

How to Find the Right Trusted Advisor

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Finding a Trusted Advisor

When to Contact a Professional

Not everyone is meant to work with an advisor. In fact, many people who have advisors may not be getting acceptable returns for their services. If you don't have one, look into it.

If you have an advisor who knows you, understands your situation intimately, and has the business model to support your current and future needs, you are fortunate. Whereas—let's say it nicely—if you have one who's never bothered to get to know you (your goals, causes, personality, etc.) *before* this transition, then he or she may not be the right advisor for you moving forward.

Generally, the more assets and accounts you have, the more you stand to gain through hiring a professional, especially one with expertise in both investment management and advanced planning. Planning can be especially useful, because it provides a way for all your financial assets to work more efficiently, eliminating waste and strategies that overlap or counteract each other.

One of the things I advise when choosing a professional is to first compare your assets and desired services to their typical client. One circumstance that happens too often is, as advisors' clienteles grow, the levels of service and quality of advice suffers. You want to protect yourself against this risk.

- If you find you have *fewer* assets or less complexity versus your advisor's typical client, you risk getting lost in the shuffle. Maybe this means your account isn't watched as closely, or you don't hear about the latest strategies that may apply to your situation.
- If you find you have *more* assets and complexity versus your advisor's typical client, you risk not having access to the expertise and resources you may not even know you require. Maybe this means you get exceptional attention and personalized service, but it may be at the expense of deep experience and expertise. Or maybe it means your advisor is using your accounts to expand his or her knowledge (i.e., you are an experiment or a test case).

Many advisors, such as myself, have moved to a team-based business model to better serve their clientele as it scales without sacrificing personalized service, depth of expertise or quality of advice.

It's important to ask prospective advisors to describe their typical clients, other types of clients they hope to attract, and how your situation compares to each.

People with small amounts to invest may not need to engage with a professional unless they have little knowledge of the arena or little time or inclination to learn. Investment products and access to advice have evolved so much over the years that small investors—with a little education and guidance, say from a trusted friend or family member with demonstrable experience—can make their own decisions and save some fees in the process. Many online sources have risk tolerance questionnaires, which point you to a pre-defined mix of investments. However, please keep in mind that when it comes to personalized service, a professional's input is invaluable.

Top 3 Reasons to Hire a Professional

1. When you don't know if you can reach your goals

Even if you are excellent at goal-setting and spreadsheets, professionals usually have more experience and better tools to accurately gauge your financial situation, make projections and offer advice.

Monte Carlo projection tools are a good example. These tools are becoming standard because they help account for market volatility and its effects on your portfolio. Doing projections with Excel or using a constant interest or return assumptions do not provide the most accurate results, because they do not account for the market's ups and downs, which can build or erode value inconsistently from decade to decade.

These projection tools aim to prepare you for unexpected possibilities—like, say, you happen to retire right before a major "black swan" event like a terrorist attack, government shutdown or social upheaval that causes a major market correction. In other words, these tools help you plan for the unplannable so you are prepared for unpredictable events. Monte Carlo simulations are the minimum technology you can deploy to understand whether there is a gap between your goals and resources. These tools help us determine whether you can reach the goal and how long in general your money will last.

Learning to operate the initial projection is the price of admission. Most professionals know how to use the program to do more advanced studies and better understand factors that affect the program and your projections. However, even the results of these tools should be taken with a grain of salt, because no projection tool is perfect. Strategies tend to change over time, so while using such





projections is valuable, you and your advisor should constantly challenge your projections and look for new ways to affirm you're on the right path.

2. **When you need advanced planning (i.e., when you don't know what you don't know)**

Advanced planning comprises all your finances and portfolio decisions. It should cover items such as:

- **Wealth Enhancement Strategies**—tax mitigation, benefits analysis, debt and cash management.
- **Wealth Preservation**—insurance recommendations, liability measures.
- **Wealth Transfer and Giving**—estate planning, preparing heirs, planning for parents, philanthropic options.

Planning in these areas helps you answer questions such as:

- How can I save the most in taxes today?
- Is it better to pay more taxes today because money lasts longer?
- How and at what age should I take Social Security or pension income?
- What are the best ways to fund the cost of children's or grandchildren's college?
- Where is the best place to save money (pre-tax, after-tax, tax-free, tax-deferred) for my goals?
- Which accounts should fund my lifestyle needs and how (in what order)?
- How much and what type of life insurance do I need?
- What can be done to help protect my portfolio from the rising healthcare costs and aging-related expenses?
- How might my parents' needs affect my portfolio?
- How can I help protect my portfolio against liability or being unjustly taken?
- What is the best way to transfer my assets upon death?

- Would changing my strategy or investment approach give me a potentially better long-term result?
- Is there a better way to gift money to certain causes I feel strongly about?

Today, even with advancements in technology, it often takes a live human, as opposed to a software projection, to accurately identify, calculate and define your situation and answer the questions that matter most to you.

3. When you're concerned the level of wealth management you're getting is inadequate

Over the years and with advances in technology, investment management has become more standardized. There are a few things I deem important to separate general investment advisors from wealth managers who routinely work with high-net-worth clients. Knowing the definitions of the items below isn't as important as knowing the specific terminology to discuss with your wealth manager, so please have a comprehensive discussion with all prospective professionals about your access to:

- Top-flight institutional managers
- Various opinions on how markets will gain, lose or fluctuate (capital market assumptions)
- Forward-looking data assumptions for use in constructing portfolios
- Abilities to monitor balances and performance metrics for accounts held outside their firms
- Integrated investment recommendations for *all* accounts, no matter their location

Likewise, the definition of *advanced planning* itself may vary—especially when it comes to the level of proactivity, how to apply new ideas and strategies to your plan, and collaboration among your advisors.

Prospective professionals who can clearly outline a roadmap of systems and processes to prioritize these needs illustrate their firms' proactivity. Also, ask about industry certifications and what each means, such as CFP®, AWMA®, CIMA® and CFA®. These designations signify advanced qualifications for investment advisors and wealth managers and usually indicate ongoing proof of expertise in their fields. Ask prospective professionals whether they have a professional network or another means to learn about the best new ideas and assess whether or not they apply to your specific situation. Such conversations should be non-billable to you, in addition to collaborative meetings with your CPA, attorney, and other professional advisors.

Our process, for instance, includes an optional dimension to help specific clients hold a more meaningful conversation about life's purposes and passions, and how they relate to their portfolios. This is especially useful for clients who prioritize religious tithing, philanthropic giving, family giving and bequeathing. Through this additional step, clients engage in a deeper discovery process to connect their portfolio plans to their mission. As a result, we provide an Alignment Plan, which outlines avenues to accomplish mission-critical objectives outside of their immediate family circle. This is not traditional philanthropic planning; it is an assimilation of talents, leadership principles and financial capacity that takes "making a difference" to a new level. For more information, please contact our office.

The bottom line is the farther the zeros extend on the end of your net worth, the pickier you are—or should be—when hiring professional wealth advisors. They have hundreds of hours of training and

thousands of hours of experience, so they are paid well for doing vital work, but you deserve the right one to meet your needs. Do not lower the bar and accept less than you deserve.

The Bottom Line

The bottom line is—whether you like it or not—you are suddenly single. You have a newfound independence. This independence comes with a new set of important decisions.

Some of your biggest decisions, especially if you have substantial assets and an established quality of life, revolve around:

- A plan for income
- Your home
- Retirement plans
- And when to hire a professional for help

Some of these decisions happen only once. Some require short- and long-term planning. Some focus on your wants, needs and future goals. Yet all can make a big impact on your quality of life moving forward.

Of course, you could delay these decisions—and risk playing catchup for the rest of your life. Or you could face them as soon as you are mentally and physically able, use them to build your confidence, and simultaneously increase your odds of finding the happiness you deserve—your *best life* moving forward.

About the Author



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