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RETIREMENT PLANS THAT “CLEARLY” WORK FOR YOU.

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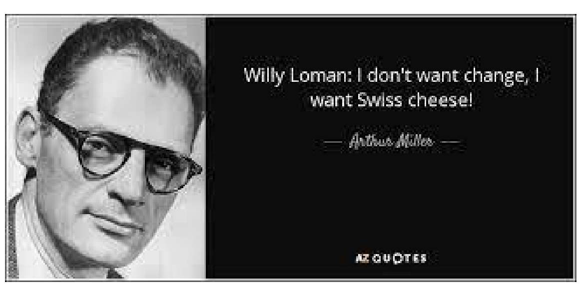
PULL THE WOOL OVER YOUR

EYES:To trick or deceive someone.

Wool

What's the origin of the phrase 'Pull the wool over your eyes'?
The natural assumption is that this phrase derives from the wearing of woollen wigs, which were fashionable for both men and women in the 16th and 17th centuries. The phrase itself is of 19th century American origin. The earliest example of it in print that I have found is in the Gettysburg newspaper The People's Press, November 1835:
We are glad to find among the leading Van-ites, at least one man, whose conscience will not permit him to 'go the whole hog' in pulling the wool over the people's eyes
At first sight, the 'wig' derivation sounds like a plausible derivation but there must be an element of doubt about it as the wearing of wigs had largely died out in the USA by the early 19th century. The tradition has continued in Europe where the judiciary of several countries wear wigs in court. Not so in the USA, where Thomas Jefferson (President between 1801 and 1809), although a wig wearer himself, advised the judiciary there:
"For Heaven's sake discard the monstrous wig which makes the English judges look like rats peeping through bunches of oakum."
If not the wearing of wigs then what is the derivation of 'pull the wool over someone's eyes? Well, we don't know.



I, for one, maintain a belief that a good or service will ultimately "Sell Itself" based on its particular performance. Does the product do what it is supposed to do and for how long? Is the service provided expert, professional, and of good quality? This brings me to a general discussion on financial products and services. As they are "intangible" it can be maddening to ascertain whether one received a "Good Deal or A Bad Deal." Besides actual fraud, it may very well depend on what one expects. Rarely, will I wholeheartedly endorse a financial product/service, as my distrust for the industry is well earned over these past 35 years in the business. An old stock broker friend of mine used to say "I love the securities business because my clients sometimes make money, sometimes lose money, but I **ALWAYS MAKE MONEY.** I will be readily admit (well maybe not so readily!) that purchased/retain many of the financial products over the years. Some have worked out, others have been a "toilet shot>" So, a wholesale condemnation is a bit unfair. My wizened advice for the general public is: **Read the Contract/Agreement, Ask Questions, Think Logically, Seek Outside Information, and Don't Make a Rash Decision.** If you are one to act impulsively then run (not walk), jump on your electric scooter, or mount your e-bike and head for the hills. As once the **"Wool Has Been Pulled Over Your Eyes**" it becomes difficult to see! Hence, the following article about**"Dark Patterns."**

Pusherman

"Dark patterns are design features used to deceive, steer, or manipulate users into behavior that is profitable for an entity offering a product or service, but they are often harmful to users."—Rohit Chopra, Consumer Financial Protection Bureau

What Investors Should Know About Behavioral Tricks in Financial Products

The sinister side of behavioral science in product design.

If you're familiar with behavioral finance, you likely know about the power of a good nudge. Nudges are small changes to a choice environment that lightly prod a consumer toward behaviors that are personally or socially beneficial (such as auto-enrollment in retirement savings plans or organ donation programs). Nudges often reduce friction to make processes simpler and easier. They are the result of behavioral science being put to work in the best interest of the consumer. Cass Sunstein, the man who made "nudge" a household word with his classic behavioral science book recently brought the more nefarious side of behavioral product and service design to light in his latest book, "Sludge."

Sludge is like an anti-nudge, introducing friction or complexity to discourage actions that may be in the best interest of the customer, but not the vendor. You've likely encountered sludge in the form of bureaucratic red tape, pop-up ads that hide a minuscule "close" button in a corner and make the link to the website look like an exit button instead, or subscriptions that are easy to initiate but difficult to cancel.

Sludge is part of a larger class of nefarious product and service design methods known as dark patterns. These design methods may be odious, but they are often legal and frustratingly common. Since the onus is on consumers to spot and avoid products and services with Machiavellian attributes, this article offers a brief overview of how and where you might encounter dark patterns in the world of finance.

Deception by Design

Dark patterns are design features engineered to coerce users into doing something they would otherwise prefer not to do. A four-pack of yogurt—when there are five school days in a week—compels parents to buy more than they want. In video games, "grinding" requires a player to invest hours building a character's abilities before real gameplay is possible. Hours in the game are habit-forming and can contribute to addiction.
In September 2022, the Federal Trade Commission reported a rise in sophisticated dark patterns designed to trick consumers into buying products and giving away their personal information.

The report, entitled "Bringing Dark Patterns to Light," describes four major types of dark patterns to watch out for.

1. Design Elements That Induce False Beliefs

False or misleading claims;

Ad elements designed to look like objective, editorial content;
Comparison sites that appear neutral but rank according to compensation from vendors;
Countdown timers for offers that are not actually time-limited.

2. Design Elements That Hide or Delay Disclosure of Material Information
Burying key terms of service within dense Terms of Service documents that customers don't see before purchase;
Fee information hidden within tooltip buttons where customers are unlikely to see them;
Drip pricing, in which the advertised cost is lower than the actual cost because of many small additional fees that are added at the point of sale.

3. Design Elements That Lead to Unauthorized Charges
Free trials followed by recurring subscription charges if not canceled in time, disclosed only by a statement that "terms and conditions apply";
Initial authorizations followed by deceptive add-on charges. For example, a child's game that automatically charges the parent's Google account, where a green button that normally advances the child to the next level is suddenly replaced with a green, "buy" button that initiates an additional in-app purchase.

4. Design Elements That Obscure or Subvert Privacy Choices
Not allowing users to definitively reject data collection or use;
Repeatedly prompting users to select settings they wish to avoid;
Confusing toggle settings;
Obscuring privacy choices to make them hard to access;
Default settings that maximize data use and sharing.
Dark Patterns in Finance
One Princeton University study analyzed online shopping sites and found more than 1,800 instances of dark patterns, representing 15 different types. In financial products, dark patterns can take the form of exorbitant interest, expensive surrender clauses, or hidden fees. Misdirection, obscured pricing, misinformation or intentional obfuscation, and hidden costs are common dark patterns.

Here are some examples in financial products.

1. Predatory Lending

Equity stripping, where lenders make loans based on equity in the home regardless of borrower's ability to repay;
Bait-and-switch, where lenders promise one type of loan but without good reason switch to a less advantageous one late in the process;
Loan flipping, where a lender sells a loan and the customer is faced with paying points or fees;
Hidden balloon payments, where what is presented as a long-term loan with a low interest rate is revealed at closing to be a short-term loan that must be refinanced in a few years.

2. **Misleading Advertising**
Wholesale investment ads targeted at "mom and pop" retail investors;
High-pressure sales tactics with artificial urgency, pushing investors to get in quick.

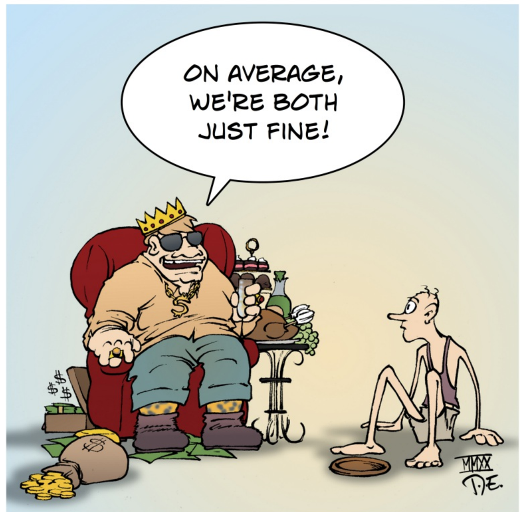
3. **Hidden or Obscured Fees and Payment Schemes**
Loads, 12b-1 fees, management fees, trade commissions, and account fees can be legitimate but are often obscured or hidden from investors who do not know to look for them;
Annuity commissions, surrender fees, and rollover fees (ask about these before signing);
Early withdrawal fees that are not well-disclosed;
Inactivity fees, administrative fees, and beneficiary fees hidden in dense and complex terms and conditions.

4. Outright Scams
Boiler room" scams, where professional cold-callers convince inexperienced investors to buy shares in worthless or overpriced investments;
Ponzi schemes, where a scammer takes money from a victim, then takes money from a second victim to pay back the first, and so on, creating the illusion of solvency.
Share scams, where someone posing as a broker takes money for investments they never intend to make on the investor's behalf.

Buyer Beware
As research into dark patterns continues, no doubt we will see more and more tools for recognizing them and flagging problematic products and services with ease. We will one day be able to have artificial intelligence scan the terms and conditions of a product or service and report dark patterns in milliseconds. This is not possible today.
For now, investors must educate themselves about how both financial and technological products are constructed and scrutinize the

marketplace for products that are transparent and sludge-free. If you want to dive deeper, the links throughout this article will take you to additional resources for identifying bad actors in the marketplace so you can spot them before they target you.

Financial Products



The media loves to show **AVERAGES** on this and that. We all know from grammar school and the infamous "Bell Curve" Bell that the averages can be quite misleading. Whether it is a savers deferral percentage, or retirement savings balances; large numbers or low numbers will impact the results. The top 1% of savers (and why is it always 1%?) skew the numbers to look better than they really are in the retirement plan industry. The average account balance of $113,00 (Vanguard) won't get you far in retirement, but it is better than nothing. However, the "Real Number" is the median account balance of $27,000. And that my fine, furry friend ain't going to get you to far!

The median is the middle value of a set of numbers. The median is the same as the 50th percentile for the set of numbers. In other words, the median is the middle of a set of numbers with half of the values less than the median and half the values greater than the median account balance.

And you wonder why 90% Americans are taking their Social Security checks before the maximum payment at 70 years of age! 90%

DISPARITY IN RETIREMENT SAVINGS Recent data from Vanguard shows a wide gap between average and median account balances in defined contribution plans. While the average account balance for participants was $113K, the median account balance was just $27K. That disparity stems from the fact that a third of total participant accounts have balances of under $10K. (source:Vanguard).

We, at **The Prizant Group,** continually emphasize the mantra "**IF YOU DON'T UNDERSTAND WHAT YOU ARE BUYING, DON'T BUY IT!"** Needless to say, few of our participants heed our learned advice. Sadly, we spend hours trying to extricate participants from their financial follies. Even after this counsel, most continue on with whatever expensive financial advisory, or fee loaded/illiquid/poorly performing, product, or "**It's Going to Cost You To Cancel**" service agreement. **And So It Goe**s (kudos to Kurt Vonnegut).
And though this has absolutely NOTHING to do with this Missive, I am ending with "Superfly," as I could I not? Superfly

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Call, Email, Twitter, LinkedIn, Carrier Pigeon, Smoke Signals, Naval Flags


Super
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CURTIS
MAYFIELD
SUPER GOOD
SUPER HIGH
SUPER FLY