

# Herald-Journal

## Noel Swain: Advisor Commoditization

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My son, Tyler, is a pretty smart kid. He's a proud graduate of Dorman High School, Wofford

College, and is currently studying for his MBA and MPH (Masters of Public Health) dual degrees at UC Berkeley (I kid him by calling it Snowflake University). And as with most young adults his age, he believes he possesses more wisdom than his words suggest.

Recently we were talking about my practice, the business of financial advice. He told me that what I do for a living now would soon be nothing more than an app on a phone. He told me not to be upset because general practitioner attorneys and doctors would be in the same boat. We would all be looking for work because we would be replaced by artificial intelligence. And coming from his point of view I can see what he's talking about. He's 28, he's smart, he's confident, and he has grown up around technology all his life. He feels much more comfortable around it than I do.

However, since he is young and has his whole life in front of him, the concern about not being able to make up for losses hasn't crossed his mind... yet. It will become real to him at the time he starts closing in on his own retirement. But for now, his youth and optimism is doing all the talking.

Currently there are services out there that use algorithms to invest for people. Unofficially, they are known as Robo-Advisors. One can sign up over the phone and start investing in five minutes and the

Robo-Advisor will invest your money according to a three-question survey you fill out online. It's cheap to invest this way and you never have to speak to a soul. Everything is directed by you, for you.

This way of investing is fine for a thirty-year-old starting a \$200 per month investing plan. However, the Robos haven't made many inroads with people who are nearing their retirement years and have accumulated a sizable investment portfolio. They normally want someone to talk to and hold accountable. I suspect that as we folks age we become more aware that if we lost our nest egg we wouldn't have time to make it back. We want someone to discuss our planning, our taxes, our strategy and our investment distributions with, someone to bounce ideas back and forth with. We want the feeling that someone with some expertise is in it with us, that we don't have to go it alone.

Tyler, as with many people in his generation, doesn't yet understand the value a trusted advisor can, and does, bring to the table. He thinks that investing can be reduced to sheer numbers. He doesn't yet understand the emotional component of investing, and why it's important to have someone in your corner, whether it's investing for retirement, getting a medical diagnosis, or resolving a legal matter.

Like I said, my boy is smart, but not yet wise.