

THE VALUE OF PROFESSIONAL GUIDANCE IN INVESTING

Jeffrey Kercorian, Registered Investment Advisor • April 18, 2026

This is not a sales pitch. It is a straightforward look at what professional financial guidance actually delivers — backed by research from Vanguard, DALBAR, and others — and why the gap between advised and unadvised investors keeps widening. The short version: advisors add 3 to 5% in net annual returns through planning, tax efficiency, and behavioral discipline. The longer version is below.

“The best way to predict the future is to create it.”
— Peter Drucker

The Behavioral Gap

Investing isn’t just about picking stocks. It’s about not destroying your own portfolio when things get scary.

DALBAR’s Quantitative Analysis of Investor Behavior (2025) tracked the average equity investor over 30 years. They earned 5.5% annually. The S&P 500 returned 10.7%. The 5.2% gap didn’t come from bad stock picks. It came from selling in a panic during the 2022 drop and buying in a frenzy during GameStop in 2021. Emotion. Every time.

During the 2020 crash — the S&P fell 34% — DALBAR data showed that DIY investors sold at the bottom and missed the recovery. Advised clients stayed invested. They trailed the index by 1.8%, not 34%.

Vanguard’s Advisor’s Alpha study puts behavioral coaching alone at 1.2% in annual added value. That’s not from a smarter portfolio. That’s from someone stopping you from making the call you’ll regret.

| What Advisors Add | Annual Value (Vanguard) |
|-------------------------------|-------------------------|
| Behavioral coaching | 1.20% |
| Tax-efficient strategies | 0.50% |
| Cost-effective implementation | 0.45% |
| Portfolio rebalancing | 0.35% |
| Spending strategies | 0.30% |

| | |
|----------------------|---------|
| Spending from income | 0.20% |
| Asset location | 0.10% |
| Total | ~3.00%+ |

Ned Davis Research (2024) notes that markets see a 5% dip annually, a 10% correction roughly every 14 months, and a 20% bear market every 5 to 7 years. DIY investors tend to sell during each of these. Advisors rebalance and buy low. That difference, repeated over a retirement, is the difference between a plan that holds and one that doesn't.

“Focus on the details and the big picture comes into focus — everything we do is handled with precision and care.”

— Allan Leech, Former CEO of Masco and Captain in the British Army

Taxes

Taxes erode 1 to 2% of annual returns for the average DIY investor, per Vanguard. Advisors recover most of that.

Tax-loss harvesting — selling a losing position to offset gains elsewhere — adds roughly 0.50% in net value annually. On a \$50,000 loss position in a taxable account, that's \$10,000 back in your pocket at a 20% rate, compounding from there. DALBAR (2025) shows advised portfolios save an additional 0.8% annually by avoiding high-turnover funds and placing tax-inefficient assets like bonds inside IRAs rather than taxable accounts.

Roth Conversions

Converting a traditional IRA to a Roth means paying taxes now in exchange for tax-free growth and withdrawals later. The move makes the most sense in low-income years — early retirement before RMDs kick in, or years where income temporarily drops.

On a \$1 million IRA at a 22% bracket, converting strategically over five years can reduce future RMDs and estate taxes enough to save \$100,000 or more, adding 0.5 to 1% in long-term value per Vanguard's Tax Lab. The math requires knowing your bracket, your time horizon, and how the conversion interacts with Social Security and IRMAA. Most DIY investors don't run that analysis. Most advisors do it routinely.

“Wisdom is the application of knowledge. Those who learn from their mistakes are smart. Those who learn from other people's mistakes are wise. This is why we named the firm Wisdom Financial Advisors.”

— Steven Charlton, Wisdom Financial

Rebalancing and Discipline

Left alone, portfolios drift. A strong equity run overweights stocks and quietly increases risk without the investor noticing. Advisors rebalance to target allocations, adding 0.35% annually per Vanguard, and more importantly, keeping risk where it was agreed to be.

We don't recommend a 60/40 allocation as a strategy. It's a risk model. It tells you nothing about your goals, your timeline, your tax situation, or what you actually need the money to do. DALBAR data shows advised clients who rebalance quarterly reduce portfolio volatility by 1.5%. Self-directed investors who react to news and social media lag by 3.1%.

The behavioral coaching number — 1.2% annually — covers a lot of ground. It's the call you don't make in March 2020. It's not buying GameStop in January 2021. It's staying in when every headline tells you to get out. That's worth more than any single investment decision.

“What we learn from history is that people don't learn from history.”

— Nassim Nicholas Taleb

Costs

Vanguard estimates 0.45% in annual value from selecting low-cost funds, plus another 0.10% from asset location — keeping stocks in tax-advantaged accounts and bonds in taxable ones where they make sense. High-fee mutual funds cost DIY investors 1.5% annually per DALBAR. Advisors who use efficient ETFs and index funds and optimize account structure recover most of that before anything else happens.

“Give stress, don't get it. If investing and planning are stressing you out — give it to us.”

— Jeffrey Kercorian, Wisdom Financial Advisors

Planning: The Part Most People Skip

Withdrawal Strategy

Bill Bengen's 1994 research established the 4% safe withdrawal rate — the rate at which a \$1 million portfolio could sustain 30 years of distributions. Post-2008, with bond yields compressed, Morningstar (2025) revised that closer to 3.5%. Advisors adjust withdrawals dynamically to account for sequence risk: the specific damage of retiring into a downturn and

withdrawing while the portfolio is down. DALBAR data shows advised portfolios last 20% longer than DIY plans on average.

Long-Term Care

Nursing home costs average \$100,000 a year (Genworth, 2025). Most retirement plans don't account for it. Advisors integrate long-term care into the portfolio through hybrid insurance products that protect assets without requiring you to liquidate investments to pay for care. On a \$2 million portfolio, proper LTC planning can preserve \$500,000 from being absorbed by care costs. A \$100,000 hybrid policy providing \$300,000 in LTC benefits is not an unusual structure.

Estate Planning

Irrevocable Life Insurance Trusts, Charitable Remainder Trusts, Grantor Retained Annuity Trusts, Pooled Income Funds for charitable giving — these structures reduce estate taxes and control how wealth transfers. On a \$10 million estate, the difference between a plan and no plan can exceed \$2 million in taxes (IRS, 2025). Most people don't think about estate planning until it's urgent. By then, some options are gone.

Social Security

Claiming Social Security at 62 versus 70 is not a small decision. Benefits grow 8% per year from 62 to 70. For the average claimant, delaying to 70 adds more than \$100,000 in lifetime benefits per the SSA (2025). For a couple each receiving \$3,000 monthly, the difference between claiming at 62 and delaying to 70 — accounting for spousal benefits and tax implications — can exceed \$240,000 in lifetime income. The right answer depends on health, other income sources, tax bracket, and how Social Security interacts with RMDs and IRMAA. It's not a simple calculation.

“The function of economic forecasting is to make astrology look respectable.”

— John Kenneth Galbraith

A Word About CNBC and Reddit

Jim Cramer is in the entertainment business. So is most of financial television. They need you to keep watching, which means they need something to happen every day. Markets don't work that way. Treating their commentary as investment guidance is a mistake.

Reddit and social media investment forums are crowd psychology, not analysis. GameStop in 2021 is the case study. Most people who followed that trade lost money. The ones who made money got lucky on timing and mostly knew it.

Do your own homework. And if the complexity of tax planning, withdrawal sequencing, long-term care, Social Security timing, and estate structure is more than you want to manage yourself — that's what we're here for.

“You don’t have to be smarter than the rest. You have to be more disciplined than the rest.”

— Malcolm Gladwell

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