

# Certitude & Complacency

*"I am not certain, and you shouldn't be."*

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It's my world view. Certitude annoys me. With certitude comes over-confidence followed by hubris then by ruin and devastation. Such is the storyline of much of the world's mythologies and a countless number of biographies ending in tragedy.

Interestingly, complacency is the other side of the same coin. A trait much less obnoxious and boorish than certitude, complacency still makes casual, laissez-faire assumptions about the future that can also lead to disaster. It's just a different kind of certainty.

"The only thing we know about the future is that it will be different."

- Peter Drucker

Both certitude and complacency are behaviors to avoid particularly in our line of work, helping families administer, maintain and grow their wealth for themselves and future generations. Moreover, I would argue that while a pompous, condescending braggart is more annoying, a do-nothing, complacent person may put his or her family at greater financial risk.

With respect to certitude, I do appreciate that confidence and positivity are good things, necessary things for the prosperity of individuals, communities and all mankind. By and large, curmudgeons, Scrooge, Eeyore and their ilk, do not generate phenomena that greatly benefit societies. And, unquestionably, you should be certain about things that are within your grasp, your immediate sphere of experience, businesses or organizations where you are involved on a day-to-day basis. Indeed, great wealth is generated exclusively through risk-taking and concentration on one specific idea (e.g. Ford, Rockefeller, Carnegie, Walton, Gates, Bezos, etc.)

Yet, this productive trait of confidence and conviction sails into dangerous waters when it is applied to areas outside of one's expertise and to those occurrences that are much less predictable (i.e. the future). The highest hubris follows with your operating as a polymath and solopreneur of all things in your life, including those beyond the limits of your knowledge and proficiency. You've been an extremely successful doctor, lawyer, businessperson, astrophysicist, or what have you, so all other realms of human achievement likewise are available to you if only you applied the requisite effort and your personal acumen.

At Truxton, we sometimes see this characteristic in wealthy persons self-directing every facet of their personal financials and estate planning. Successful in other fields, they deem all matters of

accounting, investments, tax, insurance, real estate, and federal & state law as well within their grasp. They save money and stay in control by pulling all the strings, managing all the various specialists.

I equate this idea to that of a highly successful neurosurgeon (or software architect or whomever) deciding to build his own home, operating as his own general contractor. A great negotiator and a shrewd judge of character, he personally manages all the bids for each aspect of the home project, grading, foundation, framing, drywall, electrical, plumbing, mechanical, carpentry, cabinetry, roofing, gutters and so forth. He knows nothing about plumbing or gutters or anything and the subcontractors bidding on the work will know that he knows nothing about these disciplines. He can't judge a good bid with quality material and processes from a shotty bid where the subcontractor is incompetent or fraudulent or both. Yes, a general contractor charges a strong premium for managing all of these subcontractors, but he builds dozens of homes a year and understands every aspect of these projects with the same level of expertise that the neurosurgeon applies to all the nuances and details of performing brain surgery. Furthermore, a general contractor accepts the obligations of managing the issues that arise when one subcontractor blames another for an error, omission or complication. A general contractor sorts out the conflicts associated with "That's not my job." and "That's not my fault." And finally, a general contractor, having built many homes, is aware of all the little snags and pitfalls that commonly impact these projects. You get the picture.

But our neurosurgeon knows people. Moving back to the management of his personal finances and his estate plan, he already has an accountant, attorney, insurance guy and a broker, and he trusts these vendors. Yes, but, generous and competent as they are, these providers are not compensated to address the issues associated with our neurosurgeon in totality. While they can coordinate with the counterparties in the other fields, this idea is secondary to their chief end. They are primarily responsible for their specific jobs at specific points in time with our neurosurgeon just one of their many clients. So, there are lots of gaps in our neurosurgeon's financial planning, growing larger with each passing year.

Truxton Wealth works as a private wealth office for roughly 260 families. Like a general contractor, Truxton Wealth coordinates regularly with all the family's financial and legal specialists, holding them accountable, affirming their work, and we do so on an ongoing basis. Why? Because things change. Estate laws are revised; taxes shift and change; investments require pruning, reinvestment and rebalancing. And there are "life events." Children age and marry. Sometimes they divorce. Grandchildren appear. The neurosurgeon may divorce and remarry. Most alarmingly, health issues can surface at any time for anybody. Appreciate as well that these issues often come in bunches, not in an orderly manageable fashion, and might accompany emotional turmoil as when an unfortunate diagnosis is confirmed. Our omniscient

"The future has a way of arriving unannounced."  
- George Will

neurosurgeon skirts these concerns. He is in control until he is not, come what may.

But, again, our neurosurgeon is certain and confident, and he has an answer. He has a guy, perhaps his attorney, who is his backup should something untoward happen. Of course, the attorney is an expert only in his specific professional niche and is subject to execution foibles as well. How well informed can he be on all the various facets of the neurosurgeon's family dynamics, business obligations, investments, real estate, etc.? At Truxton Wealth, it is our core business purpose to know all these things about our client families. We employ upwards of 30 professionals, including accountants, attorneys, estate specialists and investment experts, coupled with regulators and auditors checking our work and over \$100 million in capital. We are process-driven to assure our clients that we are always there addressing their needs, complete with "checkups" at least annually to affirm current strategies and update the plan as needed. Our job, like that of a general contractor, is to provide our client on an ongoing basis with holistic, comprehensive solutions to the myriad of challenges of managing wealth and its intersecting complexities.

Finally, appreciate again that our neurosurgeon is very certain with insight into all things. So, it is likely that he has fixed, dogmatic views of good investments and bad investments, tying him and his family into rigid (often illiquid) investments that may or may not generate positive results. As a contingency in an uncertain world, Truxton investment professionals work hard to ensure that a client's wealth is appropriately aligned

with a return and risk profile designed for the client. Often there is less understanding by the client of the potential perils to their balance sheet and income. Indeed, lowering the risk profile of a client balance sheet through tax reduction, diversification and stronger cash-flowing investments is a fundamental activity of our firm. The goal is to build a balance sheet with an appropriate level of return balanced with durability and resilience, concepts different for every family and situation and often not discussed in detail at other wealth management firms.

Lastly, all of this brings us back to our complacent, compliant friends. These persons just do the bare minimum in terms of planning. Passivity marks all that they do and avoid doing. "We'll cross that bridge when we come to it." and "It will all work out." are family mottos. And while this detachment produces ostensibly less stress and much fewer tedious decisions, it can generate results that are worse than those initiated by our phrenetic neurosurgeon. While personally less noxious than the know-it-all, at least our neurosurgeon is attempting to plan, to address known and, perhaps, some unknown future occurrences. And as such, while the complacent person generates less attention, his/her planning transgressions are, in my view, greater and more embarrassing.

"You may delay, but time will not."  
- Benjamin Franklin

After all, the first years of the 21st century have generated a startling number of extraordinary occurrences including a devastating terrorist

attack on US soil, a global financial crisis, a global pandemic, foreign government sponsored cyber-attacks and nationwide riots at a level unmatched in the last 50 years. We add to these events alarming and remarkable increases in international conflicts and tension and broad swings in U.S. tax, legislative and regulatory actions. Conversely, the last two decades have also seen the launch of several transforming technologies including smartphones, artificial intelligence, social media, CRISPR (gene editing), and cloud computing, to name a few. As all of us do, I want my family

“The future ain’t what it used to be.”  
- Yogi Berra

income and balance sheet to have strength in times of turmoil and buoyancy during prosperity.

Maintaining a static stance in the midst of all these changes seems egregiously inappropriate. Surely, one can appreciate that less attention rarely generates an optimum outcome.

Finally, in truth, most people have a bit of both certainty and complacency in their planning and finances. We are hesitant to move forward on issues that we don’t quite understand, may require challenging decisions, or may be costly. We are more certain of items within the scope of our past experiences or those of family and trusted friends. The one thing that I am certain of is that I don’t have all the answers. (Heck, I don’t even know all the questions.) And I am certain that it is best for me and my family that I get a trusted, robust, sophisticated general contractor for the management and administration of my wealth, Truxton Wealth. ■