

## Investing is like a 3-Lane Highway

**You're ready to invest your hard-earned money, but where do you start? How do you make sense of it all?**

We at Reed Davis Wealth Management like to compare making investments to driving on a 3-lane highway. You basically have three lanes to drive in - or three lanes in which to place your money.

### The Left Lane

The left lane is for investment management. Right now, it's the easiest to travel. It is buying various investments and holding. With a pre-pandemic bull market for the last 11 years, most investors are pleased with their investment performance. This lane will be easy cruising until we hit a bear market and the lane changes. And until that point, it is hard to show much change in that lane.

### The Middle Lane

The middle lane is for financial planning. Every client should have a financial plan, no matter his/her age or how much money he/she has. If you don't have a financial plan to adhere to, you may make decisions out of greed or fear. Financial advisors are there to help you decide what is want versus what is a realistic need.

For example, your hobby has been fishing since you were a young child. In the latest fishing magazine, you see a boat that you would love to have. Could you buy it? Yes. Should you buy it? Well, that's what financial advisors are there for. They take the emotions out of the equation and make data-driven decisions. As advisors, we are there to make informed and thoughtful decisions at the inflection points, and decrease the stress level in our clients' lives.

A good financial plan can take hours to prepare. And that doesn't account for the initial meeting, nor does it include follow-up meetings, updates, or "what if" scenarios. But as thorough advisors, it is the right thing to do for our clients. We deliver a financial plan to our clients, and once they have a plan in place, they learn to rely on their plan. This process helps our clients get out of the left lane.

## The Right Lane

The right lane is for tax planning, tax management, and distribution optimization. This is the lane that many clients don't really know much about. We review our client's tax returns, run diagnostic reports, discuss tax tips, review their retirement accounts and discuss distribution optimization so that we can make sure they are not hit with an unexpected tax surprise once they reach 72. We also discuss the benefits of the Roth conversions as generational wealth-transfer tool, among other things. Everyone would prefer to take care of their family once they know that they aren't going to outlive their money.

## Maneuvering the 3-Lane Highway with Reed Davis Wealth Management

Many of our new clients that come to us may not fully realize the potential of their wealth if they are focused on just the left lane. They need a multi-disciplinary approach, someone who can cross lanes when warranted and understand how taxes affect portfolio growth and distributions. This is what we do for our clients at Reed Davis Wealth Management. We believe you will be glad you got professional advice and that you will enjoy the ride with us.

