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OPINIONS FROM THE TIMES OF TRENTON

# Questions for your financial advisor | Szymanski

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**By Eleanore Szymanski**  
For The Times of Trenton



Times of Trenton columnist Eleanore Szymanski

Many folks who gradually accumulated assets, including investments, over the years may have occasionally dealt with an investment advisor - maybe one who sponsors their 401(k) account. Even though these folks may have built up high six-figure investment accounts, they may not be clear about the role of a financial advisor and how such an advisor gets paid. There are many reasons for this, not the least of which is the proliferation of people who may call themselves investment advisors or financial planners and who vary all over the place in terms of their services, experience, credentials, and costs.

It is abundantly clear that many folks would benefit from advice about handling their money, investments, estate planning and insurances, but may not know where to turn. The National Association of Personal Financial Advisors (NAPFA) suggests five easy steps (paraphrased here) for finding the right advisor for you:

1. First of all, have discussions with loved ones about what you want to accomplish by working with an advisor. For example, do you wish to simply invest or plan for life's milestones?
2. Select three advisors from different sources, such as family members and websites.
3. Do your homework and learn about your three potential advisors. Develop questions to ask them. NAPFA suggests the following questions, which will engender important discussion and interaction with each potential advisor:
4. How are you compensated?
5. If you accept commissions, will you itemize the amount of compensation you earn from products that you recommend to me?
6. Do you accept referral fees?
7. Are you held to a fiduciary standard at all times?
8. Would you sign a fiduciary oath committing to putting my financial interests first?
9. Have you ever been disciplined by the SEC or FINRA?
10. Do you provide comprehensive financial planning or just investment management?
11. Do you have many clients like me?
12. How will you help me reach my financial goals?

13. What happens to my relationship with the firm if something happens to you?
14. Arrange a face-to-face meeting with advisors on your short list.
15. Once your selection is made, review your experience with that advisor regularly.

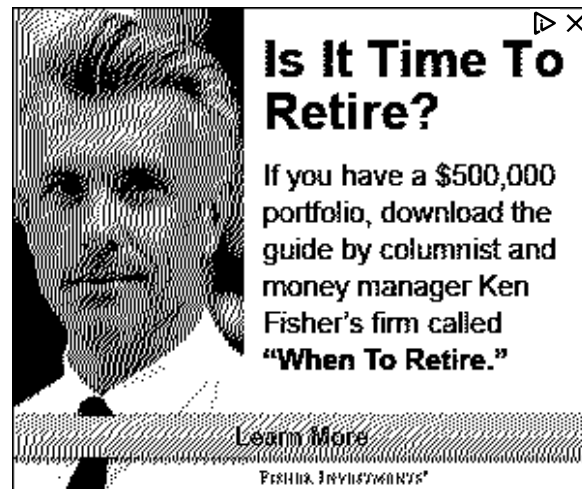
An important component of such discussions is knowing, in advance, all about how much an advisors services cost. To that end, the Wall Street Journal devoted a full-page spread on March 26, 2108 titled "Questions to Ask a Financial Advisor about Fees", and provided detailed discussion of each of the following fee-related questions:

1. Of the fee arrangements you offer, which one best suits my needs?
2. What services am I actually getting for my money?
3. Can you give me a discount on fees?
4. Do I really need all of your services in the first place?
5. Could my net costs be higher than what we agreed upon?
6. Could we circle back to what I pay in fees in another year or two?

Having spent my entire professional career developing comprehensive financial plans, it is clear to me that it really pays to engage a financial advisor to evaluate every facet of your entire personal situation, as every component of our financial lives affects every other one. Financial planning is not only about investments. While investments are an important component of financial planning, they are only one component.

Developing a comprehensive personal financial plan focuses on the way all aspects of each unique person or family interact with each other. Maybe there is not enough life insurance for survivor's needs - or maybe the kids are grown and educated and there is now too much. Many times there is insufficient liability insurance to protect accumulated assets from lawsuits. Or maybe the current estate planning is outdated because of changes in family and tax laws. Maybe certain beneficial tax strategies are now available that were not previously.

Engaging an advisor who can provide objective advice through a comprehensive financial plan can prove to be one of the best of investments. But not all financial advisors offer such a service. For those seeking a financial advisor who offers comprehensive financial planning services, a good starting point is to contact the websites of NAPFA ([www.napfa.org](http://www.napfa.org)) and the CFP Board ([www.cfp.net](http://www.cfp.net)). Each of these organizations will provide a list of specific financial advisors in your geographical area who meet your criteria. Such advisors will have already been vetted for you in terms of credentials and experience. Next, meet your chosen advisors to be sure the chemistry is right and that your communication styles match.



Engaging a financial advisor to work with you to develop your long-term comprehensive financial life plan and working with you to put that plan in place over time is highly personal, making all this advance work well worth the effort.

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