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YOUR MONEY

A Dying Banker's Last Instructions

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BURLINGAME, Calif.

There are no one-handed push-ups or headstands on the yoga mat for Gordon Murray anymore.

No more playing bridge, either — he jokingly accuses his brain surgeon of robbing him of the gray matter that contained all the bidding strategy.

But when Mr. Murray, a former bond salesman for Goldman Sachs who rose to the managing director level at both Lehman Brothers and Credit Suisse First Boston, decided to cease all treatment five months ago for his glioblastoma, a type of brain cancer, his first impulse was not to mourn what he couldn't do anymore or to buy an island or to move to Paris. Instead, he hunkered down in his tiny home office here and channeled whatever remaining energy he could muster into a slim paperback. It's called "The Investment Answer," and he wrote it with his friend and financial adviser Daniel Goldie to explain investing in a handful of simple steps.

Why a book? And why this subject? Nine years ago, after retiring from 25 years of pushing bonds on pension and mutual fund managers trying to beat the market averages over long periods of time, Mr. Murray had an epiphany about the futility of his former customers' pursuits.

He eventually went to work as a consultant for Dimensional Fund Advisors, a mutual fund company that rails against active money management. So when his death sentence arrived, Mr. Murray knew he had to work quickly and resolved to get the word out to as many everyday investors as he could.

"This is one of the true benefits of having a brain tumor," Mr. Murray said, laughing. "Everyone wants to hear what you have to say."

He and Mr. Goldie have managed to beat the clock, finishing and printing the book themselves while Mr. Murray is still alive. It is plenty useful for anyone who isn't already investing in a collection of index or similar funds and dutifully rebalancing every so often.



JIM WILSON/THE NEW YORK TIMES

Gordon Murray, left, and his co-author, Dan Goldie, in Burlingame, Calif. Mr. Murray has a form of brain cancer.

But the mere fact that Mr. Murray felt compelled to write it is itself a remarkable story of an almost willful ignorance of the futility of active money management — and how he finally stumbled upon a better way of investing. Mr. Murray now stands as one the highest-ranking Wall Street veterans to take back much of what he and his colleagues worked for during their careers.

Mr. Murray grew up in Baltimore, about the farthest thing from a crusader that you could imagine. “I was the kid you didn’t want your daughter to date,” he said. “I stole baseball cards and cheated on Spanish tests and made fun of the fat kid in the corner with glasses.”

He got a lot of second chances thanks to an affluent background and basketball prowess. He eventually landed at Goldman Sachs, long before many people looked askance at anyone who worked there.

“Our word was our bond, and good ethics was good business,” he said of his Wall Street career. “That got replaced by liar loans and ‘I hope I’m gone by the time this thing blows up.’”

After rising to managing director at two other banks, Mr. Murray retired in 2001.

At the time, his personal portfolio was the standard Wall Street big-shot barbell, with a pile of municipal bonds at one end to provide safe tax-free income and private equity and hedge fund investments at the other.

When some of those bonds came due, he sought out Mr. Goldie, a former professional tennis player and 1989 Wimbledon quarterfinalist, for advice on what to buy next. Right away, Mr. Goldie began teaching him about Dimensional’s funds.

The fact that Mr. Murray knew little up until that point about basic asset allocation among stocks and bonds and other investments or the failings of active portfolio management is shocking, until you consider the self-regard that his master-of-the-universe colleagues taught him. “It’s American to think that if you’re smart or work hard, then you can beat the markets,” he said.

But it didn’t take long for Mr. Murray to become a true believer in this different way of investing. “I learned more through Dan and Dimensional in a year than I did in 25 years on Wall Street,” he said.

Soon Dimensional hired him as a consultant, helping financial advisers who use its funds explain the company’s anti-Wall Street investment philosophy to its clients. “The most inspirational people who talk about alcoholism are people who have gone through A.A.,” said David

Booth, Dimensional’s founder and chairman. “It’s the people who have had the experience and now see the light who are our biggest advocates.”

Playing that role was enough for Mr. Murray until he received his diagnosis in 2008. But not long after, in the wake of the financial collapse, he testified before a open briefing at the House of Representatives, wondering aloud how it was possible that prosecutors had not yet won criminal convictions against anyone in charge at his old firms and their competitors.

In June of this year, a brain scan showed a new tumor, and Mr. Murray decided to stop all aggressive medical treatment. For several years, he had thought about somehow codifying his newfound investment principles, and Mr. Goldie had a hunch that writing the book would be a life-affirming task for Mr. Murray.

An investing strategy that shuns active money management.

“I had balance in my life, and there was no bucket list,” Mr. Murray said. “The first thing you do is think about your wife and kids, but Randi would have killed me having me around 24/7. I had to do something.” The couple have two grown children.

And so he has tried to use his condition as a way to get people to pay attention. The book asks readers to make just five decisions.

First, will you go it alone? The two authors suggest hiring an adviser who earns fees only from you and not from mutual funds or insurance companies, which is how Mr. Goldie now runs his business.

Second, divide your money among stocks and bonds, big and small, and value and growth. The pair notes that a less volatile portfolio may earn more over time than one with higher volatility and identical average returns. “If you don’t have big drops, the portfolio can compound at a greater rate,” Mr. Goldie said.

Then, further subdivide between foreign and domestic. Keep in mind that putting anything less than about half of your stock money in foreign securities is a bet in and of itself, given that American stocks’ share of the overall global equities market keeps falling.

Fourth, decide whether you will be investing in active or passively managed mutual funds. No one can predict the future with any regularity, the pair note, so why would you think that active managers can beat their respective indexes over time?

Finally, rebalance, by selling your winners and buying more of the losers. Most people can’t bring themselves to do this, even though it improves returns over the long run.

This is not new, nor is it rocket science. But Mr. Murray spent 25 years on Wall Street without having any idea how to invest like a grown-up. So it’s no surprise that most of America still doesn’t either.

Mr. Murray is home for good now, wearing fuzzy slippers to combat nerve damage in his feet and receiving the regular ministrations of hospice nurses.

He generally starts his mornings with his iPad, since he can no longer hold up a newspaper. After a quick scan, he fires off an e-mail to Mr. Goldie, pointing to the latest articles about people taking advantage of unwitting investors.

The continuing parade of stories does not seem to depress him, though. Instead, it inspires him further, bringing life to his days. “To have a purpose and a mission for me has been really special,” he said. “It probably has added days to my life.”

In a cruel twist, one of Mr. Murray’s close friends, Charles Davis, chief executive of the private equity firm Stone Point Capital, lost his son Tucker to cancer earlier this year. In his last several months, Tucker was often on the phone with Mr. Murray.

“Gordon has a peace about him, halfway between Wall Street establishment and a hippie,” Mr. Davis said. “It was clear that he and my son could talk in a way that very few people can, since they were in a pretty exclusive club that nobody really wants to join.”

Mr. Murray managed to outlive Tucker, but he does not expect to see his 61st birthday in March. Still, he didn’t bother memorializing himself with a photograph on his book cover or even mention his illness inside. “I’m sick of me,” he said.

But he plays along with the dying banker angle, willing to do just about anything to make sure that his message is not forgotten, even if he fades from memory himself.

“This book has increased the quality of his life,” Mr. Davis said. “And it’s given him the knowledge and understanding that if, in fact, the end is near, that the end is not the end.”