

SECOND EDITION



THE **5**  
**MISTAKES**  
EVERY INVESTOR MAKES  
AND HOW TO  
**AVOID THEM**

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Getting Investing Right

PETER MALLOUK

WILEY



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# Preface

**O**ver my career as a wealth manager, I have met thousands of individuals searching for a better way of investing. I noticed early on that most of the clients coming on board with my firm were terminating a prior advisor. It became clear to me that these clients weren't getting what they had hoped from their former advisors. While at times the issues were related to communication, relationships, and the like, sometimes the change was because the client wasn't getting the returns they had hoped, or their former advisor had blown up their portfolio. Mistakes had been made along the way.

Many investors don't enjoy investing, don't have the time for it, or don't feel they are particularly good at it. This type of investor searches for an advisor to alleviate the burden—to show them the way. Unfortunately, many if not most advisors make the same mistakes individuals often make. This is the tragedy of the financial services industry. As I have watched fortunes made, lost, and sometimes rebuilt again, I have observed the main problems that led to the deterioration of wealth. The conclusion is quite simple: *In most cases, if an investor has greatly underperformed from an investment perspective, it is not because of the markets, but because of their own, or their advisor's own, mistakes.* All of us, at times, are susceptible to at least one of these mistakes. Many of the greatest investors of all time acknowledge they have made them or are aware of them and actively put up mental roadblocks to prevent themselves from making them. For years, I have spoken about these mistakes, and this book will cover how to avoid these pitfalls and show a clear path toward achieving investment success.



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A huge thank you to the clients of Creative Planning. I have learned so much from my clients over the years. Most importantly though, I learned that these are the type of people who make America what it is: the greatest place on earth to live. These folks make the economy go and grow and many of them have lived or are living the American Dream. My constant search for every possible way to help them has resulted in many of the things we do at my firm, and in the contents of this book.

To my mom who tricked me into believing I could do anything. I believed it until I was too old for it to matter. And to my dad, who taught me enough about investing at an early age that it became my passion. I especially cherish his advice to “ignore almost everything.”

Thanks to my beautiful wife Veronica, who spent a lot of time driving on our family road trips while I worked on this book, and to my three wonderful kids Michael,<sup>1</sup> JP,<sup>2</sup> and Gabby<sup>3</sup> for always keeping me focused on the most important things in life. Finally, thank you to those who helped edit and shape this book. All errors are my own.

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<sup>1</sup>He must have asked half a dozen times: “Is anyone going to read this book?”

<sup>2</sup>Thanks for updating me on the NCAA tournament scores while I was writing.

<sup>3</sup>Thanks for the hugs, delivered almost every hour on the hour!

# About the Author

**P**eter Mallouk is the president of Creative Planning, named the #1 Independent Financial Advisory Firm in America by *Barron's* (2017). *Barron's* magazine named Peter the #1 Independent Financial Advisor in America three straight years (2013, 2014, and 2015). CNBC named Creative Planning the #1 Independent Wealth Management Firm in the United States (2014–2015). Peter is featured on both rankings of *Worth* magazine's Power 100, a list featuring the 100 most powerful men and women in global finance (2017, 2018). In 2017, Peter was a recipient of the Ernst & Young Central Midwest Entrepreneur of the Year Award. Creative Planning provides comprehensive wealth management services to high-net-worth clients, including investment management, financial planning, charitable planning, retirement plan consulting, tax planning, and estate planning services. Creative Planning currently manages over \$70 billion for clients in all fifty states.

