The Ford Mustang Mach-E and Fiduciary Bias

Make sure you and your advisor remain biased toward your best interests

The Ford Mustang was originally conceived by Lee Iacocca as a contest between Ford departments to come up with something "personal and sporty and that would appeal to women."

The Mustang debuted in 1964 with a price of $2,368, and first year sales were about 400,000. Within two years, one million Mustangs were sold, making the Mustang one of Ford's most successful models of all time.

Fast forward to the fall of 2019, and the iconic car is getting a dramatic makeover, as Ford announced the Mustang Mach-E as the first production-bound electric Mustang and the first Mustang crossover.

With a slew of customizable options, one version will travel up to 300 miles on a full battery. And the most powerful model, the Mach-E GT Performance, will be stuffed with 459 horsepower and accelerate from 0 to 60 mph in 3.5 seconds.

Stunningly, the Mustang is the only original model to remain in uninterrupted production for more than 50 years, through countless new developments, helping Ford sell over 10 million Mustangs since its debut. While the Mustang has undergone many changes over the past 50+ years, it is currently considered to be just its sixth generation. And if you look at pictures of that very first Mustang and the recently announced Mustang Mach-E, you will undoubtedly notice that Ford has retained a significant amount of bias with respect to its design.

And bias in Financial Planning is a good thing too. Especially when it is Fiduciary Bias.

The Mustang Bias

Is your financial advisor biased? To find out, just check one thing: Is the advisor human? If so, the advisor is biased. Once you've determined that your advisor is human, you need to assess an advisor's biases in evaluating the person's advice.

Even if someone created a supposedly objective robotic financial planner – let's call it Mustang R2-D2 – it would carry its programmer's biases. Because all providers of financial services have biases, including individuals and firms. The reality is that a dizzying array of factors, including personal backgrounds, professional training, and experiences in the industry shape proposed investment philosophies, compensation models and products offered.

What you must do as a potential client is evaluate the factors that will affect an advisor's biases. Then you can decide whether their biases will work in your favor.

The Fiduciary Bias

One bias to look for is objective financial advice that comes from a fee-for-service financial planner who has a fiduciary responsibility to represent your best interests.

As a consumer of financial services, it's best never to assume a given piece of financial advice is right for you. Instead, ask:

- Where's the bias?
- Is this person representing a particular industry?
- Does his or her income mostly depend on selling a product?
- Does he or she appear to hold a prejudice for or against a particular type of investment?
- If so, what's the likely reason?

Once you answer those questions, you are better able to decide whether the advice will serve your needs.

As a consumer, you're wise to hold onto one strong opinion of your own: to be biased in favor of your own best interests. That means taking any financial advisor's recommendations with a bit of healthy skepticism.

After all, the Ford Mustang might not be for you. You might prefer the Pontiac GTO or Dodge Challenger or another car altogether.