knowledge" when he called it the "lecturing birds how to fly" effect:

"The greatest problem in knowledge is the 'lecturing birds how to fly' effect. Let us call it the error of rationalism... Consider two types of knowledge. The first type is not exactly 'knowledge'; its ambiguous character prevents us from calling it exactly knowledge. It's a way of

doing [a] thing that we cannot really express in clear language, but that we do nevertheless and do well.

The second type is more like what we call 'knowledge'; it is what you acquire in school, can get grades for, can codify, what can be explainable, academizable, rationalizable, formalizable, theoretizable, codifiable, Sovietizable, bureaucratizable, Harvardifiable, provable, etc.

The error of rationalism is, simply, overestimating the role and necessity of the second type, the academic knowledge, in human affairs. It is a severe error because not only much of our knowledge is not explainable, academizable, rationalizable, formalizable, theoretizable, codifiable, Sovietizable, bureaucratizable, Harvardifiable, etc., but, further, that such knowledge plays such a minor life that it is not even funny.

We are very likely to believe that skills and ideas that we actually acquired by doing, or that came naturally to us (as we already knew by our innate biological instinct) came from books, ideas, and reasoning. We get blinded by it.”¹

¹ Taken from the introduction to *Lecturing Birds to Fly: How Financial Practice Differs from Theory*, by Pablo Triana and Nassim Nicholas Taleb (Wiley Publishing – 2009)

Here's How to Create an Effective Investment Philosophy that Your Family Can Put in Place Now...

Unfortunately, most Americans were never taught financial literacy growing up in school. Instead most of us develop our beliefs about wealth planning from the financial media and popular culture, which often confuse or even misinform us about the key issues which will impact our real life financial outcomes. As a result, the process of planning your family's wealth and designing an effective personal investment plan can seem intimidating and confusing, and so many families put off or neglect the process of creating an effective plan.

That's where we come in. We help families just like yours to get clarity on the real issues which impact their financial futures. In the book, we share the top eight pillars of an effective investment philosophy that your family can adopt now, as well as our unique process for executing this philosophy:

Step 1: We build your custom Financial Road Map which will help you gain new perspective on what is important about money to you and clarify the basic principles which will guide your financial decisions. This will help you to set specific time-bound financial goals.

Step 2: Once we understand your most important goals, our planning team will meet with you to review multiple planning scenarios for the future, using various assumptions for risk and return, and help you to select the asset allocation plan that provides you with the greatest potential for long term success.

Step 3: Finally, we work with you to implement the strategy we have created together. We become your partner in helping you to execute all of the recommended actions, and will do as much of the legwork for you as possible.

Most people miss the opportunity to construct and implement an effective written financial plan. Because of their confusion, they don't know where to start, and so they procrastinate one of the most important steps to building wealth.

Now you can gain absolute clarity about where you are today, where you want to go, and your proactive plan for how to get there.

If you'd like our help, send me an email at erik@concentuswealth.com and we'll take it from there.



Thanks for reading! If you would like a complimentary copy of the entire book, just [answer a few questions](#) for me and I'll send you copy.