

# APPLES TO APPLES

**THE KEY TO CHOOSING A FINANCIAL ADVISOR IS NOT WHAT THEY OFFER BUT WHAT YOU NEED.**



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Choosing a financial advisor can be a time-consuming and difficult process. What does the advisor offer to clients? How do these offerings fit in with my needs? Is the advisor equipped to handle my continually evolving financial “situation”?

The answers to these questions are driven in large part by what you, as a client, need. Some clients are only interested in help with the investment management piece of their overall financial plan. Others need a more holistic approach that involves the coordination of their investments along with tax and estate planning issues. In most cases, clients are looking

for a sound, efficient financial plan that is flexible enough to change as their needs (and the market!) change.

#### **How do I choose an advisor?**

There are literally thousands of firms currently registered with the Securities and Exchange Commission as “investment advisors.” Some are large firms with a strong national presence that oversee billions of dollars while others are “one-man shops” with only a handful of clients. Deciding which firm is best for you comes down to who you feel can best implement a plan to help you meet your goals. There are a few questions to ask during the

screening process that should help you narrow your search.

#### **What is the scope of your services?**

Are you looking for a firm that only offers investment management? Or, do you want or need a firm that has the resources to offer a fully integrated financial plan? Many clients like the peace of mind of knowing whether their current level of assets and savings will realistically last them throughout their retirement years. Of course, no one knows for sure how the global markets will perform in the years to come, but using an advisor with the tools on hand to generate retirement cash flow

models and probabilities based on a variety of assumptions will help guide you through the uncertainty.

### What can you tell me about your typical client?

This is a very important question. Are you interviewing a manager that typically works with clients in the \$5-\$10 million range when you have \$1 million? In that case, you may not get the level of attention or service that you expect. On the other hand, will you be the largest client for this advisor? The service may be great, but does the advisor have the capability to handle the complex planning issues as they arise?

### Who makes decisions regarding my financial plan?

The 24-hour news cycle and vast amounts of information available at the click of a mouse have actually made the job of an investment advisor harder. It is not fair to expect one individual to take on the responsibility of managing your portfolio and implementing your financial plan while at the same time meeting with prospective clients in an effort to grow the business and keep up with all the ongoing changes in the marketplace. Having a team in place to support the advisor tends to be a much more efficient way to manage the process. A typical advisor firm will have a team of professionals in place for you: part of your team picks the investments and the other part handles the financial planning issues as they come up. Your advisor is involved in both but is free to act as the “quarterback” of the relationship by guiding the team along and keeping the clients’ best interests in mind.

### How have you helped clients achieve their goals?

The answer to this question should involve much more than a simple performance history of the investments the advisor chose. While investment performance is very important, the advisor should be able to articulate



how they construct portfolios based on the differing needs of each client. How did the advisor handle the market correction in 2008-2009? How do they position assets when a client has a recurring cash withdrawal? How do they integrate taxes and estate planning needs into the mix?

### Whatever You Do... Take Your Time!

Selecting an investment advisor and financial planner should not be done on a whim. Take the time to ask the tough questions and really get a good feel for who best fits your needs. Consider that you and your family will more than likely be working with this firm for decades to come. Making an educated, well-informed decision will help you get on track toward reaching your goals.



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