

The Investment Diaries

After my mother died, I came into a serious sum of money—and had no idea what to do with it

I DON'T COME FROM MONEY. My parents didn't have a "money guy." At best, they paid the bills and hoped for a fat return at tax time. So when a lump of cash landed in my lap at age 16—a \$300,000 wrongful-death settlement after my mother was bested by cancer—I had no investment experience, just a conviction that this money was a force to be corralled in order to make my life better going forward. But how?

Trial and Error

I ENTERED THE MARKET in bullish 1999, when securities appeared to be a license to print money. Lucky me, I had two big-shot brokers (family acquaintances I suspect wanted to help the girl whose mom died, although I had chump change compared to what they usually handled). They said I could be a millionaire by 30 with a simple formula: diversify across sectors, mix small and large capital stocks, buy low and sell high. I signed off on their picks. They were the experts.

Then the market turned, and in no time, I was down a nauseating \$80,000. I panicked, sold my losers, and fired one of the managers: a classic newbie knee-jerk reaction, but I felt like my choices were sell low or lose even more.

Taking Responsibility

I KNOW NOW THAT I didn't really understand risk, that the potential to earn big money comes with volatility. I also didn't believe a rebound would come. It did, of course, and by 2006 I'd bounced back enough to put a down payment on a condo and keep a sizable chunk invested.

Which brings me to this year. Around tax time, it became apparent that my broker really was treating my money like chump change (a



BY JULIA SCIRROTTO

I couldn't watch my life fund, maybe the only considerable money I'd ever have, slip away.

\$4000 IRA contribution languished, uninvested, for a year while the Dow rose more than 15 percent) while charging a premium.

I wouldn't tolerate such inattention from a boyfriend, and I couldn't accept it from a business adviser. So I dumped my last "expert" and decided to manage my portfolio through a firm with a self-service option (popular ones include e*trade, Fidelity, and Vanguard). They helped me identify my risk tolerance and an appropriate group of funds, and sent me home to do the trades on my own computer. Which felt about as simple as tuning up my own car.

I procrastinated—first for a week, then six. What if I bought all losers? How could I choose between similar-sounding mutual funds? What kind of treasury bonds did I need? Fortunately, I had an MBA friend who owed me for editing his grad-school application essays. In an hour-and-a-half on a rainy Sunday, he answered my questions, listened to my loose framework of a strategy, and showed me how to put it into action. He helped me find funds that got me exposure where I wanted it (some emerging markets, a mix of domestic stuff) with fees a fraction of what I'd always paid. For the first time, I felt like I actually understood something about investing—that win, lose, or draw, I had allocated my money in a way that made sense to me.

All my financial life, I'd assumed that money managers had some preternatural power to outsmart the market and keep my precious net worth from deteriorating. But I've learned that, at least at my level of investment, superpowers are an illusion. I don't need a get-rich-quick scheme, I need a return that mirrors the market and, with luck, does a little better now and then.

I've got big plans for my money—soul-expanding trips, retirement, and college for my hypothetical kids should I ever get my love life sorted out. For now, I'm comfortable working toward these goals on my own, being fiscally responsible for myself. Though it always helps to have an MBA friend on speed-dial.

TIME LINE »

1984 Geraldine Ferraro becomes the first female major-party candidate for VP! And loses in a landslide.

1986 The Supreme Court rules that sexual harassment in the workplace is illegal. Ass-smacking bosses take note.

1988 Candice Bergen's *Murphy Brown* premieres. VP Dan Quayle wets pants.

2007 Nancy Pelosi becomes the first female Speaker of the House. (Atta girl.)

