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How To Avoid Investment Mistakes And Make More Money For You

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There is an abundance of turmoil and unpredictability in the markets these days. Most investors are confused by the different types of advice on how to invest and diversify their portfolios.

Women are taking more control and initiative when it comes to financial planning. There are ways women can take control and manage their finances so that they can make more money.

When working with financial advisors, it is essential to know the difference between an independent investment advisor that is a fiduciary and a typical financial advisor. An independent investment advisor is not selling you products to invest in. As you are paying for financial advice, this often leads to the best financial advice you can get for your portfolio. A financial advisor is likely selling you financial products that you invest in, but they are earning a commission. So their recommendations to you may be biased towards products that the advisor will receive a higher commission on.

Recently I spoke with Whitney Solcher, CIO of Ulrich Investment Consultants, a wealth management firm that serves a range of clientele, including high-net-worth individuals and intergenerational families, private foundations and endowments, and Native American governments and related entities. We talked about the common errors investors are making in their portfolios.

Whitney shares the common mistakes she sees investors are making:

1. Paperwork errors

A common and basic error that is repeated over and over again is the improper titling of accounts. For instance, clients may have an estate plan that outlines joint vs. separate property, but if the account titling does not reflect that, the estate plan could be compromised. Common mistakes also include wrong names listed as beneficiaries on IRAs and other retirement accounts, or in some cases, no beneficiary.

2. The client is working with multiple advisors
When working with multiple advisors, you are doing a disservice to your portfolio. You need to be honest with your advisor to work with complete information and offer you the best tax planning strategies and efficiencies of diversification across your entire portfolio.

3. Too many securities of one type in a portfolio
An investor can often misunderstand what diversification may mean and invest in multiple investments within the same asset class. Investing in eight high yield bond funds does not reduce risk. Instead, investing in various types of asset classes creates diversification and smooths the portfolio's risk.

4. The use of robo-advisors
Nothing replaces the human touch, and robo-advisors can miss details essential to a profitable investment portfolio.

5. High portfolio fees
You need to be aware of the management fees you are paying for your portfolio. If the fees are too high and eating up the portfolio gains, this is a problem that you need to be mindful of.

The bottom line is that nothing replaces the human touch. An independent fiduciary investment advisor offers a comprehensive approach to your investment planning that robots, quite frankly, are not built for. Given that behavior drives how clients act when it comes to purchasing and selling investment products, your independent financial advisor is there to keep your emotions in check and help you make the best decisions for your portfolio.