Erickson Wealth & Tax Management

Key Components to An Abundant Retirement

Safety and security are the most important components to managing your nest egg. Working with us includes three distinct companies, each providing independent services in managing your portfolio. **Erickson Wealth and Tax Management** serves as your financial advisor. It is our job to make sure that you have the best possible investment portfolio for your situation. We are required by law to act in your best interests, and we take that responsibility seriously.

Our co-advisor **Matson Money** handles the day-to-day responsibility of managing your portfolio. They use Free Market Funds which attain broad diversification, (over 12,000 securities in 42 different countries) into even very small, hard-to-reach markets. These funds are only available through accredited financial advisors who complete a three year coaching curriculum in order to prevent frequent trading.

Trust Company of America is your recommended custodian. They are like the bank; they hold your funds. They are also the institution to which any checks should be written for money to be managed. All three of these companies are independent entities. We all watch each other and we are all independently audited. The Washington State Department of Financial Institutions regulates Erickson Wealth and Tax Management. Matson Money is regulated by the SEC, and Trust Company of America is regulated by the FDIC.

We help you invest to maximize your retirement savings while controlling the risks you face. We also make taxes as painless as possible through efficient technology, IRS audit protections, and being here for you with proactive planning all year long.

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Investing Strategy

Our investing strategy does not rely on picking stocks or on getting in and out of the markets. In order to reduce long-term risk, both our stock and bond portfolios are truly global, including US and international. Specifically, here are the things we do that are different from most investment strategies, and different from what most investors would do on their own by just buying index funds.

1. Invest in small corners of the markets

We don't just invest internationally; we also invest in very small countries and constantly look to add new markets to the portfolio. In addition, we invest in small and overlooked companies within each country. Most mutual funds don't invest in these small corners of the markets, and in fact, in many cases they can't.

2. Weight these small corners of the markets heavily

If these small, overlooked stocks were weighted by how much impact they have on the total markets, they would not affect the portfolio much. The largest, most well-known companies have such a massive effect on the total markets that they essentially wash out the performance of smaller companies. So we weight the small corners of the markets heavily in order that their returns will affect your portfolio.

3. Invest in groups of stocks that don't always go up and down together

Each of the small groups of stocks we invest in, are individually riskier than the group of stocks representing the largest, best-known companies. The smaller stocks also have higher expect returns. However, different countries and different types of companies don't always experience ups and downs together. As a result, the groups of we invest in don't always go up and down together either. The result is that the risk of the overall portfolio of stocks is reduced, but the higher expected returns remain.

4. Buy stocks in large blocks to reduce costs and get discounts

In smaller areas of the markets, it is often hard to buy and sell as there are few traders. We are able to reduce the cost by buying in large blocks. Buying stocks this way allows our funds to get small discounts because the sellers are happy to find a buyer that will quickly acquire what they are selling. We do not pick stocks, though; we simply buy what is available on the markets at low cost.

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5. Rebalance daily within the funds with new money

Within the funds, we rebalance among all the corners of the markets daily, but we do it with new money coming in. That way, stock selling is kept to an absolute minimum. We only sell some stocks when one small corner of the fund really does well and needs to be pared down. This further reduces costs while keeping your portfolio in line with its stated objectives.

6. Rebalance quarterly among the funds

There are three mutual funds: Free Market International Equity (stock), Free Market US Equity (stocks), and Free Market Fixed Income (bonds). The three funds are automatically rebalanced quarterly which means that you will always be buying on relative lows and selling on relative highs.

What We Offer

- **Proactive Tax Planning**
- **Weekly Educational Opportunities**
- **One-on-One Coaching**
- **Investment Policy**
- **No Conflicts Of Interest**
- **Fee Only, No Commissions**
- **Complimentary Initial Consultation**

Our Fee

An independent study from Dalbar, (a financial services market research firm) has determined the average equity mutual fund investor has underperformed market return by greater than 5% per year. Our clients earn market returns less expenses, for a fee of .99% per year of the total assets you have under management with us.

The fee is paid quarterly out of the account; you will not have to write us a check. There are reduced fees on assets under management above $500,000. Compared to self managing your own index funds, cumulatively, all those advantages add up. And, we expect that the advantages will be worth more than the fee.

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