

## **Advice From a Dying Wall Streeter (published January 2011)**

— *By Steve Tepper*

What would you do if you were given six months to live? Former Wall Street executive Gordon Murray faced that question last summer when his doctor advised him that his brain tumor was terminal and inoperable, and after two years of illness, Murray elected to suspend all treatments.

Murray was a long-time Wall Street insider, working for Goldman Sachs, Lehman Brothers, Credit Suisse First Boston and other financial behemoths, in a variety of sales and management roles. He saw first-hand as those institutions began some of the very programs that led to the recent global economic meltdown: excessive leverage, increasingly complex products, “liar loans” and proprietary trading. He also saw the effect of those institutions’ failure to put their clients’ interests ahead of their own.

After 25 years on Wall Street, Murray stumbled upon a fee-only advisor, Dan Goldie, to help him invest his money in retirement. Goldie quickly taught Murray more about investing than he had learned in a quarter century.

Up to that point, his portfolio was a “bar bell” of very risky hedge funds and private equity on one end and ultra safe municipal bonds on the other. Based on everything he learned from Goldie, he realized the sum of all his Wall Street knowledge wasn’t enough to properly invest his own money. What chance, he thought, does the average investor stand of having a successful investment experience?

Murray went to work for Dimensional Fund Advisors, an investment company that helps independent fee-only advisors create investment portfolios designed to capture market value based on academic principles. He also began to discuss the idea of writing an investment advice book with Goldie.

Then Murray got the news from his doctor. He had many choices of how to live the next six months. He could have traveled the world or spent quiet time with his family. Instead he chose to put that long-talked-about book on the front burner. He retired from Dimensional and he and Goldie finished and published the book a few months ago. Since then Murray has been a fixture on radio and in the press spreading the simple investment message in his book. He’s had feature stories in the New York Times, Wall Street Journal and on National Public Radio.

Why is what he says important? Well, maybe it’s just an assumption, but one figures that a dying man is likely to be telling the truth, having little incentive to lie. As Murray himself says, “This is one of the true benefits of having a brain tumor. Everyone wants to hear what you have to say.”

So what does he say? Well, to Northstar clients it should all sound familiar:

- A broker’s interests are not aligned with yours. He is trying to generate revenue by selling you certain products and making a lot of trades.

- A fee-only financial advisor is a better choice to help you through the maze of investment products and strategies. Fee-only advisors have a fiduciary responsibility to put the clients' interest first.
- Investors can maximize their expected return (given a particular level of risk) through asset class allocation.
- Investors can maximize their expected return (given a particular level of risk) through diversification.
- A passively managed portfolio is likely to have a better return than an actively managed one.
- Once invested, the portfolio should be periodically rebalancing to keep the portfolio at the desired risk level.

It's now been six months since his diagnosis and Murray is still alive, but his health is failing. He can no longer hold a newspaper and conducts his interviews from his home. But he has committed to doing everything he can to spread his message as long as he can.

The book is called "The Investment Answer" by Daniel C. Goldie and Gordon S. Murray. It is an easy, quick read (just about 60 printed pages). You can find it on Amazon.com. But first give us a call. We picked up a few copies and are happy to give them out to clients, first come first serve.

*[Addendum: We were saddened to learn that Mr. Murray passed away on January 15, 2011, shortly after this newsletter article was published.]*