



Choose a Financial Advisor

WITH CHARLES "JACK" FROST

Financial advisers do much more than handle investments. A great financial planner teaches his or her client how to manage their household expenses, how to pay the lowest taxes possible, how to plan for retirement and how to invest. They also assist their client in managing financial risk. Their client will not be financially healthy if all areas are not expertly covered.

A great place to start looking for a financial adviser is by asking friends and neighbors for their suggestions. Not everyone has the same goals. Therefore, it is essential to investigate each financial adviser in light of your own situation and your own goals.

After you have created a list of three or four possibilities, investigate each choice. Sometimes it is a good idea to choose a financial adviser who is a certified financial planner. Those with this certification have completed specialized training and passed rigorous exams.

After determining the adviser's qualifications, contact the certifying organizations to see if there any complaints filed against the adviser. If so, find out how those complaints were handled.

Ask what awards the financial planner has received. Again, call the organization that gave the award and verify that the financial planner is telling the truth. Furthermore, find out what the qualifications were to receive the award.

Then ask the financial adviser for a list of satisfied clients who have goals comparable to yours.



AREAS OF EXPERTISE

There is a large array of financial products that can contribute to your financial well-being. Common investing tools are everything from bonds to mutual funds and commodities to stocks.

However, depending upon your appetite for risk, some investment vehicles are better for your portfolio than others. You want to find a financial adviser who is an expert in customizing a financial plan for your benefit.

Consider the specific segment of the market in which you want to invest your money. Look for a financial adviser

specializing in that particular investment type. For example, you might want to invest in the commodities market. If your potential financial adviser has little experience in that market, consider a different choice on your candidate list.

RATE OF SUCCESS

Take a look at the rate of success each potential candidate has. Has the rate of return on his recommendations outpaced the average market rate of return over the last year, five years, or 10 years? One indicator of a solid rate of return is how well a financial adviser conducts research to strengthen his clients' portfolios.

Here's where experience plays an important role. This is especially important in tough economic times. How well has your financial adviser-candidate weathered past economic recessions for his clients? Do his clients continue to thrive in a bleak financial environment? On the other hand, have his clients experienced multiple hits to their portfolios?

This will indicate why an adviser's success is well worth your consideration.

FEES OR COMMISSIONS

Ask your financial adviser about her compensation. Is it fee-based or commission-based? This will greatly influence your final selection. After all, it's your money you're investing.

A commission-based adviser is more apt to suggest financial products that favor her compensation. Such a situation could needlessly increase your exposure to market risks. Only go with a commission-based adviser if he has a proven track record of success and also has your best interest in mind.

If you feel the need to guarantee that your best interest will be served, go with a fee-based adviser.

INTERVIEW

Once you have narrowed your list down to two or three possible financial planners, schedule a meeting with each one. During this meeting make sure you are honest and clear about your goals. Look for a financial planner who can teach you. While the planner never wants to work himself out of a job, he should be continually working to increase your knowledge of your current financial situation and how to improve it.

PUT IT IN WRITING

After you have further narrowed your list to one or two advisers, have each adviser write a plan for moving you from where you are to where you want to be. Get a written copy of the plan.

The plan should have short-term goals and longer-term goals, and should also state who else will profit from the proposal.

Make sure that the plan is written so that you thoroughly understand it.