

“The Seven Questions You Must Ask Any Financial Advisor Before You Hire Them”



Start

7 Questions

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Who can you trust with your money?

You can't always be the one taking care of your financial planning. You can't always be doing everything it takes to make your plants flourish as much as they can in the hands of a trained expert.

If you can, you're probably neglecting some other important duties you could be doing to make your life more profitable both financially and spiritually. So who waters your plants when you're away?

Is expert advice from a financial imposter really worth anything? That's a decision you have to make on your own. But what you have in your hot little hands right here will help you

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make that decision in an easy and straight forward way. Before you choose and work with any financial advisor, ask them these seven questions.

These questions will help you decide whether the advisor you're considering will really be able to help in addressing your unique issues. In addition, answers to these questions will help you determine whether the advisor is compatible with your values and belief system.

1. Will an objective advisor please stand up?

The answers you get from these questions will shed light on the advisor's credentials, education and experience. What certifications and licenses do they have? Some advisors only have an insurance license or a license to sell mutual funds. If those are the only licenses they have, won't that restrict the solutions they can offer for your financial issues?

2. What does this particular financial advisor do?

Ask what services the advisor provides. What is their area of expertise? Is it broad or specialized? Do they focus on the big picture, pulling together your entire financial plan, or do they focus on one area such as insurance planning or investment planning?

Ask them if they can guide you in these four facets of financial health:

- Creating and growing wealth
- Protecting and preserving wealth
- Distributing wealth during life in the most tax efficient manner
- Distributing wealth at death in the most tax advantageous manner

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3. Who does number two work for?

Ask the advisor for a list of clients. This will tell you whether the advisor has experience serving clients who may have the same issues you have.

First you must identify who you are. Are you a landowner, small business owner, corporate executive, retiree with \$50,000 to \$8 million of invest-able assets? Once you know that, you can ask what types of clients this advisor works with currently and see if they have already achieved success working with people like you.

4. What is the advisor's philosophy?

Ask the advisor what their core beliefs and principals are to determine whether or not they match yours. We're talking about your financial future here, so you don't want someone who doesn't see things the way you do.

When we talk philosophy we are also talking about their methods and processes. Let me use an analogy to explain. If you were to play in a golf tournament, which would you choose: your favorite golfer's talent or their clubs?

The talent, or swing, is like the process in financial planning. What is it that financial institutions offer? Clubs (specific financial products). There's no question that you must have the clubs to play. However, it's much more important for the advisor to help you get your swing down first before ever going to the rack to be fitted for clubs. Swing over Clubs: Process over Product.

5. How will this advisor help you accomplish your goals?

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The answer to this question shows how the advisor implements solutions and whether or not the process is unique.

This goes back to the 4 facets of financial health. Four areas of discussion may lead to 16 potential issues. Some of those issues may include concentration in one stock or asset class, lack of service, insurance inefficiency, qualified plan beneficiary designation, business succession plan, titling of assets, and asset protection.

In addition, can they assist you in finding money that's being transferred away unknowingly and unnecessarily through your mortgage, taxes, insurance, car financing, etc.?

6. Does anything distinguish this advisor from the others?

Does the advisor offer uniquely different programs or do they look and sound like everyone else? You want to make sure your advisor's services are not cookie cutter solutions that they are pawning off on every Tom, Dick and Harry they talk to.

Another question is about performance. There are advisors who are performance based money managers. This means you only pay a fee when your portfolio performs. Would you pay your realtor their commission before they sold your property? Of course not!! So why pay your advisor a fee if your account doesn't perform?

An advisor should have accountability for their work. YOU deserve and can have accountability when your money managers are fired when they don't perform up to benchmarks.

Is your advisor accountable for his performance? This is a big part of what will distinguish him/her from the rest of the green pea imposters.

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7. How do I know MY interests are served first?

Does this advisor answer to you first and have your best interest at heart? This is where being objective comes into play. Ask the advisor if they are independent. Being independent is the only way they can have access to all the largest, best known insurance and investment companies without sales quotas or obligations to them.

Representatives of large bulldozing insurance and investment companies ultimately have to answer to their company's shareholders, making them product-driven. This binds them with invisible chains that force them to make decisions based on the mother ship before you.

Only an independent advisor can truly place your needs at the core of every decision they make on your behalf. To be truly objective requires being completely separate and product-agnostic.

To punctuate this point further, let's revisit that golf analogy. Financial institutions sell clubs. You must have clubs to play, but you can choose who you buy them from. You can limit your choices by buying them from a Ping salesman who answers to stockholders, or you can buy a set customized for your swing from the golf professional who taught you how to play. Take your pick.

Ask yourself, "Do I want objective advice from someone who answers to me or advice from someone answering to shareholders?" Then ask your current or potential advisor these seven tough questions.

I trust they will help you choose who's going to have the privilege of working with you!