

Choosing the Right Financial Advisor in 5 Easy Steps

Why do you need a financial advisor?

Today's financial landscape is as complicated as ever. A good financial advisor can help you navigate this complexity so that you can make educated, informed decisions on what is best for you and your family.

- #1 Ask for references.** Ask your CPA or estate planning attorney. In many cases, they already have a working relationship with a financial advisor. You should also consider asking friends and family members for a recommendation if they are in a similar stage of life and financial situation.
- #2 Don't overemphasize credentials.** It seems as though there are many credentials available to financial advisors. Some credentials require significant levels of education, passing scores on exams and adherence to strict codes of professional conduct. Many credentials, however, can be earned with virtually no effort or education at all. The bottom line is that the decision of what financial advisor to hire should be made based on more than just the letters after their name.
- #3 Find a specialist.** The term "Financial Advisor" is highly generic and can be used to describe many different types of professionals in the financial services field. When shopping around, find an advisor who specializes in your area of concern. If you had a heart problem, would you rather see your family doctor or a cardiologist? The same principle should apply to your financial advisor.
- #4 Ask about education/training.** Most financial advisors routinely participate in what are called "advanced training" classes. Many times these classes are heavy on sales training and light on "real" education. If you really want to know what your advisor has studied, ask to see the manual from the last educational conference he or she attended. If it has more sales information than technical information... Beware!
- #5 Don't be afraid to get a second opinion.** Your IRA, 401(k) or other retirement account may be the largest single asset you own. If you're not sure about the advice you've been given, don't be afraid to get a second opinion. If an advisor tells you that there's no need for one, they're probably not confident in the information and recommendations they provided to you in the first place.