

Who's Who, Finding the Right Financial Advisor

Are you looking for a financial advisor? Do you already have a financial advisor? Are they a good match for you and how you invest? Let's start with all of the various names for a financial advisor and move on from there.

The financial world is full of various advisor names that are used interchangeably, so it becomes very confusing for the consumer. Two of the most commonly used are Registered Representative and Investment Advisor Representative.

A Registered Rep is sometimes called a broker, wealth manager, financial advisor, etc. They can typically handle stocks, bonds, ETFs, mutual funds, options, life insurance products, etc. However, a Registered Rep. will typically provide non-continuous point-in-time help and investment services. They are paid a commission for that help and they have a "know your customer" type of suitability.

An Investment Advisor Representative is sometimes called a Financial Advisor, Financial Planner, Wealth Manager, etc. They typically offer mutual fund "wrap" accounts, separately managed accounts with outside managers, and investment advisor representative managed accounts. They provide continuous advice on investments and other financial-related matters. They are typically paid on a fee-basis and their standard of care is that of a fiduciary since they are giving investment advice on a continuous basis.

When finding the right advisor for you, you need to first ask **yourself** some questions. Do you want a simple account with infrequent trading activity, limited reporting, occasional recommendations, a suitability standard of care and paying a fair commission? This type of account can be lower cost than fee-based if you are holding the account for a long time but it will typically have a lower level of service. Or do you prefer ongoing advice and oversight, with an advisor that will act on your behalf with detailed reporting and account monitoring, a fiduciary standard of care and an acceptable ongoing fee for those services. This model can be higher priced over time for the consumer but provides more services and may result in better returns.

Along with the questions that you need to ask yourself there are several questions that you should be asking your current advisor or a new advisor. Here are a few:

- What are your clients like?
- As the advisor, how do you view your role with your clients?
- What types of investments may you use?
- In what ways are you compensated?
- Do you provide other services?

If you currently have an advisor it may be a good time to assess the relationship. Here are some guidelines and some factors to consider:

Guidelines

- 1) Do not evaluate your advisor by cost alone
- 2) Do not evaluate your advisor by performance alone

Factors to Consider

- Do you receive “Just checking in” calls?
- Is the advisor engaged when you meet with him/her?
- Do your advisor listen to BOTH of you and take into consideration both points of view?
- Are they giving you complete and thoughtful answers?
- Are they prepared to discuss your account when they meet with you?
- Are you able to discuss personal and family-related matters?
- Does your advisor counsel you against making emotional decisions?
- Are your personal values aligned with your advisors?
- Do you have conflicting personalities or communication styles?
- Has a change in your financial circumstances created a miss-match between what you need and what your advisor is *qualified* to provide?
- Has the trust between you and your advisor been broken or drawn into question?

Many people ask me, “What is the right answer to all of these questions? How will I know if I am matched up with the right advisor?” My answer is that if you ask these questions of yourself and of your advisor then you will know if you are with the right person. You don’t need to have a lot of knowledge about investing to know if you have the right person working for you.

Your financial advisor is one of your most important and valuable professional relationships. He/she should be working as a financial therapist to learn about your current situation and develop a complete plan to help you with your overall financial wellness. Here are four attributes that must show up in the relationship:

- 1) Openness
- 2) Accountability
- 3) Professionalism
- 4) Trust

Whether you are looking for a new advisor or assessing your current relationship you now have the tools to get the job done. The main thing is to start investing for a more prosperous future!

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Jeffrey Brindley, Investment Advisor Representative, Cambridge Investment Research Advisors, Inc. a Registered Investment
Advisor

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