CHRISTOPHER WEIL & COMPANY, INC.
A Wealth Management & Financial Advisory Firm

CHAIRMAN EMERITUS' NEWSLETTER

To: Clients & Friends | **Third Quarter 2026**
From: Chris Weil | **July 15, 2026**

For five years, 1963 to 1968, I served what I now recognize as my professional apprenticeship, a period which resulted in my evolving from clueless to modestly clueful.

Most apprenticeships are clearly identified as such. Mine was not. The company I worked for, Investors Diversified Services ("IDS"), had no formal apprenticeship program. There were a few months of basic training in product familiarization and sales techniques, then into the pool you went. (I use the phrase "worked for" loosely, the implication being that I was an employee. I wasn't. Despite in all respects looking like one, I was formally an independent contractor.)

When I was thrown into the pool I had few tools to help me stay afloat - but just enough, it turned out, to allow for a scratch living during my first few years. (The "throw them in pool" apprenticeship methodology, aka "learning on the job," resembled a kind of Darwinian selection process and actually worked pretty well for me. It turned out that I learned faster and stickier on the job than from texts and academic instruction - not theory to practice but practice to theory.)

Sidebar #1. The scratch living was sufficient to let me buy my first house two or so years after starting with IDS. My wife and I bought a small home in Westchester, near LAX, for $24,000. As a result of this transaction, I discovered how to buy real estate with no down payment. We borrowed 80% on a conventional first, 10% on a second from the seller and 10% on a third, a loan from my boss. By this time we had two young children, but Pat had to go back to teaching to cover our newly booked loan costs.

One of the "tools" (embedded in my DNA to this day although long since obsolete) was this bit of sales training wisdom: "know your product; see a lot of people; ask them all to buy; use common sense."

"Know your product?" On its face, perfectly sensible. But as I was to discover, wildly oversimplified. It meant far more than just knowing mutual fund, and later life insurance, product structure. It turned out to mean product <u>application</u> in the lives of the people with whom I was meeting as well. This in turn meant I needed to understand the various kinds of issues (financial, health, occupational, offspring, aspirational) that were their front burner concerns so I could propose my product as contributory to the solutions/resolutions they sought. It made no sense, in fact it was self-defeating, to ask anyone to buy without first establishing a good reason for them to do so.

At this point, some readers might point out that to expect a novice securities salesman to have the intuition, the sensitivity, and anything like the necessary experience to embody these "skills and attitudes" in a sales situation would be to expect the miraculous. And they would be right.

But they would be right with an asterisk.

"See a lot of people" (IDS and so I) took seriously - with an emphasis on "see." "See" did not mean talk to, it meant see. This meant (1) in-person appointments, which meant (2) phone calls for appointments, which meant (3) letters introducing myself, how and why I am writing them and asking that they expect a call, which meant (4) I had to have a backlog of people to whom I could send introductory letters - a backlog consisting of referrals obtained from various sources (friends, business associates, existing clients). I followed the sequence 4, 3, 2, 1 religiously for virtually the whole of my apprenticeship years.

And the asterisk? I discovered very quickly that the great majority of my prospects had much in common. They were younger rather than older. They were poorer rather than richer. This was usually their first real experience having to make an investment decision. About 75% were married and of these perhaps half had a child. They had day jobs which did not allow time to meet during work hours, so appointments were almost always at night. (I will not dwell on my wife's forbearance and resilience with small children at home and a husband out two or three nights a week.)

Most looked more or less similar in terms of their financial circumstances: Ownership of a house, or planning to own; less than $10,000 in cash; relatively stable jobs (white or blue collar) paying a living wage (household income in surplus when both spouses worked); minimum amount of life insurance; maybe the beginnings of a pension or profit sharing plan at work; relatively small amounts of debt other than home loan.

The good news for me (although I did not recognize it as such at the time) was that I did not have to "master" a large variety of issues and objectives that confronted the population at large, just those (relatively few) that were common to the people to whom I was referred - of which the most significant, by far, was the desire for wealth accumulation (buy a home, educate children, start a business, travel, retire).

The bad news? How to make a living in the investment business when dealing with people who "have no money?"

Sidebar #2. It later turned out, much to my surprise, that it was easier to deal with the well-to-do and the financially sophisticated than with the folks to whom I was referred in my early business years. Generally, this is because the former already know the right questions to ask, the latter not so much; the former have the ability to separate the trustworthy from the rest, the latter not so much; the former can usually detect the knowledgeable from the fakers, the latter not so much.

There turned out to be three ways, the last two of which became the essential supplements to the first.

First, it wasn't exactly true that they had no money. The people I met with usually had a cash reserve from which they were willing to carve off a small piece to open an account. And then, most importantly, they had incomes from which they were able to allocate some amount ($50 monthly,

$100 monthly, $150 monthly) to their investment account. (I used a compound interest table to show the effect on the accumulation process using various amounts invested over various terms at various rates of return to make the case for long term systematic investments.)

At the commission rates then in effect, my family and I would have starved to death if we had to rely upon these types of monthly investment accounts for our own income - although after two or three years the monthly commission income from all these accounts was a significant figure.

I soon discovered a second, supplemental, source of income: life insurance. In those days, the mutual fund world promoted the idea of “buy term, invest the difference.” This idea undercut one of the traditional roles of life insurance, that of a cash savings vehicle as well as a provider of death benefits. Buy term (cheap) and allocate what would otherwise be the savings portion of a permanent insurance policy premium to a mutual fund account and the two elements (term and fund) are more likely than not to exceed what would otherwise be both death benefit and savings from a conventional policy. And the longer you do this the more likely will be the case that the two separate elements would greatly exceed the benefits provided by a conventional policy.

It is true that a term policy ultimately “terms out” but by that time, so it was argued, the value of your mutual fund account will be significantly greater than the face amount of what would otherwise be your permanent policy so that the ending of your term policy wouldn’t matter.

Of course, the conventional policy came with guarantees and this alternative did not, but we pointed out the history of equity market performance and how potential benefits outweighed risks.

Over the decades, my perspective on 'buy term, invest the difference' has evolved. I no longer view it as a universal rule, but rather a nuanced strategy that makes great sense for certain clients, though certainly not all. Each has its separate place, but in my early IDS years it was a life saver. I incorporated it into my presentations and by doing so more or less tripled the typical “no money” mutual fund only initial sales commission.

Third, I would very occasionally run into a “special situation” from which arose a large investment. A few I remember vividly.

I sold a small mutual fund account to a deputy sheriff and his wife. During our discussion I learned that the sheriff and a partner were buying, fixing up, and selling homes as a side business. Would it make any sense, I asked, to put into place a buy-sell agreement funded with some insurance (cheap) which would, in the event of a partner’s death, call for the mandatory sale of the deceased partner’s interest to the surviving partner and provide cash to the surviving partner in an amount needed to fund the buy out? Bev, the wife, was all for it as she indicated there was no love lost between her and the partner’s wife. In the unlikely event that she was widowed she preferred that the partnership be terminated with her equity out in cash.

With Bev on my side I felt this was pretty much a done deal. After more discussion with all the parties it was so decided. I was told, without independent confirmation, that the equity in the houses owned and held for sale was “approaching” $200,000 and they expected that equity or more in the partnership “soon.” Applications for $100,000 on each were prepared and submitted. I was referred to an estate planning attorney in their area for the preparation of a buy-sell agreement. The document was signed, calling for a $200,000 business valuation with revaluation annually, medicals taken and policies issued standard.

Eight months later the sheriff, during the pursuit of a suspect, had a heart attack and died.

In due course, the insurance company paid the claim to the beneficiary, the sheriff's real estate partner. I asked the attorney to prepare the documents necessary to change ownership from widow to partner in accordance with the terms of the buy-sell agreement and made what I thought were the arrangements for a meeting where all would sign and money paid.

Before that date, I received a call from the attorney. Meeting cancelled. Partner suing widow to "reform the partnership." (Partnership reformation? Who knew?) Partner claims that the partnership has nothing like a $200,000 equity, the buy-sell agreement should never have been entered into, and he and his wife intend to keep the insurance proceeds claiming that its real purpose was to indemnify them against the loss of a key man (i.e. the sheriff/partner).

Widow counter-sued for performance in accordance with the contract. She held, among other things, that the buy-sell agreement was valid and set the value of partnership assets properly, taking into account both current and contemplated values.

My head and heart were with the widow. The ridiculously premature death of her husband, two small children, and a partner trying to justify keeping the cash that was rightfully hers. At least, that was my take at the time. In retrospect, I feel some responsibility for not satisfying myself as to the actual partnership equity (but then again, wasn't I justified in accepting the valuation agreed upon by both partners, a telling point made by the widow's attorney at trial)? Well, at the end of the day, the judge found for the widow and she ended up with the full $100,000, an amount a good deal more than she would have (presumably) received had there been a more "realistic" valuation. This was in 1965. Inflation adjusted to 2026 this amounts to just over $1 million.

Two days after she received the check she called and told me she wanted to invest the bulk of the money into her account with me. ("Special situation" indeed.)

You will note that to this day, some 60 plus years after the above experience, I am unwilling to use full names. Old habits die hard. Client relationships are private and there can be no disclosure of client names, ever. Does anyone care after all this time? I do. This unwillingness on my part to "name names" is going to de-juice some, not all, of the dramas yet to come.

To be continued…

Chris Weil