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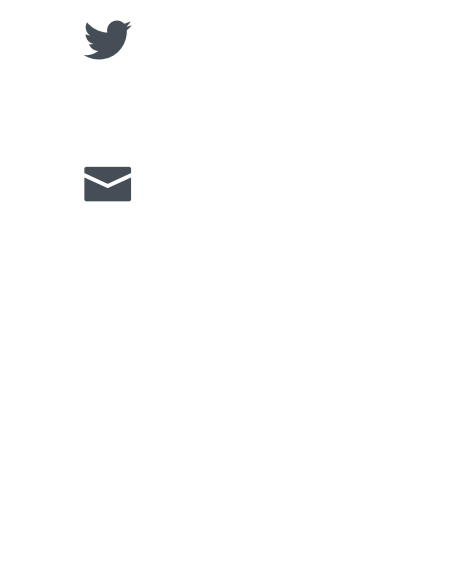
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S&P 500 3,807.14 -42.48 (-1.10%)	Dow 30 30,649.82 -287.22 (-0.93%)	Nasdaq 13,515.40 -110.66 (-0.81%)	Russell 2000 2,128.52 -21.34 (-0.99%)	Crude Oil 53.02 +0.41 (+0.78%)	Gold 1,844.70 -6.20 (-0.33%)
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Worth

What Is the Difference Between Portfolio Management and Financial Planning?

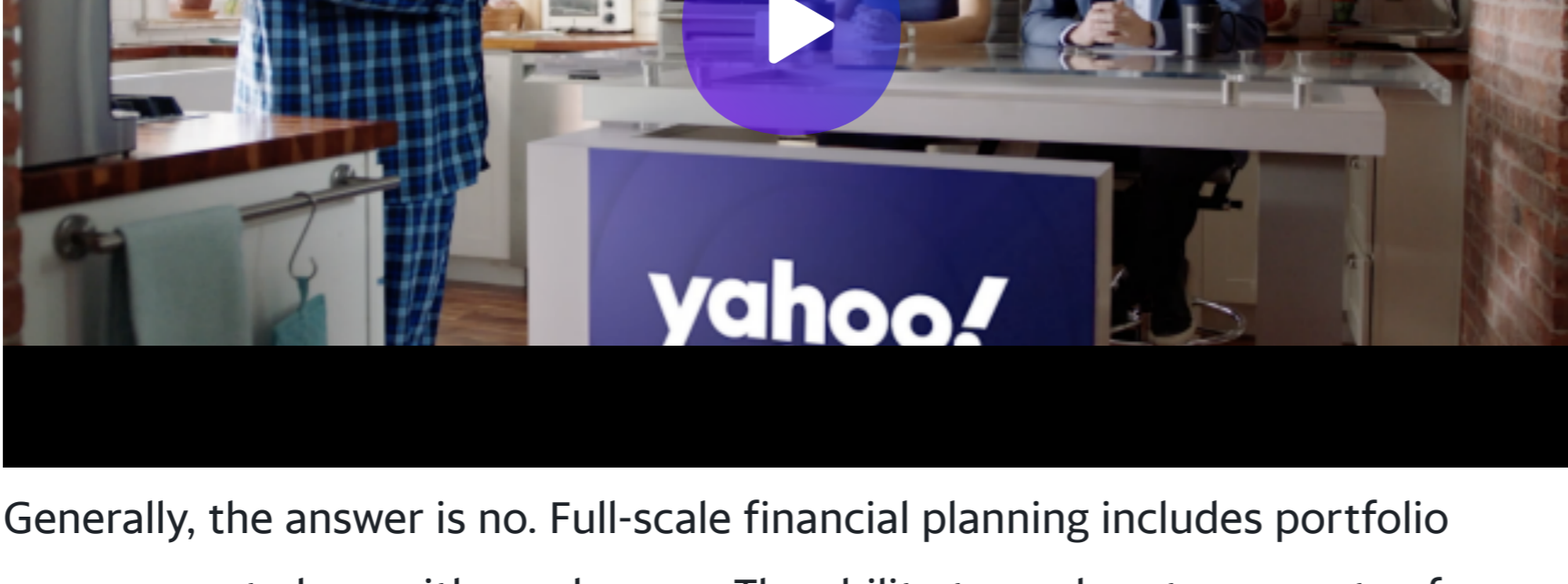


Mark Berger
Mon, January 25, 2021, 11:50 AM · 4 min read

Most people think that financial planning and portfolio management are the same thing. There is certainly some overlap but understanding the distinction between them is very important as you decide what type of financial professional you want to work with.

Specifically, portfolio management only focuses on the [investment portfolio](#) itself and not the bigger picture, such as tax strategies, retirement analysis, non-portfolio risks and estate/inheritance issues. Some people only need investment management, but the vast majority of people would benefit from having an advocate for their overall financial situation.

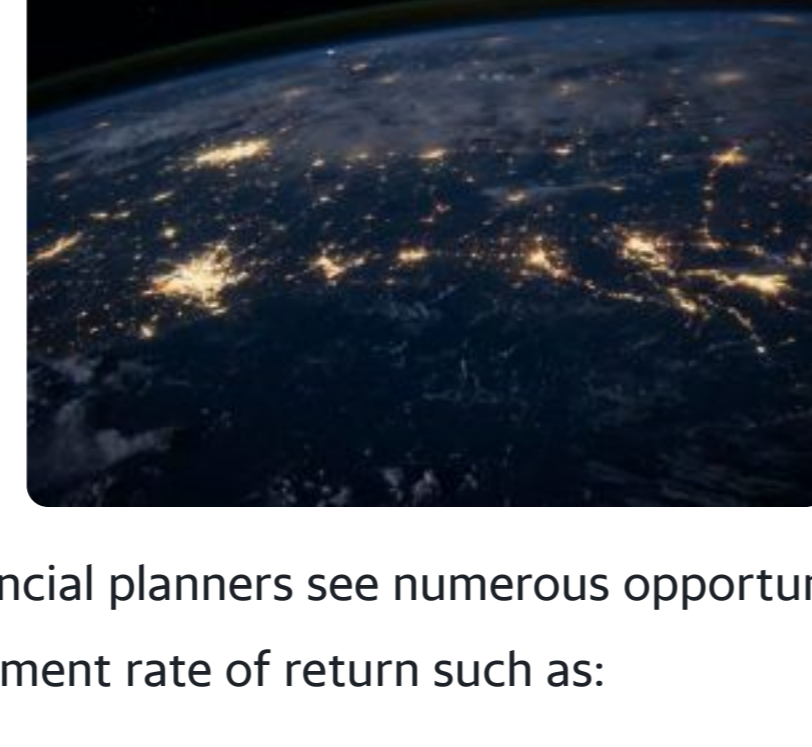
Is There Anything Included in Portfolio Management That Is Not Part of Financial Planning?



Generally, the answer is no. Full-scale financial planning includes portfolio management along with much more. The ability to analyze tax aspects of your investments alongside retirement needs, such as income and how to structure your investments for after tax retirement income, is extremely important.

Without the big picture view of someone's financial situation, it is nearly impossible to construct.

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Comprehensive financial planners see numerous opportunities to add value beyond sheer investment rate of return such as:

- Long-term income tax planning;
- Analyzing required rate of return on your investment portfolio in order to achieve your retirement goals, and
- Identifying risks and opportunities in the greater financial world.

A common scenario we see in the retirement planning process is when someone retires particularly early. Social Security does not start for most until their mid-60s, and the IRS does not require people to take money out of their IRA or 401(k) type of accounts until they reach 72, leaving several low-income tax years between retirement and required withdrawals. This can lead to completing Roth conversions, which moves IRA assets into Roth IRA assets. This creates a taxable event in a low tax bracket, enabling these assets to grow tax-free for the retiree and/or their beneficiaries for decades to come. This type of planning doesn't result in a higher rate of return on someone's

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GameStop shares close 92% higher, market cap now above \$10B

GameStop (GME) shares gained another 92% today to close at a record \$147.98 a piece in another clash filled session between reddit WallStreetBets and short sellers. The company's market cap is now over \$10 billion.

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In the old days, starting in 1994 with Bill Bengen's seminal study, financial advisers estimated how long your portfolio might last using historical returns and a safe withdrawal rate. For those unfamiliar, Bengen's research left us with the 4% rule, which is considered (rightly or wrongly) the holy grail of retirement planning in some circles. Then, starting in 2005, investment firms and advisers were given the green light to use...

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Michael Burry Calls GameStop Rally 'Unnatural, Insane'

(Bloomberg) -- Michael Burry's bullish stance on GameStop Corp. in 2019 is being laid the foundations for an epic retail-investor frenzy. Now the famed fund manager is warning that the rally has gotten out of hand."If I put \$GME on your radar, and you did well, I'm genuinely happy for..."

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