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Comment: This article was in the WSJ today and was well done. The author asks 19 questions for everyone to ask their financial planner-he gives the answer he'd want to hear in parentheses and I put our answers in red type. Steve and Rachel

The 19 Questions to Ask Your Financial Adviser

[WSJ blogs.wsj.com/moneybeat/2017/08/25/the-19-questions-to-ask-your-financial-adviser/](http://blogs.wsj.com/moneybeat/2017/08/25/the-19-questions-to-ask-your-financial-adviser/)

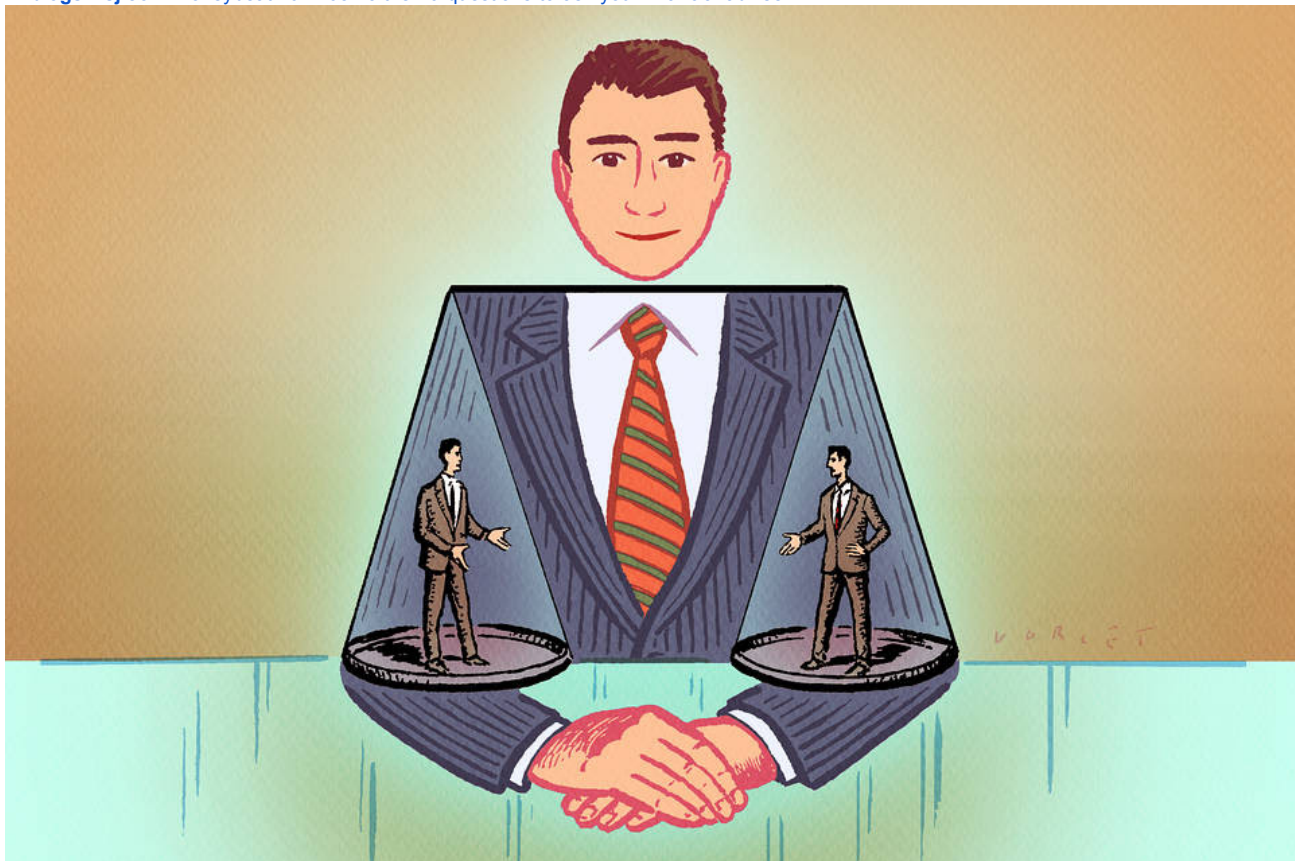


Photo: Christophe Vorlet



By
Aug 25, 2017 5:30 am ET

Getting all stockbrokers, financial planners and insurance agents to act in the best interests of their clients is a struggle that financial firms and their regulators still haven't resolved. That should be their job — but for now, it's yours.

The obligation of those who give investment advice to serve clients, not themselves, is called fiduciary duty. That obligation is far from universal and, in some ways, is in retreat.

The U.S. Department of Labor, which last year [released a rule](#) requiring brokers getting paid for investment advice on a retirement account to be fiduciaries, is [reviewing the regulation](#). The rule is only partly in effect; the department has drafted a [proposal to delay](#) full implementation until 2019.

Meanwhile, the Certified Financial Planner Board of Standards, which sets competency requirements criteria and ethical rules for the nearly 78,000 certified financial planners in the U.S., is [seeking to compel them](#) to act in clients' best interests "at all times" when "providing financial advice."

The board's proposed standards require its financial planners to "[disclose and manage](#)" such conflicts as gifts, bonuses or investment choices that can increase their compensation. Planners would also have to provide additional details about how — but not how much — they are paid.

Some brokerage firms warn that they may put their interests ahead of yours [regardless of whether your adviser happens to be a CFP](#).

Until regulators and trade groups sort this out — and [the next total solar eclipse](#) may come first — the burden of finding someone who will act in your best interest is on you.

That means asking an adviser [the right questions](#) (and listening for the best answers). I encourage you to clip or print out this column and bring it to your next meeting with your financial adviser.

1. Are you always a fiduciary, and will you state that in writing? (Yes.) **Yes**
2. Does anybody else ever pay you to advise me and, if so, do you earn more to recommend certain products or services? (No.) **No**
3. Do you participate in any sales contests or award programs creating incentives to favor particular vendors? (No.) **No**
4. Will you itemize all your fees and expenses in writing? (Yes.) **Yes**
5. Are your fees negotiable? (Yes.) **On smaller accounts we charge slightly higher fees and then reduce the fees as the accounts grow. We have very low fees compared to industry averages.**
6. Will you consider charging by the hour or retainer instead of an annual fee based on my assets? (Yes.) **We do use retainer agreements for clients that do not have assets to manage.**
7. Can you tell me about your conflicts of interest, orally and in writing? (Yes, and no adviser should [deny having any conflicts](#).) **The only conflict of interest that we have is whether to recommend investing capital vs. paying off debt. We will almost always recommend paying off debt.**

More In The Intelligent Investor

8. Do you earn fees as adviser to a private fund or other investments that you may recommend to clients? (No.) **No**
9. Do you pay referral fees to generate new clients? (No.) **No**
10. Do you focus solely on investment management, or do you also advise on taxes, estates and retirement, budgeting and debt management, and insurance? (Here the best answer depends on your needs as a client.) **We are full service fee only financial planners. We very much enjoy talking about all your financial life, even more than talking about investing.**
11. Do you earn fees for referring clients to specialists like estate attorneys or insurance agents? (No.) **No**
12. What is your investment philosophy? **We strongly believe that investing in efficient markets (the US, Europe and Japan) has the best outcome using low cost diversified index type funds. Actively managed funds may have an edge in inefficient markets (fixed income, emerging markets), so we use them at times. We also strongly believe that investing in stocks is a long, patient and disciplined process-and that any other approach is likely to fail.**
13. Do you believe in technical analysis or market timing? (No.) **No**
14. Do you believe you can beat the market? (No.) **No**
15. How often do you trade? (**As seldom as possible**, ideally once or twice a year at most.) **Only when we think a new investment is likely to outperform an existing investment. This is not often.**
16. How do you report investment performance? (After all expenses, compared to an average of highly similar assets that [includes dividends](#) or interest income, over the short and long term.) **Our clients are able to use Blueleaf, which gives them total transparency-they can run performance reports at will, see all transactions in all accounts, and review their holdings in all accounts.**
17. Which professional credentials do you have, and what are their requirements? (Among the best are CFA [Chartered Financial Analyst], CPA [Certified Public Accountant] and CFP, which all require rigorous study, continuing education and adherence to high ethical standards. Many other financial certifications are [marketing tools masquerading as fancy diplomas](#) on an adviser's wall.)

Steve: MD, MBA, CFP

Rachel: JD, CFP

18. After inflation, taxes and fees, what is a reasonable estimated return on my portfolio over the long term? (If I told you anything over 3% to 4% annually, I'd be either naive or deceptive.) **After inflation, stocks typically return 3-4% over the long term. After inflation, bonds typically return 1-2% over the long term (lower currently). After inflation, cash/money market funds typically return 0% over the long term (lower currently).**

19. Who manages your money? (I do, and I invest in the same assets I recommend to clients.) **I do, and I invest in the same assets I recommend to clients**

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