WELCOME TO THE WEALTH COLLABORATIVE

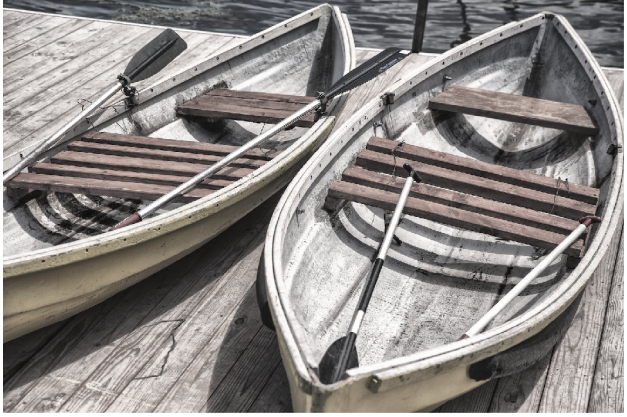
We’re dedicated to helping you harness the power of your money to create a meaningful, sustainable life, as you define it, and to promoting the creation of lasting wealth and well-being for you and your loved ones through the proper alignment of your values, desires and behavior.

Can money buy happiness? According to academic research, the answer is yes, but only to a point. Beyond $75,000 a year, more money generally doesn’t lead to greater happiness. Why?

Learn More

Our wealth management program has been carefully designed to help align who you are and what you value with your resources, life goals, desires and behavior to help create greater wealth and well-being.

Learn More



Our portfolios, based on Nobel prize-winning financial science, are purpose-driven and designed to help you achieve what you truly want with the least amount of risk.

Learn More

Our program and process is founded upon and guided by continuing research and developments in four key academic disciplines: Financial Science, Behavioral Finance, Neurofinance and Coaching/Financial Planning.

Learn More

MONEY & HAPPINESS

When we began advising clients on money matters many years ago, most financial advisors believed the path to riches and happiness was simple: (1) spend less than you earn and invest the difference, (2) pick superior performing stocks for your portfolio and (3) time your stock purchases and sales so that you sell them before they go down in value and buy them before they go up in value. Unfortunately for most investors, that belief remains the prevailing one among advisors today.

Truth is, the path to riches and happiness is a bit more complicated than that.

First, the link between happiness and wealth is a complex one. In a study published in 2010, Nobel Prize winning researcher Daniel Kahneman and Angus Deaton defined happiness in two ways: (1) life evaluation/life satisfaction – the thoughts people have about their life when they think about it, and (2) emotional well-being or daily happiness – the emotional quality of an individual's everyday experience (i.e., the frequency and intensity of experiences of joy, stress, sadness, anger and affection). The question Kahneman and Deaton posed in their study was this: does money buy either or both types of happiness? They polled more than 1,000 Americans for the answer and found that increased income did raise life evaluation and life satisfaction. However, beyond $75,000 per year, it did not increase one's sense of well-being or daily happiness – what most of us regard as the true measure of happiness. After $75,000, more was not better – more was just more.

Moreover, there is no statistical evidence to support the belief that an advisor can consistently beat the market through stock selection – an overwhelming percentage of advisors fail to hit their performance benchmark each year.

Equally important, it's virtually impossible to successfully time the purchase and sale of your investments to avoid losses and maximize gains, and the reason is clear – you have to be right twice – once when you sell and again when you buy back in. As one hedge fund manager put it for us, this is why the market timing hall of fame is an empty room.

So the notion that you will be happier if you earn more and invest your money in the traditional way is largely a myth. That said, we strongly believe there is a path to more money and an increased sense of well-being, and it's there for all of us if we adopt the proper approach to acquiring and utilizing our wealth.

THE TWC ALIGNMENT MODEL & PROCESS

Research shows that money *can* significantly enhance your happiness and well-being, provided it is aligned with three critical things:

(1) your "ideal self" (your core principals, values and beliefs),

(2) your desires and goals,

(3) your "real self" (your behavior: thoughts, feelings and actions).

Psychologists often refer to this as a method for closing the gap between "the wanting" and "the doing". We call it the "alignment model" for creating wealth and well-being.

At TWC, we've devised a multi-phase, repeating process for implementing our alignment model. Here it is:

Phase 1: Discover

Using well-proven coaching techniques, we help you discover your "ideal self" – the core values and principles that drive you, your true desires and aspirations – and then identify and quantify the life and financial goals that properly support and help actualize your core values and aspirations.

Phase 2: Align and Design

We then align your core values, desires and aspirations with your resources, both current and future, and design a plan to help you achieve what you truly want. Your plan includes a Wealth Accumulation Study designed to show you how long your money might last given what you want to do and how you want to live; a Wealth Preservation Study, which helps determine whether premature death, disability, or long term care needs will derail your plan, and, for qualifying clients, a Wealth Transfer Study that assesses the accuracy and efficiency of your estate plan and how you might improve it.

Phase 3: Implement and Guide

During the year, we meet on whatever basis you prefer (monthly, quarterly, biannually, in person or otherwise) to ensure that your plan and money behavior are in alignment and help you take action whenever necessary to keep you accountable to yourself and on track to achieving what you set out to accomplish.

Phase 4: Evaluate and Realign

Our lives are dynamic and ever changing. What once worked for us no longer does. That's why at least once a year we revaluate your wants and desires, as well as your life and financial goals, to make sure you're still aligned and moving in the right direction. If you're not, we reboot and devise a new plan to take you to where you now want to go.

OUR PORTFOLIOS

With the help of Harry Markowitz (the father of Modern Portfolio Theory), his team at Loring Ward Advisors and our colleagues at Dimensional Fund Advisors, we've developed 30 model portfolios, all designed with differing risk and return characteristics and all constructed with the goal of achieving the maximum return for the level of variability (up and down movement in value) an investor can handle on a daily basis.

If you're to maintain alignment between your ideal self and your real self, your aspirations and your behavior, it's essential that you select a portfolio that is compatible with the amount of variability you can tolerate. If your portfolio and tolerance for variability are out of sync, you're likely to abandon your portfolio when the markets drop below your comfort level, causing severe damage to your plan and your chances of achieving what you truly want. For that reason, we spend a great deal of time developing a risk profile for each client so that we can find the portfolio that best suits their investment temperament and goals. It's extremely important that your portfolio accomplish your goals, but it's even more critical that your portfolio strike a meaningful balance between sleeping well and eating well – we don't want you losing sleep over your investments.

THE FOUR PILLARS

Financial Science

For decades, academics in the field of financial science have devoted themselves to answering one fundamental question – where do stock market returns come from and how does one go about capitalizing on that knowledge? For much of the last century, the theory was that returns were derived from (a) superior stock selection and (b) market timing (selling stocks before they fell in price and buying them before they rose again). However, research has proved that isn't the case. In reality, returns come primarily from the structure of a portfolio, rather than stock selection or market timing. More specifically, there are essentially three structural factors that explain over 90% of the performance of any portfolio: (1) the percentage of the portfolio that is devoted to stocks, (2) the percentage of the portfolio that is devoted to value stocks and (3) the percentage of the portfolio that is devoted to small company stocks. And the reason is simple: from 1927 to 2011, stocks returned 7.94% more than T-Bills, value stocks returned 4.73% more than their counterpart, growth stocks, and small company stocks returned 3.66% more than their counterpart, large company stocks. Consequently, portfolios tilted toward stocks, particularly value and small stocks, fared far better than those without those tilts.

The above research is at the heart of our portfolios. They're constructed to take full advantage of the three structural factors leading to superior

returns and are globally diversified, consisting of well over 8,000 securities.

Behavioral Finance

Since 1994, Dalbar, Inc., one of the nation's leading experts in financial research, has published a study it calls the "Quantitative Analysis of Investor Behavior (QAIB)," which quantifies how the average mutual fund investor's portfolio has done over time in comparison to certain generally accepted investment benchmarks. It recently published its 20 year study – and the news is grim. Since 1994, the S&P 500 has earned 9.22% per year, on average. The average all stock mutual fund investor earned substantially less: only 5.02%. It's hard for many of us to grasp the enormity of this, so let me express this a little more simply: if the average mutual fund investor had just stuck his money in an S&P index fund 20 years ago, rather than attempt to invest the money on his own, he would have almost doubled his return. What accounts for this differential? Why does the average investor underperform his own investments? We believe it's the investor's behavior, not his investments, that accounts for the differential. Dalbar agrees, concluding in its study that "[investment] results are more dependent on investor behavior than on fund performance."

Behavioral finance, an academic discipline that is being taught in the business schools of the country's top universities, combines the study of cognitive psychology and traditional finance to explain why investors act they way they do in the hopes of improving both investor behavior and investment returns. To learn more about Behavioral Finance, we recommend a terrific book by our colleague and mentor, Professor Meir Statman, entitled "What Investors Really Want". We also highly recommend Daniel Kahneman's book entitled "Thinking Fast and Slow".

Neurofinance

Neurofinance, often referred to as “neuroeconomics”, is an academic pursuit very closely related to behavioral finance. Whereas behavioral finance looks at how we behave – what decisions we are liable to make under a given set of circumstances – neurofinance looks at what is actually going on inside our brain when we make those decisions. What is the internal structure of our decision-making process? What are the biological and other influences on it? How does information enter our mind and how is it processed? Where in the brain is the information processed and how does the process result in and affect our behavior? Neurofinance borrows from developments in economics, finance, psychology, and particularly neuroscience, to help answer these questions and relies heavily on MRIs to see exactly how, in real time, the brain actually works when presented with financial questions it must answer. In addition to Daniel Kahneman’s book, “Thinking Fast and Slow”, we highly recommend Jason Zweig’s book entitled “Your Money and Your Brain”, as an excellent, easy to read primer on the subject of neurofinance and its import for investors.

Coaching & Planning

Traditionally, investors have had “advisors” to help them with their financial decisions. An advisor is someone who gives advice – who recommends what should be done. The problem with an advisory relationship lies in the fact that the person giving the advice may be engaging in what psychologists refer to as “projecting” – attributing his own values, feelings, ideas or attitudes to the client and her situation and, in the process, completely disregarding the client and her own personal set of values and feelings. Obviously, this is not a great method for problem solving. Instead of the advice being “this is what I believe you should do given who you are, what

you value and where you want to go, it's comes out as "this is what you should do given what I think is valuable or important". The most difficult part of all this is that it goes on subconsciously – no one is even aware it's happening.

We think of ourselves as financial coaches, rather than advisors. As a coach, it's our duty to help clients gain clarity regarding their perception of an issue, the possible solutions to that issue, the plusses and minuses of each solution, and which solution offers the best result given who the client is, what she values and where she wants to go. As a coach, it's also our responsibility to help clients get the most out of their resources, just as your high school football, baseball, basketball, tennis, or golf coach did for you back when. The differences between a coach and advisor are subtle, yet profound, and they promise of a much better result than that found in a traditional advisory relationship.

Our planning process is detailed elsewhere on this site, but it's important to understand that it features the latest in probabilistic forecasting, a method used in connection with our ventures to the moon. The goal with our planning is to determine how long your money will last given what you want to do and how you want to live. And we calculate that not just over your lifetime, but over 1,000 theoretical lifetimes – we want to stress test your plan as best we can.

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