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How Do I Find the Right Financial Advisor?

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INHALE



EXHALE

Presented by:



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- 22 Years of Experience
- Accounting and assurance leadership team
- Expertise in audits, reviews, and compilations
- Works with entrepreneurs, business owners, and non-for-profit organizations
- Industry specializations: manufacturers, automobile dealerships, professional service providers, retailers, and leasing companies.
- Experience with audits of employee benefit plans
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Why Do I Need A Financial Advisor?

- Identify and achieve financial goals
- Manage money and build wealth
- Financial position and cash flow
- Protection planning (insurance)
- Investment planning
- Tax strategies
- Estate planning
- Paying for college
- Retirement planning

Why Do I Need A Financial Advisor?

- Only 25% of working American households are on target to have enough for retirement
- Saving as much as you can is not enough
- A Financial Advisor can help you to define your goals and craft a plan to meet them

2 Hats to Wear

Financial Advisor: 2 Hats to Wear

- Financial Planner
- Investment Advisor



Most financial planners are investment advisors, but not all investment advisors are financial planners.



Financial Planner

- Financial Position: Assets & Liabilities
- Cash Flow: Income and Spending
- Set Goals: Retirement, College Costs, Large Purchases
- Develop a Detailed Strategy to Meet Financial Goals
- Measure Progress



Financial Planner

- Insurance Coverage
- Investment Strategies
- Tax Planning (CPA Involvement)
- Estate Planning (Attorney Involvement)



Investment Advisor

- Develop an Investment Strategy to Meet Financial Goals
- Advice With Specific Investment Choices
- Asset Allocation Design
- Ongoing Portfolio Management
- Brokers and Broker-Resellers

5 Steps

- 1) Know Your Needs
- 2) Understand Cost Models
- 3) Accumulate a List of Names
- 4) Do Your Research
- 5) Interview Potential Financial Advisors

Step 1: Know Your Needs

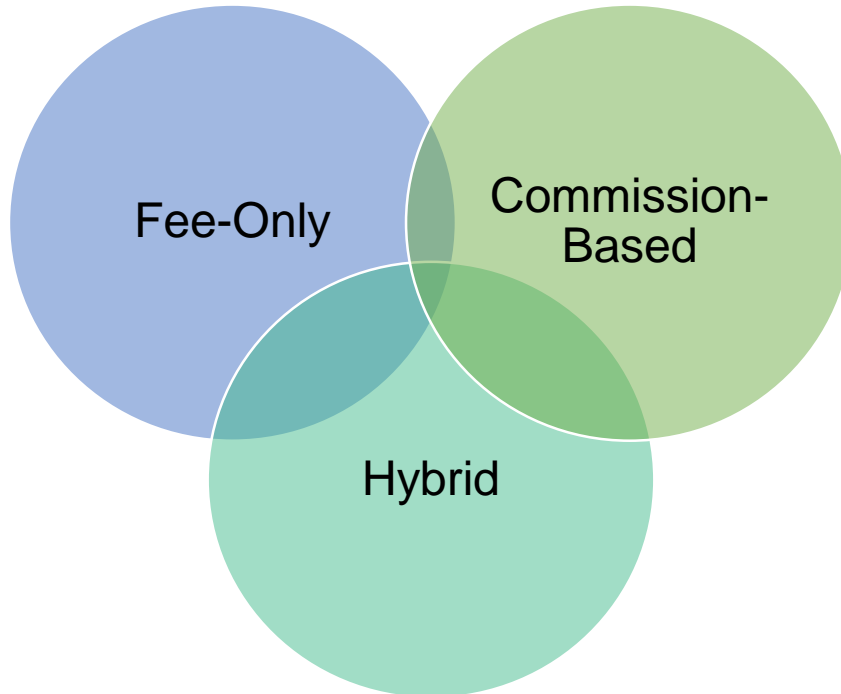
What do I need help with?

- Budgeting and Cashflow
- College/Education Expenses
- Creating a Plan for Retirement
- Big-Ticket Items
- Level of Investment Risk

Have a clear vision of what you want to accomplish with a financial advisor.

Step 2: Understand Cost Models

How Are Financial Advisors Compensated?



Step 2: Understand Cost Models

- Fee-Only Model
 - Financial advisor is paid directly by clients
 - Hat 1 Fees: Flat Fee, Hourly Rate, Retainer
 - Hat 2 Fees: % of Assets Under Management (AUM)
 - They are not paid based on products they sell
 - Fewer inherent conflicts of interest

Step 2: Understand Cost Models

- Commission-Based Model
 - Compensated based on financial products they sell
 - Insurance Products; Certain Investments
 - Buys & Sells; 30% still under the old “Wire-House” brokerage model
 - May be a conflict of interest; Makes it difficult to put their client’s interest first

Note: “Fee-Based” is the same as Commission-Based

Step 2: Understand Cost Models

- Pros and Cons
 - Fee-Only Pro: Fewer inherent conflicts of interest
 - Fee-Only Con: May be more costly
 - Commission-Based Pro: May offer greater diversity in products
 - Commission-Based Con: May be incentivized to recommend higher-commission products

Step 3: Accumulate a List of Names



- 3 or 4 You Are Interested In
- Ask Friends for Recommendations
- Get Recommendations From Colleagues
- Search on LinkedIn
- Use Search Tools (Letsmakeaplan.org and NAPFA.org)

Step 4: Do Your Research



- Specialty in Markets Served
 - Business Owners & Entrepreneurs
 - Corporate Executives
 - Generational: Millennials, Gen X, Baby Boomers
 - High Net Worth
 - Divorce Planning

Step 4: Do Your Research



- Specialty in Technical Areas of Focus
 - Retirement Planning
 - Cash Flow & Budgeting
 - College/Education Planning
 - Charitable Giving
 - Protection Planning

Step 4: Do Your Research



- Fiduciary Standard
 - Advisor Puts Client's Interests First
 - Act with Loyalty and Good Faith
 - Must Make Full Disclosure of Potential or Existing Conflicts of Interest
 - Generally Investment Advisors are Held to This Standard of Care by SEC or State Regulators

Step 4: Do Your Research



- Suitability Standard
 - Recommendations Fit the Client's Needs
 - Reasonably Believe Recommendation is Suitable
 - Insurance Representatives
 - Brokers

Step 4: Do Your Research



- Certified Financial Planner (CFP®) Credential
 - CFP® Credential Recommended
 - 4 Es: Education, Examination, Experience, Ethics
 - Certification and Renewal Requirements
 - Held to a Fiduciary Standard of Care; Required to Act in Your Best Interest
 - Find CFPs at [Letsmakeaplan.org](https://www.letsmakeaplan.org)

Step 4: Do Your Research



- The National Association of Personal Financial Advisors
 - NAPFA.org
 - A Professional Association
 - Members Required to be Fee-Only
 - Members Take a Fiduciary Oath Each Year
 - Value: To Be the Beacon for Independent, Objective Financial Advice for Individuals and Families

Step 4: Do Your Research



- SEC and State Registration
 - Registered Investment Advisor (RIA) must be registered with the SEC
 - SEC website: adviserinfo.sec.gov
 - Form ADV
 - Smaller advisors register under state law with state securities authorities

Step 4: Do Your Research



- FINRA's BrokerCheck System
 - brokercheck.finra.org
 - A snapshot of a broker information

Step 4: Do Your Research

- Internet Search
 - Website
 - Google
 - LinkedIn – Profile, Connections
 - Online Reviews



Step 5: Interview Potential Financial Advisors



Qualities to Look For:

- CFP® credential holds them to a fiduciary care standard
- Competent, comprehensive and client-focused
- Make sure they are listening to you
- It should not be all one-sided where they are talking, talking, talking

Step 5: Interview Potential Financial Advisors



Look For Someone Who:

- Understands your circumstances
- Gets a good feel for the level of risk you are willing to take
- You are comfortable with
- Treat this like finding a therapist, someone you can open up to

Step 5: Interview Potential Financial Advisors



Questions to Ask:

- How long have they been a financial advisor?
- Describe work experience
- What financial services credentials and licenses do they hold?
- What types of clients do they typically work with?

Step 5: Interview Potential Financial Advisors



Questions to Ask:

- Will I work with them directly or with a team?
- How do they stay current with changes and developments in the financial planning field?
- What are their areas of expertise?
- What is their fee structure?

Step 5: Interview Potential Financial Advisors



Questions to Ask:

- How much is it going to cost?
- Are they a fiduciary, obligated to behave in your best interest?
- Have they been disciplined for unlawful or unethical actions?
- Can you contact current client references?

Step 5: Interview Potential Financial Advisors



Final Things to Keep in Mind:

- Wait to see what they ask you
- Make sure they are listening to you

Step 5: Interview Potential Financial Advisors



What's Next?

- Request written description of conflicts of interest
- Get a written agreement of services and costs
- Ask for a “To Do” list to prepare and get organized

5 Steps Review

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Trust Your Instincts

Your gut says A LOT. Make sure it is about YOU!

It's about YOUR goals, YOUR wishes, YOUR dreams, YOUR fears, YOUR responsibilities.

They will only get that if they are listening to what you have to say.

What Questions Can I Answer?



Thank You

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