

Buffett, Munger Get Snarky About Financial Advisors

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By Tom Tauli

May 2, 2022 3:41 pm ET

At this weekend's [2022 annual shareholder meeting for Berkshire Hathaway](#), Warren Buffett and Charlie Munger riffed on many hot topics. They spent five hours talking about how Bitcoin and cryptocurrencies are worthless, [a surprise investment in Activision stock](#), the impact of inflation, and the importance of focusing on value.



Warren Buffett (L), CEO of Berkshire Hathaway, and Vice Chairman Charlie Munger
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Buffett, Berkshire's CEO, also said that the market resembled a "[gambling parlor](#)." But he then went on to place the blame on investment bankers and financial advisors.

"Wall Street makes money, one way or another, [catching the crumbs that fall off the table of capitalism](#)," he was quoted saying. "They don't make money unless people do things, and they get a piece of them. They make a lot more money when

people are gambling than when they are investing."

The Oracle of Omaha did not stop there. In an apparent reference to financial advisors, he went on to say: "I hate to use the example, but you can have monkeys throwing darts at the page, and, you know, take away the management fees and everything, I'll [bet on the monkeys](#)."

Berkshire Vice Chairman Munger told a joke about a financial advisor asking for \$50,000 of an investor's net worth upfront, saying it was the advisor's "contribution to your future."

Yet the comments seem more like a reflection on Wall Street of the 1970s and 1980s. During that era, stockbrokers mostly pitched stocks. At its worst, there were practices of "churn 'em and burn 'em" to pile up commissions. Hollywood would go on to depict this in movies like *Boiler Room* and the *Wolf of Wall Street*.

But today the role of the financial advisor is much different. Many advisors rarely pick individual stocks and instead rely on funds and model portfolios. Registered investment advisor firms charge fees as a percentage of assets under management, which means their compensation doesn't incentivize them to trade frequently. Even the big Wall Street firms have been transitioning toward asset-based fees in lieu of commissions. And advisors are doing a lot more than just managing investments.

"The comments from Buffett and Munger are out of touch with today's comprehensive financial planners," said Catherine Valega, who is a CFP and Chartered Alternative Investment Analyst (CAIA) at Green Bee Advisory. "We help our clients make money with their money, reduce taxes, benefit families and philanthropies. Investing is the easy part. But working with clients to truly understand their personal money stories and align their values with their long-term financial goals—that takes ethics, dedication, the love of client service, and the true desire to help people live their lives to the fullest."

The value of a financial advisor is not just about providing holistic planning that goes beyond constructing and managing a portfolio. It also involves behavioral coaching.

"What is missing from the conversation isn't what the advisor does, but what the advisor keeps or stops the client from making emotional decisions at precisely the wrong time," said Mitchell Hockenbury, who is a CFP and Retirement Income Certified Professional [RICP] at 1440 Financial Partners. "An advisor can talk a client through scary times and have them hold tight."

In other words, a successful advisor can provide the kind of guidance that makes Wall Street less of a gambling parlor and helps investors achieve the long-term goals that Buffett and Munger promote.

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