FINANCIAL

Q: Why Investor Behavior Matters:

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A: Investor behavior is typically one of the main determinants in an investor's long-term real return. DALBAR, a financial services market research firm, has conducted periodic studies of investor behavior. Their most recent study ending in 2012 compared the average individual equity investor's return of 4.25% over 20 years to the S&P 500 return of 8.21%. There is nearly a 4% difference between the average investor's return compared to the S&P 500 return. The gap in returns has a lot to do with the average investor chasing performance and trying to time the market.

Put into dollar terms, according to DALBAR if the average investor put aside $10,000, he/she hypothetically made $22,989 and the index then made $48,470. The average investor potentially left $25,481 on the table over that 20 year time frame.

In our opinion, the value of a trusted advisor is significant. We maintain that a person pays us an advisory fee to capture the long-term returns that they may not be able to achieve on their own.

This example is for illustrative purposes only. Past performance is not a guarantee of future results. Investors cannot directly purchase any index.

Investments in securities and insurance products are: NOT FDIC-INSURED/ NOT BANK GUARANTEED/MAY LOSE VALUE