

Free Advice Can Cost You a Fortune

Financial advice can benefit everyone, no matter how simple or complex their situation. From building up emergency savings and funding a child's education to preparing for retirement, guidance on how best to channel your resources to reach your short- and long-term goals is always handy. So, where do you turn for advice?

It's not hard to find. Thanks to the internet, you have access to a world of information on a litany of financial topics at the click of a mouse. There's also the media, both traditional and social, inundating you with articles, blog posts and tweets. Add to that your IRL (in real life) sources, which could include friends, family and maybe even your hairdresser, and it's clear that anybody and everybody can have an opinion on what you should do with your money. Free financial advice is everywhere. But what about its quality?

The proverb, "a little knowledge is a dangerous thing" can ring especially true when it comes to money management. Research shows that investors can fail even after their financial literacy improves. While more financial education can boost confidence, it doesn't necessarily increase ability. For example, a study on do-it-yourself investors discovered that they fared worse once switching to online trading platforms where they bought and sold investments more actively, more speculatively and less profitably¹. They may have known how to trade, but not how to be successful doing it.

Another investor pitfall comes in the form of breezy narratives and so-called rules of thumb, like "buy and hold" or "own gold." On their surface, simple stories offer certainty in an uncertain world. They seemingly bring sense to events that otherwise may be difficult to grasp. Despite their innate appeal, these simplified perspectives can prove dangerous to your financial health. Follow them blindly at your own risk. Whether inaccurate, oversimplified or too generic to apply to individual circumstances, this type of "advice" sets up money management as being deceptively easy.

In reality, financial decision-making is complex. What you do (or don't do) as it relates to your finances can have a big impact on your present and future well-being. Good financial planning isn't about churning out sound bites. It involves looking at your whole financial picture and how all the pieces connect, then developing coordinated strategies that fulfill your needs. It's also about having a trusted coach by your side to help you through the inevitable bad days when you're liable to succumb to emotion and make poor decisions about your money.

Free advice tends to be worth what you pay for it. Ultimately, it can cost you dearly if it prevents you from meeting your financial needs and goals. On the other hand, investors who are professionally advised see greater long-term value as a result. According to the Investment Funds Institute of Canada, advised investors have on average almost four times more assets after 15 years than their non-advised counterparts². Over time, working with us can help you create substantially more wealth than if you tried to do it alone.



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¹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=219242

² [Modest Investors: Easy Access and the Freedom to Choose are Keys to Successful Long-term Investing](#)

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