

# Chatting with Christina

By Christina Nash | Knox Grove Financial, LLC

# Q&A



## Why do you feel it is important to work with a financial advisor?

Sylvia, Pennington

Hi Sylvia. You don't know what you don't know.

**V**anguard published a study called "The Vanguard Advisor's Alpha." The study assigned a value to the benefits of best practices in the financial advisory profession. The results stated that advisors add about three percent for investors who choose to utilize the holistic advice. Why? Well, "you don't know what you don't know." Financial planning is more than simply investing your money. It's about holistic planning, financial decision making, behavioral coaching, cash flow management, finding efficient tax strategies, navigating during unexpected events, estate planning, and this is just the beginning.

In my opinion, investments are becoming more of a commodity. Many of them perform similarly, and investment options are very easy for an investor to find and set up on their own. Online, it usually begins with the investor stating their age, time horizon and answering a few risk tolerance questions. Once this is complete, the software will simply point the investor towards their suitable investment options. This is investing, it is not financial planning. Financial planning is holistic and considers how the invested accounts will accomplish your overall short and long-term goals.

The invested accounts are simply one room in your financial house. Take, for example, a large hardware store. You can walk into that store and find just about everything you need to build a house, even the tools needed for construction. It's all there, but most of us have no idea how to build a house, even though we would have all the materials and all of the tools. This is similar to an investor having all of the tools, research, technology, and investments readily available to her, yet having no idea how to use these resources to build her financial house. A skilled financial advisor, not an investment counselor (there is a big difference), will be the contractor needed to help you build your financial house. Vanguard, one of the most well-known mutual fund companies in the financial industry, who led the way of providing, high quality, inexpensive tools to investors, believes that their funds can be enhanced when used alongside the advice of a financial advisor.

I have always enjoyed finding solutions to challenges or problems. My family and friends refer to me as a female MacGyver (remember that show?). I believe this to be one of the reasons why I enjoy being a financial advisor. Clients come to me with their goals and challenges and I get to help them create a plan filled with solutions. This is exactly why the Knox Grove Financial mission is "Your Path Forward". I consistently study my craft and I'm always seeking additional ways to fill the needs of my clients through simple solutions available and/or

complex strategies where needed. The following is a solution for many of our clients and a perfect example of "you don't know what you don't know", but maybe your financial advisor does.

We frequently assist clients with cash flow management. Some examples include real estate purchases, tax payments, home renovations, emergencies, business cash flow needs, weddings, tuition payments, and short-term bridge financing. One of the solutions we utilize to meet these cash flow needs is "Securities Backed Lending" (SBL). This strategy allows investors to access the value of a portion of their non-retirement investments without disrupting the investments or incurring unexpected tax consequences due to liquidating investments for cash flow needs at an inopportune time. Basically, the assets remain invested and act as collateral for the funds the investor has borrowed.

These loans are commonly interest only, no term, lines of credit backed by one's eligible stocks, bonds, and mutual funds. The application and underwriting process is simple and borrowers are typically billed the interest on a monthly basis. These lines are available to individuals, trusts, and entities and generally, no income verification is required for individuals, joint accounts and trusts. Unlike other traditional methods of borrowing, the loans carry no application fees, no monthly or annual fees, and no pre-payment penalties. The interest for a securities backed loan is usually based on the prime rate plus or minus a certain percent determined by the value of the loan taken.

Why would you liquidate your investment accounts when you need them for an emergency, opportunity, or cash flow need instead of using them as collateral for a securities backed loan? It's simple: you don't know what you don't know.

Sincerely,

*Christina A. Nash*



For more information on "Securities Backed Lending" or to schedule an appointment to talk about your financial plan, call my office at 609-216-7440 or email me at [christina@knoxgrove.com](mailto:christina@knoxgrove.com).

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- Core Investment Management
- Comprehensive Wealth Management
- Retirement, Tax, and Estate Planning Strategies

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