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SYSTEMATIZE YOUR MARKET MOVES

Varying studies suggest that 96 percent of our thoughts are negative or defensive in nature. One could argue that this stems from the Great Depression and that “imbedded fear” has carried forth for all generations since.

Don't believe me? Mention the words “stock market” and subliminally fear is experienced. The reason is we've been hardwired to think, and even more importantly, feel that way.

The best way to overcome this negative emotion when dealing with the stock market is to systematize your wealth management to include an Open Architecture process for fee-based advice. In open architecture, you pay your money manager a set fee for managing your account rather than commissions on transactions. This vital component gives you the ability to make unencumbered decisions in today's rapidly changing marketplace without concern for the cost of movement to your financial professional. To do the opposite -- hesitate in this type of market -- can be very costly.

OUR VOLATILE MARKETPLACE

The use of leverage, in my opinion, has become criminal. That's how a 153-year-old company like Lehman Brothers vanished overnight not to mention, AIG, the largest insurer in America. The sad part is we used to limit the use of leverage by our financial institutions in the 1970's to 10-1. However, our bureaucrats thought it necessary to lift those limits which now allow in excess of 60 to 1. This resulted in an incredibly volatile marketplace that called for a systematized process like Open Architecture.

Because an overwhelming majority of the financial industry is compensated on a transactional basis, the investor is forced into a pause situation where they must qualify their decision based on the commission cost to move. That pause may be costly, as the speed of the marketplace presents many good opportunities. The U.S. and the world is changing at its fastest pace ever. Having to constantly evaluate your costs to move can cost you opportunities as well as high commission fees.

Open Architecture allows one to move at will with no additional cost. This makes the process pure and devoid of conflict (real or perceived). It also levels the playing field when dealing with a volatile market place.

We all know that “a hope and a prayer” wealth management process can be very costly, especially as it relates to providing retirement income. Systematizing your financial decisions is a smart way to help ensure your wealth management moves in the right direction. The number one mistake in the market place is human error. By systematizing that which is traditionally humanized you can reduce damage to your overall estate.

The unencumbered process of Open Architecture gives individuals and their wealth managers the important element of speed, which is not found in financial professionals with corporate allegiances or a potentially commission skewed decision process. A level playing field is not only important, it's critical in today's environment.

Make your financial decisions based on your success, not the success of a Board of Directors or shareholders.

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