

Investor Guide

ADVISOR

VALUE

The numbers behind our strategies to take investors beyond conventional portfolio management.

Aspen Leaf
Wealth Management



Advisor Value

KNOWLEDGE PLUS EXPERIENCE

- Specialists exist for a reason.
- There are tangible & intangible benefits when working with a capable financial advisor.
- On average, a financial advisor is worth 1.6% - 3% in extra returns.

Consider the value of professional expertise from a trusted expert. How many of us could change a timing belt in our vehicle, remodel a kitchen, or fill a tooth cavity? This is why specialists exist in the world. Simply put, they are better at their craft than we are.

Nobody actually *needs* to hire a financial advisor. However, a good financial advisor can probably do a better job than the average person. A great advisor with specific knowledge and years of experience can be invaluable.

A client's total value received consists of both tangible investment & financial planning benefits as well as intangible benefits. For example, how do you measure the value of sticking to your pre-determined investment strategy or rebalancing when it doesn't *feel* right? What is the after-tax difference in return when deciding to contribute to an IRA versus a Roth IRA? These types of value aren't reported on a statement, but they certainly exist.

While we won't attempt to assign a return metric on a client's unique subjective benefits, we will quantify, in general, the additional return working with a capable financial advisor can add.

An experienced financial advisor can add an extra **1.6% - 3%**, according to two separate studies from Morningstar and Vanguard, respectively¹. We'll be the first to say that quantifying value into a rate of return is somewhat assumptive. So, take these study results with a grain of salt.

What we do know with certainty is that for most clients, we can lower the cost of the investments being used, ensure the most appropriate tax-advantaged accounts are maximized, reduce the tax bill, play coach when the market challenges us, and last, save clients everyone's most limited resource, time.



Advisor Value

QUANTIFYING ADVISOR ADVICE

- The return metrics are assumptive and represent guidelines.
- Behavioral coaching is arguably the largest value add.
- Lowering fund expenses and investing sustainably can materialize into marginal gains for investors.

The research suggests that these are guidelines and should not be expected universally by clients in any given year. We share the numbers with our readers as an understandable reference to demonstrate that it just might be worth someone's while to hire a capable financial advisor focusing on strategies beyond simply picking funds.



FUND EXPENSES: **0.40%**

The delta between the measured asset-weighted expense ratio of the entire mutual fund and ETF industry and the lowest cost funds within the universe².



OPPORTUNISTIC REBALANCING: **0.39%**

Trading only when a relative fund target threshold of 20% is breached³. For example, rebalancing when a target allocation of 10% within a portfolio climbs above 12%.



BEHAVIORAL COACHING: **1.50%**

Maintaining a long-term investment strategy during periods of market declines and heightened emotions leads to better investor outcomes versus unproven market timing tactics².



ASSET LOCATION: **0.23% - 0.32%**

Minimizing the impact of taxes by holding tax-efficient broad market stocks in taxable accounts and placing taxable bonds in tax-deferred accounts¹.



WITHDRAWAL STRATEGY: **0.55% - 0.70%**

Spending down assets in the most tax-efficient manner; Required Minimum Distributions (RMDs), taxable account cash flows, taxable assets, then retirement plans¹.



SUSTAINABLE INVESTING: **0.42%**

The annualized outperformance of stocks with higher than average Environmental, Social, and Governance (ESG) scores compared against the conventional benchmark³.

Aspen Leaf Wealth Management, LLC is a “fee-only” Registered Investment Advisor (RIA) based in Golden, Colorado. The corporate address is 14143 Denver West Pkwy, Ste 100, Golden, CO 80401. Aspen Leaf Wealth Management, LLC Investment Advisor Representatives (IARs) may operate under separate DBAs.

Prior to initiating a formal financial planning or investment advisory relationship in which we charge a fee, please contact our office to receive a copy of our Form ADV Part 2 & Privacy Policy. Form ADV Part 2 contains required regulatory disclosures detailing important considerations such as our corporate structure, custodian relationship, fee schedule, and advisor backgrounds.

We went out of our way to present unbiased data believed to be from extremely reliable and respected sources. However, its accuracy, completeness, and relevance are not guaranteed and no responsibility is assumed for errors or omissions. Historical risk and return performance is certainly no guarantee of future results, and there is no way to anticipate future changes to tax law. As such, we encourage you to discuss any financial strategy with us as well as your personal tax advisor, and remember to always read the prospectus before purchasing any investment.

www.aspenleafllc.com

1. *Alpha, Beta, and Now...Gamma*, Blanchett & Kaplan, Morningstar Investment Management, Morningstar, August 28th 2013 and *Putting A Value On Your Value Proposition*, Kinniry, Jaconetti, DiJoseph, Zilbering, & Bennyhoff, Vanguard Research, Sep 2016.
2. *Putting A Value On Your Value Proposition*, Kinniry, Jaconetti, DiJoseph, Zilbering, & Bennyhoff, Vanguard Research, Sep 2016.
3. *Opportunistic Rebalancing: A New Paradigm for Wealth Managers*, Daryanani, Journal of Financial Planning, Jan 2008.
4. Aspen Leaf Wealth Management research using data from Morningstar®, MSCI KLD 400 Social Index GR & S&P 500 TR, 4/30/1990 - 12/31/2018.

