



## What to Look for in a Financial Advisor

When it comes to financial advice, many people are harmed as much by their own naiveté as by the misdeeds of others. Some are only too willing to turn the care of their hard-earned dollars blindly over to someone else—frequently with disastrous results. The welfare of one's money, just like that of one's children, is too important to be left at anyone else's doorstep.

### Consumer logic required

While the financial services professions have their share of wolves in sheep's clothing, it is not the wolves who defy logic; their logic may be self-serving, but it is not complicated. Your money is a source of their reward, and what is best for them may not be best for you. In playing upon your fears and reluctance to manage your own money, some advisors have even likened their services to brain surgery. In the case of those who have studied long and hard for their credentials, this may not be totally absurd; but it is a bit unnerving when you realize your would-be brain surgeon was just selling underwear at a local department store. Furthermore, knowledge of finance, like the knowledge of painting, does not certify one's competence in its execution.

### Three essential guideposts

Does this mean you should not seek or use financial advisors? Not at all, but one must be aware of the ever-present dangers involved in laying bare one's ignorance and money at the same time. Whether your advisor turns out to be a real financial expert or just a salesperson in disguise, there is always a need for consumer awareness and caution. Here are some ideas you might use to size up the members of your financial team.

**Expertise.** Not all financial fields lend themselves equally well to financial expertise. For example, fields like taxes and accounting are based on volumes of very complex but knowable facts, laws, regulations, and practices. More importantly, it is these same elements that form the basis of the expertise that professionals in these fields provide to their clients. Thus, tax attorneys and CPAs tend to be among the most well respected and highly valued financial advisors.

**Honesty.** Not all financial fields lend themselves equally well to perfect candor. Most consumers want a financial professional who is looking out for their best interests. They prefer to think of honesty as being told the whole truth and nothing



but the truth. Selling, however, is often based on putting forth the best version of a truth, not necessarily the whole truth. And while many salespeople are honest, expert, and helpful, even the best can be undermined by company sales policies that pressure them to push products that may be less appropriate and more expensive.

**Clarity.** Regardless of how involved or difficult an area of finance may be, the fields that consumers can rely on with the

greatest confidence are those that provide understandable information and clear choices. For example, while there are thousands of investments, every investment can be analyzed in terms of specific pros and cons. Confusion and delusion only enter the picture when a client demands or an advisor offers guarantees based on conjecture. Wise consumers seek solid information from their advisors, not "hot tips" or unfounded guarantees.

### Ten desirable traits

If you want to find good advisors to help you with your finances, look for people who

- possess expertise in a relevant field of genuine knowledge
- are more interested in how well you benefit than how well they benefit
- provide meaningful information, excellent choices and clear explanations
- present choices in the context of the full range of competing options
- present accurate and reasonable assessments of the risks and uncertainties involved
- strive to tell the truth, the whole truth, and nothing but the truth
- strive to educate you so that you can make your own best choices
- are just as satisfied with your informed selections as their own recommendations
- are willing to reveal how they are compensated and how it affects their advice
- have the warmth and wisdom to handle you and your money with great care

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