



Sather Financial Group



BUSINESS PROFESSIONALS AND FINANCIAL ADVISORS, INTERVIEWS, INVESTING

WHY PANIC SELLING COSTS INVESTORS MILLIONS – INSIGHTS FROM DAVE SATHER, CFP® & CEO OF A \$2B ADVISORY FIRM

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The stock market has a way of stirring up strong emotions, especially when headlines scream about record highs or sudden crashes. But reacting to fear or hype can be one of the costliest mistakes an investor makes.

Dave Sather, CFP®, has built a career and a \$2 billion advisory firm on successfully guiding clients through booms, busts, and everything in between.

His advice? Step back from the noise, focus on what actually drives long-term value, and resist the urge to follow the crowd.

His message is refreshingly straightforward: discipline beats hype.

In this insightful interview, Sather shares why chasing fads or selling in a panic rarely ends well, how disciplined planning can protect you from costly missteps, and why “cheap” investments aren’t always the best ones.

You’ll hear practical strategies from maximizing tax-advantaged accounts to keeping your estate plan current that help clients weather market volatility without sacrificing growth.

About Today’s Guest: Dave Sather

Dave Sather is the founder and CEO of the Sather Financial Group, a strictly fee-only, fiduciary wealth management firm that has grown to over \$2 billion in assets without sales staff or advertising—just a commitment to doing what’s best for clients.

With more than 30 years in the business, Sather works with disciplined, often entrepreneurial clients who value straight talk, deep research, and long-term thinking over market fads.

His team includes multiple CFP® professionals, a CPA, and advanced degree holders, all encouraged to challenge each other and bring their best ideas forward.

Whether helping a family navigate retirement cash flows or guiding a business owner through complex estate planning, Sather’s goal is simple: protect and grow wealth while keeping clients focused on what truly matters.

Interview with Dave Sather

What is one of the biggest financial mistakes you see people make before they come to you?

They chase the fad of the day or what their neighbor is doing. Greed and envy. There is a perception that all stock market investments are the same, this is not the case.

They are not disciplined. As such, they prioritize spending over saving and investing.

They confuse “cheap” with good. Even if an index fund is “cheap,” it doesn’t mean it is appropriate.

Unfortunately, much of the news media makes it seem as if anyone can do this. And much of it they can...if they are disciplined. But it is some of the more subtle things that add value, such as integrating a bypass and generation skipping trust into an estate plan. Or, managing net unrealized appreciation stock from a retirement plan or properly sizing a liability umbrella. Understanding the tax implications of various assets and account types has enormous implications.

Again, it gets back to the simple stuff versus the complex stuff. If you are young and healthy, you can probably get by without seeing a doctor on a regular basis. So you can save a few bucks taking the cheap path. However, if you need a cardiologist and a neurologist, doing it yourself will result in really bad outcomes. Is the supposed savings worth it then? No. Our world is no different.

What’s one simple tip you’d give to someone who wants to feel more in control of their finances?

Take advantage of 401k with match. It’s free money.

Right-size your life such that you never keep a balance on a credit card beyond 30 days.

Make sure you have six to nine months of emergency money that is accessible within 24 hours.

Rent versus buy.

Buy three-year-old cars and drive them until the wheels fall off.

Don't let material possessions rule your life.

What's a common myth about financial planning or investing that you wish more people understood?

Cheap does not mean good. Even if you go the Index Fund or ETF route... which one will you choose? There are literally thousands of funds and they are all different. How will you build the allocation? How often will you rebalance? How will you stay on top of the valuations?

There has to be balance. We see the two extremes—those that want to day-trade and those that think overt cost is the only thing that matters. Both miss the point.

For someone in their 30s or 40s making good money, what should they be prioritizing right now?

Pay down debt. If you have debt at 2% or 3%, maybe there's an argument for having low-cost, long-term debt (ie: a 30-year mortgage).

However, if you are borrowing at 6% or more... then paying that down is the same as earning a guaranteed return of 6%.

Secondly, don't miss out on 401k match. As mentioned previously, it is free money.

Thirdly, don't feel the need to buy a house. A house starts every year with a negative return of about 5% once taxes, maintenance and insurance costs are factored in. A house is illiquid.

Although we all need to live somewhere, a house is a terrible long-term investment.

Make sure your estate plan is up to date. Bad things happen when we least expect it. Have a competent will, power of attorney, power of healthcare and directive to physicians.

While young and healthy, get a 30-year level premium term life insurance policy. Do not get a Whole Life, Universal Life or Variable Life policy. Get this coverage on a husband and wife regardless of who earns the income. Size it large enough to pay off all debts and get kids through college. We usually start with a \$1 million policy on each spouse.

What's one thing you wish more people didn't put off until "later"?

Again, the earlier you emphasize saving and investing, the easier it is later in life. All of that gives you more options later.

Travel. However, instead of dropping a fortune to fly overseas, go visit the state and national parks. There are many ways you can travel on a budget, but still have the physical capabilities.

Do engaging things with your kids while they are young and impressionable. Your kids don't care about over-the-top stuff. They want your focused attention. As such, focus on time together...not material possessions.

What tools or strategies do you use to help clients minimize taxes and grow wealth over time?

Fully fund Roth 401k. Although you may think you want the upfront tax deduction of a traditional 401k, the long-term exempt growth is far more valuable. Plus, most younger people are not in a high tax bracket.

Fund a Roth IRA for you and your spouse.

If you still have additional savings capacity, fund an HSA, if possible, such that you invest the money for long-term growth.

Regarding your taxable portfolio, own assets you can hold for long time frames (decades) so you can benefit from tax deferral. If you do have losses, trade around them to harvest the economic benefit of a losing position.

Can you share a quick success story (anonymized of course) of how planning made a difference for a client?

I have been in the business for 30+ years now. As such, there are many, many success stories. However, the most rewarding, and challenging, emanate during moments of extreme crisis.

In 2000-2001 the S&P 500 fell 60% over a two-year period. People thought tech stocks would climb forever. As such, greed overtook logic. Helping people to think logically about how investments work helped them to focus on long-term goals and to make better decisions. Instead of owning the “cool” stock of the day, we owned businesses like Johnson & Johnson, Budweiser and Proctor & Gamble. They were trading for very low multiples. Even Berkshire Hathaway had fallen by 50% leading up to the “Tech Wreck” as Buffett’s style was very out of favor.

All of these assets went on to create significant downside protection for clients as well as long-term growth. As such, our clients had positive returns during the “Lost Decade.”

Similarly, 2008 – 2009 created similar drawdowns along with pain and hardship. Again, the S&P 500 was down approximately 60% over a two year period. That should be a reminder that the “cheap” solution of index funds can deliver incredibly volatile results. If the market falls by 60%, you will fall a similar amount.

If people don’t understand how and why their investments work, they will abandon the most logical of strategies.

In March 2009 one of our clients, Thomas, was suffering from the mental punishment of the news cycle. He wanted to sell everything.

I asked him to meet for lunch.

We pulled into a Walmart parking lot.

Thomas said, wow, we are having lunch here? Things are worse than I thought.

I told him I was going to ask him three questions. And after walking through those he could decide if he wanted to liquidate his portfolio.

He said ok.

My first question, “Are there cars in the parking lot?”

He looked at me like I had lost my mind. He said, “Of course, this is Walmart.”

We went in the store.

My second question, “Are there people shopping?”

He rolled his eyes. “Yes.”

My third question, “Are they paying for their groceries and other stuff?”

Slowly, he responded, “Yes.”

Over lunch, we discussed how the economy works and that the valuation of businesses can be significantly out of sync with the day-to-day activities of the stock market. However, over long time frames, business valuations follow their earnings.

We headed back to my office. I pulled out a ValueLine report for Walmart.

We reviewed Sales, Cash Flow, Earnings and Dividends for every quarter over the last several years.

Although Walmart’s stock was down 36%, all these key categories were improving every quarter.

I asked Thomas if he thought the Walton family were selling Walmart stock in a panic. He replied, “No.”

So we then checked SEC filings to see if key insiders were selling. They were not. But several were buying.

Given this, I asked Thomas, “If insiders are buying and the data keeps getting better, do you still want to sell?”

He replied, “No.”

He didn’t sell and his portfolio recovered. It helped Thomas focus on things that matter and things that drive value.

I also told Thomas, and many other clients, that they should only watch thirty minutes of news in the morning and turn it off after that. Go for a walk, go to the golf course. We don’t care. But if you sit and watch the “news” all day you are being assaulted by companies whose job is not to educate you, but rather to sell you advertising.

Do you have a financial philosophy or guiding principle you follow when advising clients?

There is nothing more intimate to discuss with a stranger than their money. As such, mandate number one will always be “put the needs of others first.” Do what is best for people. If you do that, everything else falls into line.

It is sad, and amazing, but doing what is best for people is such a rare business model. Most have sales goals as their primary mandate.

If you make a mistake, identify it and the value of it. Go to the client and tell them what it is and then offer a proposed solution. In the last 26 years, we have never had a client turn down the proposed solution. The end result is the client is treated fairly and the relationship is respected.

If you are willing to take the high road... it may take longer... but it is a phenomenal business model.

What are the main services you provide to your clients?

We are a bit unique in that we provide both strategic planning as well as investment management. I realize everyone provides a level of “asset allocation”, but most financial advisors aren’t the ones actually breaking down investments and managing the portfolios. However, we have found this is vital to helping people. If we don’t know the research that went into why a given asset is in a portfolio, clients have a hard time understanding why they should stick with that plan.

So we are very proactive on the portfolio management side.

However, we have never met a high-net-worth person who only has “investment” needs. In broad generalities, they also have needs in the estate planning, retirement, risk management and taxation areas.

There is also another bucket we title “large ticket items.” The large tickets are boats, planes, businesses, ranches, college, etc. If we can provide intellect and insight into how to evaluate and execute upon those needs, we add a lot of value to the relationship.

We have also had a policy since the beginning more than 26 years ago, if you are going to trust us with your life savings... we are not going to charge extra for these “planning” services. As such, the more a client calls to ask for help, the more value they get from the relationship.

Big money center institutions often have a minimum \$25 million value to access their services. Most of those clients often have a family office.

That is fine, but people with \$1 million to \$25 million have similar needs, but don’t have the luxury of an in-house family office. Recognizing this, we attempt to coordinate and facilitate those needs. This creates a lot of value with our clients, whether they have \$1 million, \$100 million, or more.

What do you feel sets you apart from other financial planners or advisors?

As stated previously, we actually manage our own portfolios. We find most firms do one or the other....planning or investment management. The planners just outsource investment management to a series of mutual funds. And the investment people don’t really understand the planning side. We struggle to understand how you can properly serve a client if you are not highly proactive on both sides.

We are strictly fee-only and fiduciary. It is estimated that less than 5% of the people/firms in the US are fee-only (not fee-based) and a fiduciary. To us, there is simply no other format under which we would be willing to operate. You have to be able to look a client in the eye and tell them, “We are legally obligated to do what is in your best interest and this is exactly what our fee is and how it is calculated.”

Because of our fee-only/fiduciary mandate, we have grown the firm to more than \$2 billion in assets with no sales staff and no advertising. If we put the needs of others first, everything else takes care of itself. This is a much harder business to develop and scale. But once it is built, it is a wonderful machine for putting the needs of clients first.

How do you tailor your advice to each client’s personal goals and situation?

We ask a lot of questions. Most of our discussions are more like therapy sessions. You are trying to figure out how best to help a person or family. An initial conversation with a person will last 2 – 4 hours. From that, you should have volumes of opportunities to help a person in a personal and meaningful way.

Portfolios are also customized based upon a variety of needs. If we do a deep research dive into Pepsi, for instance, it is likely that Pepsi will land in many of our portfolios. However, that one position still has to be complementary to the liquidity and cash flow needs...as well as growth needs of a portfolio. This will further be impacted by cash flows into or out of a portfolio. And then we will take into consideration tax positioning, not only of that position, but of the client as a whole.

We are also very proactive in helping clients understand how much money they can withdraw from portfolios in retirement. Once a client has been retired a short while, their professional contacts move on. As such if they make a huge financial mistake at that point it can be catastrophic. For that reason, we approach the timing of retirement, and the associated cash flows, to have a very narrow window for success.

This is a very difficult dynamic when all you have been told your whole life is “save, save, save.” And then you wake up, in retirement, having to determine “how much can I spend and not blow myself up.....and still overcome taxes and inflation.”

Managing cash flows for clients and offering direct advice and input in retirement has been one of the most important things we have excelled at over the last 20 years. The behavioral finance side of the industry is really important in managing these needs. If a client has spent

40 years accumulating wealth, it is often uncomfortable for them to begin to spend. With our help, we are able to walk them through how and why they should be comfortable spending at reasonable levels.

How do you stay up-to-date with changes in tax law, markets, or retirement strategies?

We read a lot. Furthermore, there are now eleven people in the firm. We have multiple CFP's, CPA, masters degrees. It is important to surround yourself with people who are smarter than you are and who are encouraged to challenge you. We are pretty comfortable saying, "I don't know or I'm not sure." And then follow it up with research.

What inspired you to become a Certified Financial Planner?

When I got into the business, I wanted something that conveyed a higher level of professionalism. As such, I wanted a recognized differentiator that indicated I was not only more serious, but better prepared to help people. The CFP designation was by far the most obvious differentiator. Also, it should be a given, but the CFP program helped me to be better educated which allowed me to help people in many ways.

What types of clients do you typically work with?

Obviously, it is all types. But they are all disciplined and often entrepreneurs. If you go back and read the book *The Millionaire Next Door*, our clients are in there. They are hardworking people who are often running an oil and gas services company, a machine shop or a salvage yard. They are typically under the radar as they wear boots and blue jeans and drive a pickup truck.

Often, they live in a small town where their cost of living is much lower than the big cities. As a side note, young people these days really overlook the benefits of living in a small community.

Our clients are busy running their business and need help coordinating the professional aspects of their world. Given this, we become an extension of their operations....we are often an outsourced CFO.

Where can people learn more or connect with you if they're interested in working with a CFP?

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Conclusion

Panic and impulse rarely lead to good investment decisions and Dave Sather's career is proof that discipline pays off. The sooner you put a clear, thoughtful plan in place, the more options and stability you'll have down the road.

As Warren Buffett puts it, *"The best time to plant a tree was 20 years ago. The second-best time is now."*

If you want your money to work as hard as you do, the time to start is today.

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◀ MARKET VOLATILITY ◀ RETIREMENT PLANNING ◀ TAX-EFFICIENT INVESTING ◀ WEALTH MANAGEMENT