

# Should Investors ‘Go It Alone’?

If you’re going to enjoy a comfortable retirement, you should know, among other things, how much money you’ll need. And you may have a much better chance of knowing this if you get some professional help.

Consider these findings from a 2021 study by Dalbar, a financial services market research firm:

- Investors who worked with a financial advisor were three times more likely to estimate what they would have saved at retirement than “do-it-yourself” investors.

- More than two-thirds of investors with a financial advisor were satisfied with the amount they would have saved at retirement, compared to about 27% of the do-it-yourselfers.

How do financial professionals help their clients in these ways?

First, consider the issue of determining how much money will be needed for retirement. It’s not always easy for individuals to estimate this amount. But financial professionals can help clients like you arrive at this figure by exploring your hopes and goals. How long do you plan to work? What kind of lifestyle do you anticipate enjoying in retirement? Where would you like to live? How much would you like to travel? Are you open to pursuing earned income opportunities, such as consulting or working part time?

Next comes the other key question: How much money will be available for retirement? This big question leads to many others: How much do you need to save and invest each year until you retire? About what sort of investment return will you need to reach your retirement income goals? What level of risk are you willing to take to achieve that return? What is the role of other income sources such as Social Security or any pensions you might have?

Having a financial professional help you gain a clear idea of your retirement income picture can certainly be reassuring. But there may be other reasons why “going it alone” as an investor might not be desirable.

For example, when the financial markets are down, as was the case for much of 2022, some investors make decisions based on short-term volatility, such as selling investments to “cut their losses,” even if these same investments still have solid business fundamentals and good prospects for growth. But if you work with a financial professional, you might decide to stick with these investments, especially if they’re still appropriate for your long-term strategy. Other times, of course, the advice may be different — but it will always be advice based on your goals, needs and time horizon.

Furthermore, if you’re investing on your own, you may always be measuring your results against the major market indexes, such as the S&P 500 or the Dow Jones Industrial Average. But in reality, your portfolio should contain a wide range of investments, some of which aren’t contained in these indexes, so you might not be assessing your performance appropriately. A financial professional can help you develop your own, more meaningful benchmarks that can show the progress you’re actually making toward your goals.

In some areas of life, going it alone can be exciting — but when it comes to investing for your future, you may benefit from some company on the journey.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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