

## **WRONG TOOL FOR THE JOB**

Sam's wife died the year before he came to us to prepare his tax returns. His wife had been an executive in a large national firm. They had two small children.

After her death, Sam received about \$4,000,000 in life insurance, stock options, and deferred compensation. I offered to help Sam invest the money for the future financial security of himself and his children. Clearly he would never have to work again and his kids could get any education they wanted and start out their adult lives with tremendous advantages.

But Sam didn't see that money the way I saw it. He wanted to turn that money into a much larger fortune. He didn't understand that money is our servant, not our master, and that there was no reason to subject that money to excessive risk.

A year later, Sam came to me to do his taxes again. For that year, he had reportable capital losses of \$49,000 and passive losses of \$62,000. This was in a year of rising stock and asset prices. His money was beginning to slip away.

But he had an even bigger loss that was not yet reportable. Instead of working with me or some other financial planner, Sam had gone to a lawyer for investment advice. The lawyer recommended an investment to which Sam contributed \$800,000. The money promptly disappeared; the investment was a sham.

I again gently offered to help him move in the direction of viewing money as a means to an end, not as an end in itself. I reminded him that with the remaining funds he was free to enjoy life with his two daughters and have the peace of mind that they would never want for anything. I never saw him again.