

Choosing a Financial Advisor and Feeling Comfortable

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“Here’s what we know:

- Women are living longer than ever – On average women live about 5 years longer than men do.
- What’s more, fifty percent of married women over the age of sixty-five are outliving their husbands by a staggering fifteen years.
- Women are taking control of their finances more than ever – Women represent nearly half of all investors with \$100,000 or more in investable assets.”¹

So consider asking for help. Each of you are capable of managing your finances on your own. However, getting professional guidance will be worth the time and effort. Remember, your financial advisor will give you something that is very difficult for you to give yourself: objective feedback on how you are doing.

The stakes are high; you are giving this person access to your finances. You need to choose a professional that you see yourself working with for a long time-perhaps even the rest of your life....it is your future.

Selecting an Advisor is a tough decision. How do you know whether you chose the right one? Here are some areas to consider:

- Integrity. Generally speaking, most advisors maintain moral and ethical codes in his or her business practices. Do some homework. Does the firm have a compliance department? This area oversees all employees to ensure their actions are held to the highest ethical and legal standards when it comes to investing and money management. Also, during your first meeting, ask questions such as how do you handle bad news? You do not want an Advisor who just wants to make you happy. You want an Advisor who will contact you immediately versus avoiding the situation hoping it will go away. Make sure your best interest is at heart.
- Competence. Don’t hire an Advisor solely based on personality – nice, personable, and well-connected. Look for professional designations and advanced degrees such as a master’s degree, Certified Financial Planner, Personal Financial Specialist, Chartered Financial Consultant, and/or Chartered Financial Analyst. An Advisor having these credentials means – one, it took many years of

¹ Women’s Financial Network 2000-2007

study and testing to attain; and two, it requires continuing education. The financial arena is very complex, filled with tax laws and investment products and it is important that your Advisor be well informed.

- **Rapport.** Your relationship with your Advisor is more than statements, net worth, performance, expenses, and tax returns. It is about your dreams, hopes, fears, values, and goals. You need to be very open and candid; otherwise, how will the two of you be successful in doing what is best for you. Keep in contact. The Advisor is an extension of your family. You, too, have a responsibility to inform the Advisor of major life changes – marriage, children, retirement, or divorce.
- **Investment Philosophy.** Understand the Advisor’s long-term plan or strategy, investment style, and tolerance for risk. The Advisor should be able to explain this easily and in simple terms. You need to make sure you are a good fit or the relationship can turn out to be frustrating and expensive.
- **Process and Strong Support Team.** Is there an in-depth process to identify your specific goals, selecting asset classes to invest in, creating allocations best suited for you, implementing the allocations using the most effective and efficient vehicles, monitoring performance, and lastly, adjusting to changes when necessary. In addition, how many people help support the Advisor to ensure you receive the attention and service you deserve or is the Advisor a one-person shop. A good Advisor will surround him or herself with a strong support team.
- **Performance.** Your investments should perform like their respective asset classes. Look at a minimum of five years of past history; and the farther back, the safer the projections will be. Your investment allocation should not be dramatically different from the market weighting. An Advisor should not be solely judged on performance, but also, on how much risk was taken to get the performance.
- **Pricing.** An important factor. Every one has heard of the expression “you get what you pay for.” There are several ways for an Advisor to charge a fee – commission base, flat annual fee, hourly fee, fee on assets managed approach or a combination. Get the Advisor to explain how they are compensated and what their services will cost you. The optimal approach is to align the advisor and the client towards mutual goals. A good advisor should be well compensated.
- **Go with your Gut.** At the end of the day, after you have interviewed the Advisor and contacted the referrals of satisfied clients, ask yourself deep down inside are you comfortable with this person? Is this someone you can trust? Are you able to open up? The answer should be yes. If not, you have not found your trusted advisor.

I hope this makes your search for a lifelong Financial Advisor easier.