

To: Clients & Friends
From: Chris Weil

Fourth Quarter 2025
October 15, 2025

I recently unearthed a speech I gave (I can't remember the occasion) almost exactly forty years ago, that is, sometime in 1985*. It was a brief overview of a subject, financial planning, about which many books have been written, courses taught and designations bestowed. My first impression of the speech, after coming across it in the archives, was not so much that it was wrong but that it radically oversimplified the subject while completely ignoring the "plight" of the well-to-do and the tasks that are associated with what is required in the way of wealth "maintenance" after some degree of economic independence has been achieved.

There is a reason why my speech focused on wealth accumulation. I did not have, at that time, many clients who were actually economically independent. The vast majority of the people with whom I did business then were wage earners who had yet to achieve the kind of complex financial position typical of those who had achieved financial independence. The people I did business with usually had balance sheets consisting of a home (with loan), some cash in the bank (\$30,000 would have been a big number), a small number of stocks, bonds, and/or mutual funds, a contributory retirement plan of some kind with a balance reflecting time over which employee and employer contributions have been made and the cash value of a (usually inadequate) life insurance policy. If financial independence was the goal then, as my early manager used to say, you can achieve it in one of three ways: inheritance, theft, or accumulation. For most of those with whom I was dealing, accumulation was the only reasonable option as their incomes were (usually) the only consistent source of surplus cash.

Sidebar: Perhaps my memory is faulty but I believe most of my client families owned their homes with only one wage earner, almost always the husband. If I am right, then one of the many radical differences between then and now is the relationship between family income and home affordability. My recollection is that my typical client family had income in the range of \$40,000 or less yearly with home prices in the range of \$80,000 or so yearly, about a two to one ratio. On its face, this seems impossible in light of the typical ratio today (five to one? seven to one? more)? My "market," so to speak, was the L.A. area but usually not the communities where house prices and resident incomes were high and financial statement complex - Beverly Hills, Brentwood, South Pasadena, Malibu, La Canada, Toluca Lake, and so on. In these communities the ratios were all over the place. I found my clients in communities like Glendale, Monterey Park, Van Nuys, Downey - where ratios were low and relatively constant (and where my lack of high-level financial sophistication didn't make much difference). I even did business (occasionally) in Studio City where I grew up and not then considered a high-end community. (Now, if a valuation site on the internet is to be believed, Studio City median household income is about \$110,000 and the average home price is about

\$2,000,000, an eye watering ratio of over eighteen to one. This has to mean that the majority of homeowners in Studio City have been in their homes for decades or else are inheritors). Note that I haven't fine-tuned research on the data in this Sidebar. I invite any reader to do his or her own calculations/assumptions and let me know if and how I have erred. One data point: In 1972 my wife and I bought a pleasant home, 2,800 square feet on about $\frac{1}{3}$ of an acre in the foothills above Studio City for \$65,000. I can't remember the amount of my income that year but it was well north of \$30,000 - so a ratio of less than two to one. Per Zillow, and granted with some significant improvements, the home is now valued at \$2 mil+. Even at a ratio of five to one this means that the average buyer of this home is going to have an annual income of \$400,000. At two to one, a great majority of families can buy a home. At three or four to one home buying opportunities become increasingly difficult. At five to one or more we have a housing crisis. And there is a corollary. As housing becomes more expensive and affordability diminishes, rental demand rises with a corresponding increase in rental rates. There are consequences, some obvious (homelessness is an example) and some not so obvious (more adult children living with parents; more aging parents called on to support adult children; migration to less expensive but less opportunistic parts of the country; extreme pessimism among especially the young as to the likelihood of ever owning a home; an undue amount of income going to pay rent, thus strangling the opportunity to save for home down payments, children's educations, medical costs, vacations; student loan debt service; and so on and on). If you are still with me, this is the end of the Sidebar but not the end of the conversation regarding residential housing which will continue in subsequent newsletters.

There is another reason I focused on wealth accumulation and on the people/families for whom accumulation was the only realistic route to significant wealth. When I was first licensed in the investment business (1963 if you can believe it) my family had no money, I had no money and I knew no one who had money. Not only that, I hadn't a clue about the simplest financial concepts. The firm which I joined had great faith in its training process, a faith that was to be tested in my case. But I did learn enough to grasp a simple truth, yet again communicated to me by my manager: "Success in our business is assured if 1) you know your product; 2) you see a lot of people; 3) you ask them all to buy; 4) and you use common sense."

As my mind was, as they say in philosophy, a tabula rasa, otherwise known as a blank slate, at least as far as my new occupation was concerned, I accepted everything I was told as gospel for I had no knowledge or experience from which to mount a challenge.

I became a voracious reader of books and articles about any and all aspects of finance and particularly the products and services of my company. Thus did I "know my product" in a relatively short time. "See a lot of people" turned out to be both a key to my long-term success and a contributor to serious delays in my career development. See below for more on this. Did I "ask them all to buy?" You bet. Did I "use common sense?" Well, I am tempted to say the jury is still out but perhaps that's just false humility. More accurately, I would say it took some years for common sense to become a common attribute.

"See a lot of people" became dogma (as did all four "simple truths"), as well as one of the first instances of me actually "using common sense." I never cold called, which I knew instinctively would only result in a

massive waste of time and a massive mismatch between a seller (with a complex and relatively sophisticated story) and a (rare) prospective buyer who was open to hearing about an investment opportunity which he or she most probably would not understand, described by a stranger about whom he or she knew nothing. A recipe for disaster. Anyway, the key word was “see” which means a great deal more than “talk to.”

In 1963 and 1964 and 1965 I saw a lot of people. The secret? I started with a list of names - of people I knew, referrals from people I knew, people I met, people I wanted to meet. I had a standard introductory letter pitching (in the gentlest way) the possibility of a meeting to discuss goals and objectives and the ways in which my company could contribute to their realization. My letter also made clear that this was not about particular amounts of investable money. Whatever their situation (rich, poor, in between) if they were interested in talking to me I was interested in talking with them. (My company didn't stint on quality marketing material so I always included a confidence building piece with my letters). I spent my days planning, writing letters, calling, studying and meeting (in those few cases when the people I was to meet could see me during the day). I spent four evenings a week calling (for most of the people I wanted to meet could only be reached after work) and meeting with people (almost inevitably a younger couple) at their homes - in Van Nuys, Downey, wherever. During those years I logged twenty-five to thirty thousand miles a year on my car.

I have had a number of learning experiences in my life, but very few in the settings where learning is supposed to take place (that is, high school and college). I learned a lot in my four years in the Navy. And I learned a lot (and then some) in the early years with my investment firm. Here are a few of these “learnings.” You are certainly familiar with all or most of them. In fact, I'm sure you will say that these are nothing more than common sense. But they were new to me.

1. If married or in a long-term relationship, in those early years in a job like mine, anyone would have failed and failed miserably without a supportive, understanding, loyal, long-suffering spouse. It was my great good fortune to be married to such a one. My early years of sorry income (kept propped up by a draw from my company, a draw which exceeded my earned commission income for about the first year and a half), my excessively long hours, my preoccupation with just making it through the week - all added up to an emotional and physical burden on her that a lesser human would have found intolerable. She just kept on trucking and being there for me. So...a good marriage is critical to professional (as well as much other) achievement.
2. Over the long term, and as people and/or families become wealthier, the role of financial decision maker almost always devolves onto one or the other spouse. This I learned over many decades of experience. Over the decades, it became possible for me to meet with the decision-making spouse alone. But in those early years I learned the hard way that if I suggested a meeting to a husband and he tells me that we don't need to meet with his wife because “I make all the financial decisions” then we might as well not meet. The “hard way” means that it took ten or so meetings alone with husbands (it was always husbands) ending with “well, thank you very much, I'll talk this over with my wife” for me to learn that

it is a rare couple, at least those of relatively modest means, who don't make important decisions jointly. There are sound psychological reasons for this.

When the couple is younger rather than older, it is probable that neither has been fully tested as to their competence in financial matters so neither is as yet fully comfortable with the financial acumen of the other. And if the couple is poorer rather than richer a bad financial decision could prove devastating. It makes sense, therefore, that as each feels an equal interest in the decision-making process and its possible consequence, each expects to be equal participants from start to finish. Unless the couple is already rich, with an obvious family financial manager designated (and in the early days there were none of these in my life), it's both spouses in the meeting, or none. So...woman the weaker sex? Bah, humbug.

3. People often don't know what they want until a solution to what they don't know they want appears. Back in the day, those who "delivered" financial services (stockbrokers, insurance salespeople, pension administrators, trust officers, mortgage lenders, estate planners, accountants) were pretty much siloed, one from the other. Generally, the silo effect did not materially impact the well-to-do who could afford to utilize each service provider on an as-needed basis. As-needed was usually triggered by an event ("call my lawyer;" "call my accountant;" "call my insurance agent;") or by a particular service provider making a periodic follow up and discovering a need ("I suggest you talk to a trust officer about that)."
- Full scale co-ordination for the very few came in the form of a business manager (still a mainstay for successful athletes and entertainers) and, for the really wealthy, a family office. For the middle-class working family there might be an insurance agent (interested in selling another policy), and a stockbroker (interested in selling a few hundred shares of General Electric), and an accountant asking for a list of over-due deductible expenses, and a lawyer pending a call about a needed will. What there wasn't, until the advent of the true financial planning professional, was someone who (metaphorically speaking) sat beside the client, and not across the desk - more a consultant than a salesperson - a position foreign to most Americans, and particularly to the broad middle class. People may or may not be uncomfortable if they feel they are being sold. But they love to have someone listen as they describe their deepest concerns - about money issues as well as the variety of issues into which discussions about money can morph. This is especially true when the listener is viewed as someone professionally competent to respond as well as someone whose response can be trusted to arise from a commitment to the speaker's well-being. So...in the last thirty or so years millions of people have accepted the idea of a professional capable of listening/understanding/implementing a comprehensive yet personalized financial plan, "a solution they didn't know they wanted until it appeared."

Chris Weil

*If you would like to read Chris' 1985 speech, you may request a copy by emailing dbaltierra@cweil.com.

This communication may contain privileged and confidential information; people other than the addressee should not review, distribute or duplicate it without permission. Nothing in this communication constitutes a solicitation by us for the purchase or sale of any securities. We do not accept account orders or instructions by e-mail, and will not be responsible for carrying out e-mailed orders or instructions. We provide reports as an accommodation to help you monitor your investment activity; securities pricing may not reflect reliable values. In the event of a discrepancy, the information in your confirmations of daily activity and monthly statement of account shall govern. While the information in this communication comes from sources believed to be reliable as of today, we make no representation as to its accuracy and completeness and provide no assurances as to future returns or performance. We may own positions in securities mentioned in this communication. Investing involves risks, including the possible loss of the principal amount invested. There can be no assurance that recommended investments will be successful in meeting their objectives. Investment in mutual funds is also subject to market risk, investment style risk, investment adviser risk, market sector risk, equity securities risk, and portfolio turnover risks. More information about these risks and other risks can be found in the funds' prospectus. The prospectus should be read carefully before investing. Nothing herein should be construed as legal or tax advice. You should consult an attorney or tax professional regarding your specific legal or tax situation. Christopher Weil & Company, Inc. may be contacted at 800.355.9345 or info@cweil.com. (Version January 2025)